MAGNA PRIMA BERHAD

ANNUAL REPORT 2016

22nd ANNUAL GENERAL MEETING

Venue:

Ideal Convention Centre,
IDCC Shah Alam,
Level 7, Jalan Pahat L 15/L,
Seksyen 15, 40200 Shah Alam,
Selangor Darul Ehsan.

Date:

24 May 2017, Wednesday

Time:

10.00 a.m.

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)

CORPORATE INFORMATION

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

HO WEN YAN
Executive Director

CHEONG CHOI YOON
Independent Non-Executive Director

SAZALI BIN SAAD
Independent Non-Executive Director

CHANG CHEE KOK
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Cheong Choi Yoon
Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab

Sazali bin Saad

NOMINATION COMMITTEE

Cheong Choi Yoon
Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab

Sazali bin Saad

REMUNERATION COMMITTEE

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Cheong Choi Yoon

Sazali bin Saad

COMPANY SECRETARY

Yuen Yoke Ping
(MAICSA 7014044)

REGISTERED OFFICE

Lot 4.01, Level 4,
IDCC Corporate Tower,
Jalan Pahat L 15/L,
Seksyen 15,
40200 Shah Alam,
Selangor Darul Ehsan.
Tel : 03-5022 5555
Fax : 03-5022 5556
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 : 03-7841 8000
Fax : 03-7841 8151 / 8152

AUDITORS

Messrs Morison Anuarul Azizan Chew
(AF 001977)
Chartered Accountants

SOLICITORS

Zul Rafique & Partners
Ringo Low & Associates
Manjit Singh Sachdev, Mohammad Azmi Fadzly Maha & Sim
Wong Kian Kheong
Satha & Co.

PRINCIPAL BANKERS

Malaysia Building Society Berhad
Affin Hwang Investment Bank Berhad
OCBC Bank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Australia and New Zealand Banking Group
Affin Bank Berhad
Alliance Bank Malaysia Berhad

STOCK EXCHANGE LISTING

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

Welcome to Magna Prima Berhad's 2016 Annual Report. I am pleased to note that we had a good year in terms of delivery against strategic objectives.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Chairman

ECONOMIC OVERVIEW

The Malaysian economy in 2016 closed on a high note despite many challenges. Gross Domestic Product recorded its strongest performance of the entire year in Q4, expanding beyond expectations to 4.5%. Earnings generated from the Goods and Services Tax imposed in 2015, improved exports and increased domestic spending in areas that included F&B, transportation and communication, were able to offset the negative effects of contracted government expenditure, political uncertainty, a weakened commodities market and rising cost of living.

Due to its close correlation to the economy, the property market was marginally muted in 2016. The national Valuation and Property Services Department reported that though an increase in the demand for affordable housing was recorded, sales of properties over RM500,000 declined, while a Knight Frank report on office spaces in the Klang Valley noted that a mismatch between supply and demand resulted in downward pressure on this property segment.

Boulevard Business Park, Jln Kuching

CHAIRMAN'S STATEMENT

Boulevard Business Park

FINANCIAL HIGHLIGHTS

For the financial year ended December 2016 (FY16) the Group achieved a revenue of RM142.7 million, and profit before tax of RM72.1 million.

The Group declared two interim dividends in relation to financial year 2015. The first was announced on 5 April 2016 and paid on 4 May 2016, while the second was announced on 4 January 2017 and was paid on 27 January 2017.

The total pay out was at RM19.8 million.

CORPORATE DEVELOPMENTS

On 9 June 2016, Magna City Shah Alam Sdn Bhd, a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement with Regalia Raintree Sdn Bhd to purchase a piece of land measuring approximately 5.25 acres located at Lot 737, Seksyen 13, Bandar Shah Alam, Selangor Darul Ehsan for a purchase consideration of RM43.0 million to be satisfied in cash.

The said exercise received shareholders' approval on 23 September 2016.

On 22 December 2016, the Board of Directors of MPB further announced that Magna City Shah Alam Sdn Bhd and Regalia Raintree Sdn Bhd, had mutually agreed to extend the completion date of the conditional sales and purchase agreement by a further 3 months from 22 December 2016 to 22 March 2017.

On 13 February 2017, Mr Ho Wen Yan was appointed as Executive Director of Magna Prima Berhad.

CORPORATE SOCIAL RESPONSIBILITY

The Group donated RM100,000 to help fund the construction of a new 11-storey school building at the Chong Hwa Independent High School in Kuala Lumpur. The Chong Hwa Complex is expected to be launched in 2019 and will feature an auditorium, a history gallery, an IT Centre, a library, a staffroom, administrative offices as well as an Innovation and Creativity Centre.

CHAIRMAN'S STATEMENT


The Istana, Melbourne


The Istana, Melbourne

LOOKING FORWARD

While we are mindful of uncertainties facing our operating environment, we are confident that there remains potential for us to develop spaces which are in tune with modern lifestyles while simultaneously maintaining long term sustainable returns for our purchasers and shareholders as we move forward.

The Group's current pipeline of developments is modest and our business model is resilient. Therefore, our strategy is to continue engineering versatile developments which are client orientated, being responsive to trends within and beyond our traditional target markets, expanding the conventional boundaries of our marketing reach and employing a disciplined approach to our finances. As we soldier on into 2017, we look forward to a busy and successful year!

APPRECIATION

Our past achievements and future success would not be possible without the unsurpassed efficiency and excellence of our Group's senior management team and Board of Directors. As is also tradition, I would like to thank our Group Managing Director, Datuk Wira Rahadian Mahmud. Your leadership and management of Magna Prima Berhad is an inspiration to us all.

I am pleased to welcome Mr Ho Wen Yan to our Board of Directors. He joins us as an Executive Director and brings with him a wealth of knowledge in the field of construction and management.

To our employees – our greatest asset - your service to the Group is truly recognised and applauded. My appreciation also goes out to our shareholders, purchasers, business associates and the various Government authorities for your continued trust and confidence in Magna Prima Berhad.

MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of the Management's discussion and analysis (MD&A) is to provide a brief narrative of the basic financial statements and provide an analytical overview of Magna Prima Berhad's (the Group) financial activities, management decisions and overall operating environment for the period under review.

Magna Ecocity, Shah Alam

FISCAL PERFORMANCE BY SEGMENT

For the 12 months ended 31 December 2016 (FY16), Magna Prima Berhad ("the Group") achieved a revenue of RM142.7 million, a decrease of 82% from the previous year's corresponding amount of RM795.5 million and profit before tax of RM72.1 million compared to RM493.7 million recorded in the previous corresponding period ended 31 December 2015. The significant fluctuation in revenue is primarily due to completed construction work and sales of units of the shop office component at the Boulevard Business Park and The Istana, Melbourne in previous financial year.

The Property Development Division remained the primary driver of earnings through its various new launches, sales and development of current projects. It accounted for 99 % of returns in FY16. Internally generated projects monopolised our Construction Division's order book for the second consecutive year, which is accounted for as a subset of revenue generated by our Development Division. Overall earnings reflect the phasing of the various projects undertaken, chief amongst them, the Boulevard Service Apartments and Desa Mentari.

Following an extensive study of our Trading Division's operations, the consensus was to wind down the business amidst an increasingly hyper competitive market environment. Magna Mix was contesting in a market of many players and eventually did not have the scale and revenue necessary to counter the increasing cost of production and competitive pricing necessary to thrive in the long term. Operating losses incurred by this division did not have a material effect on the Group.

Taken as a whole, this divestment is in line with our internal strategy of restructuring our capital outflow by redirecting funds from non-core services which are hampering our revenue stream. We want to focus on and relay all essential expenditure to the growth and expansion of our core business activities.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY

The Group's cash and cash equivalents (excluding bank overdrafts) stood at RM28.1 million as at 31 December 2016, while borrowings stood at about RM235.6 million. Management is exploring a series of actions to improve our liquidity and financial flexibility. Among the key initiatives being studied include the viability of incorporating the use of sweeping accounts, lowering overhead costs and negotiating better terms for accounts payables.

We believe these approaches and others, will place us on a more stable footing and adequately meet our short term and long term financial goals. Management will also continue to conduct advance cash flow forecasting, periodic risk analysis and actively monitor any exposure to our liquid assets.

SHARE BUYBACK

On the corporate front, the Board of Directors approved the repurchase of about 2.2 million of the company's shares for a total cash value of RM2.3 million. This strategic decision served as a catalyst to promoting shareholder value while simultaneously reinvesting in our company to further strengthen our capital pipeline and drive long term growth.

The purchases from the open market were funded by excess cash at our disposal and no external debt was incurred to fund this exercise.

One Sierra, Selayang

MANAGEMENT DISCUSSION AND ANALYSIS

Desa Menteri

REVIEW OF OPERATIONS

Boulevard Service Apartments @ Jalan Kuching, Kuala Lumpur

Construction of the 345 units of service apartments and 8 units of adjoining shop offices is on track to be completed during the second quarter of 2017. All major structural work has been completed and we are currently executing the infrastructure phase which involves the sewerage, water and electrical systems amongst others.

We are pleased to also note that the sales of the development have been flourishing and more than 90% of all available units within the commercial and residential segments have been successfully sold, with a return on investment from price appreciation averaging 10% - 12% over the past five years.

Desa Mentari, Petaling Jaya, Selangor

Construction of our shop office in Desa Mentari is progressing ahead of schedule and we are pleased to report that the forecasted completion phase has been brought forward to the second quarter of 2017.

The View Residence, Shah Alam

The Group is currently reviewing an urban development proposal which blends street front commercial units at the lower levels with residential units above the podium. The proposed project will be spread over approximately 5.25 acres and is located in Seksyen 13, Shah Alam, adjacent to the Kelab Golf Sultan Abdul Aziz Shah.

It will likely feature three blocks of 15 storey apartments and five units of shops which will be supported by approximately 819 parking bays. The tentative gross development value is currently valued at RM220 million.

The Group had successfully obtained planning and building permission, the local council also granted its approval for earthworks to commence on the said parcel. We have also submitted the necessary paperwork for the Advertisement Permit and Development Licence licensing and are currently awaiting the issuance of the said permit.

Proposed Jalan Gasing Development, Petaling Jaya

The Group is working closely with Majlis Bandaraya Petaling Jaya on the rezoning of this 6.95 acres parcel of land with the aim of changing the classification from residential to commercial. The review will entail the submission of a detailed development brief, traffic impact assessments and proposed facilities with green areas. We envision this development providing a new, enjoyable and convenient retail experience as it seamlessly synergizes with the needs of the existing community.

Metro Prima, Kepong

In historical terms, Kepong is an important community to Magna Prima Berhad. It is the neighbourhood where it all begun for the Group more than 3 decades ago, and this year, we are pleased to report that we will be undertaking the final phase of development under an existing joint venture agreement with Dewan Bandaraya Kuala Lumpur. This will entail the development and launching of two ventures with the aim of injecting new vigour into a somewhat mature community.

The first project will likely consist of a series of shop offices to be launched by year end, while the second development will feature a single, 36-storey apartment tower block. We are currently at the infancy stage of discussions for both assignments and will release further information in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Boulevard Business Park

LANDBANK

Management is continuously looking to increase our land inventory within the Klang Valley while being mindful of potential holding costs. Though our land bank will appreciate with value over time as we obtain necessary approvals to begin development, we firmly believe in expeditiously utilizing all parcels of land in order to successfully execute opportunities which will benefit our business and shareholders.

SALES & MARKETING INVESTMENTS

Nurturing a multi-facetted advantage is key in the property development market, and is consequently the focus of our Sales and Marketing Performance Matrix. We refer to, and evolve with, this matrix throughout the year as it provides Management with crucial data regarding product performance, customer satisfaction / retention, the effectiveness of our sales packaging, the reach of our marketing efforts and the influence of our brand during the period under review. This KPI also enables us to evaluate profits produced per Ringgit of investment in sales and marketing initiatives.

STRATEGIC PARTNERSHIP

I am pleased to welcome Hua Yang Berhad onboard as our key strategic partner via its acquisition of a 10.84% stake equivalent to 36 million ordinary shares in the Group for RM66.6mil or RM1.85 per share in January 2017. It is now the second largest shareholder in Magna Prima Berhad.

The investment offers both companies strategic benefits: Hua Yang is a well-managed public-listed developer and has an excellent record of developing affordable housing projects. This specific area of expertise bodes well as an addition to the Group as we venture into this segment, given the current soft property market and increased consumer demand for such properties. Magna Prima in turn will support Hua Yang by transferring our expertise as a luxury developer, in addition to providing a vital gateway for Hua Yang to expand its presence in the Klang Valley.

Our Board of Directors was pleased to welcome onboard Hua Yang's CEO, Mr. Ho Wen Yan, in February 2017. He holds a master's degree in construction economics and management and in his new capacity as an Executive Director of Magna Prima Berhad, he will be contributing his wealth of experience to the Group's Construction Division as we actively develop a blueprint to unlock the value of prime parcels of land within our possession.

MANAGEMENT DISCUSSION AND ANALYSIS

Magna Ecocity, Shah Alam

LONG TERM BUSINESS FOCUS

It is near impossible to predict with 100% accuracy private consumption patterns and the overall economic environment the Group is going to be operating within moving forward. What will remain constant is the competitive market environment and the seasonality nature of the industry. We will also continue to encounter variability in our results, on a quarterly and annual basis, due to requirements outlined in MFRS 15 reporting standards.

Nevertheless, the Management has in place specific key performance indices and strategic targets which guide the Group and maintain our trajectory of organic and sustainable growth. Our scalable business model continues to deliver results, cementing the long term success and profitability of Magna Prima Berhad.

Boulevard Business Park

BOARD of DIRECTORS

From left to right:

1. **SAZALI BIN SAAD**
   Independent Non-Executive Director

2. **CHEONG CHOI YOON**
   Independent Non-Executive Director

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

4. **DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**
   Group Managing Director

5. **CHANG CHEE KOK**
   Non-Independent and Non-Executive Director

6. **HO WEN YAN**
   Executive Director
   (NOT IN PICTURE)

PROFILE OF DIRECTORS

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Independent Non-Executive Director, Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, male, aged 74 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 Yasmin Holding Sdn Bhd and 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.

Tan Sri Datuk Adzmi also sits on the Boards of Lebtech Berhad, LKL International 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 5 years. Tan Sri Datuk Adzmi attended seven (7) out of eight (8) Board Meetings held during the financial year ended 31 December 2016.

PROFILE OF DIRECTORS

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Group Managing Director

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, a Malaysian, male, aged 43, 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 5 years. Datuk Wira Rahadian Mahmud attended all Board Meetings held during the financial year ended 31 December 2016.

HO WEN YAN

Executive Director

Ho Wen Yan, a Malaysian, male, aged 42, was appointed to the Board of Magna Prima Berhad on 13 February 2017. He received his architectural training in the United Kingdom at the University of Bath and the Architectural Association. He also holds a Masters of Science (Construction Economics and Management) Degree from University College London.

He joined Hua Yang on 20 October 2003 as a Project Coordinator at its Johor Branch. He has been an Executive Director of the Group since 1 June 2007 and was appointed Chief Executive Officer on 20 August 2010.

Ho Wen Yan is a member of the ESOS, Tender and Executive Committee (EXCO).

He is an immediate family member to Chew Po Sim, Ho Min Yi, Ho Wen Fan and Ho Wen Han who are major shareholders of the listed company through Prisma Pelangi Sdn Bhd.

Ho Wen Yan does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years.

PROFILE OF DIRECTORS

CHEONG CHOI YOON

Independent Non-Executive Director

Cheong Choi Yoon, a Malaysian, female, aged 36, was appointed to the Board on 3 February 2016 as an Independent and Non-Executive Director.

She holds a degree in Accounting and Finance, is an Associate Member of the Institute of Internal Auditors and a Capital Markets Services Representatives Licence holder.

Cheong Choi Yoon is the Chairman of the Audit, Nomination, ESOS and Tender Committees. She is a member of the Remuneration Committee.

She possess more than a decade of extensive experience in the financial industry and has held various positions in Public Bank Berhad, OSK Investment Bank Berhad, Goldis Berhad, Malayan Banking Berhad and currently in Maybank Investment Bank Berhad.

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

Cheong Choi Yoon does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Cheong Choi Yoon attended five (5) out of eight (8) Board Meetings held during the financial year ended 31 December 2016.

SAZALI BIN SAAD

Independent Non-Executive Director

Sazali bin Saad, a Malaysian, male, aged 44, 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 5 years. Sazali attended all Board Meetings held during the financial year ended 31 December 2016.

PROFILE OF DIRECTORS

CHANG CHEE KOK

Non-Independent and Non-Executive Director

Chang Chee Kok, a Malaysian, male, aged 51, was appointed to the Board on 3 March 2016 as a Non-Independent and Non-Executive Director.

He is a Civil Engineer by profession and graduated from University Malaya in 1990.

He holds directorships in two private companies involved in building and civil construction works. Prior to these venture, he was employed by Mudajaya Corporation Bhd as a Project Manager.

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

Chang Chee Kok does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Chang Chee Kok attended five (5) out of eight (8) Board Meetings held during the financial year ended 31 December 2016.

STATEMENT ON CORPORATE GOVERNANCE

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 2016.

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 acknowledges the importance of readiness of talent pool for succession planning.

The succession plan was approved by the Board to ensure smooth transition of management and continued success of the Group whenever there is a necessary change in management.

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.

Notwithstanding that the Board Committees are delegated with certain responsibilities, the Chairman of the Board committees report to the Board and minutes of committee meetings are tabled to the Board to keep the Board apprised of matters being considered and deliberated by the respective committee.

STATEMENT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONT'D)

The Board (Cont'd)

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	√			
	Sazali bin Saad	√	√	√	√
	Cheong Choi Yoon	√	√ (chairman)	√ (chairman)	√
^^	Cheah Len Khoon	√			
	Chang Chee Kok	√			
*	Ho Wen Yan	√			

^^ Resigned from Board as Executive Director, Chief Executive Officer on 15 July 2016.
* Appointed as Executive Director on 13 February 2017.

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, Non-Independent Non-Executive Director, the Chairman and the Group Managing Director (GMD) and Executive Director (ED) 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 ED 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.

At the 21st AGM of the Company held on 18 May 2016, YBhg Tan Sri Datuk Adzmi bin Abdul Wahab who is above the age of 70, was re-appoint pursuant to Section 129(6) of the Companies Act 1965 and his term of office will end at the conclusion of the 21st AGM.

YBhg Tan Sri Datuk Adzmi has offered himself for re-appointment. Under the new Companies Act 2016 which come into force on 31 January 2017, there is no age limit for directors.

All the four (4) 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 Non-Executive Directors provide 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 and En. Sazali Bin Saad would have served the Board as Independent Non-Executive Director of the Company for more than nine (9) years by end of 2017.

The Board has recommended the two (2) 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;

BOARD OF DIRECTORS (CONT'D)

The Board (Cont'd)

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 two (2) 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.

According to Recommendation 3.5 of the Code, the Board must comprise a majority of independent directors where the chairman of the board is not an independent director. In this regard, the Board wishes to highlight that the present Chairman of the Board is an Independent Director and the Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least two Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.

Board Charter

1. INTRODUCTION

In discharging its duties, the Board of Directors of Magna Prima 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.

The Directors of Magna Prima Berhad regard Corporate Governance as vitally important to the success of MPB's business and are committed to apply the relevant principles to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

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

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

The Board is ultimately accountable and responsible for the performance and affairs of the Company. Thus, the Board is the focus point of the Company's Corporate Governance.

All Board members are expected to act in a professional manner, upholding the value of integrity with regard to their fiduciary duties and responsibilities.

This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

STATEMENT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONT'D)

Board Charter (Cont'd)

3. COMPONENTS OF THE BOARD CHARTER

The three 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 as stipulated in Section 213 (1) of the Companies Act 2016 are to protect the interests of the Company and at the same time to advance the interest of its stakeholders.

(iii) The Board Committees

The Board of the Company has established six 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 Board Committees are as follow:-

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

Re-appointment / Re-election of Directors

The Constitution of Magna Prima Berhad provide that at every annual general meeting of the Company, one-third of the Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election.

The Board Charter is reviewed periodically to ensure its reliability with the Board's objectives, current laws and practices.

Code of conduct

The Company has formalized a code of conduct to actively promote and established a corporate culture which promotes ethical conduct that permeates through the Group. The code of conduct serves as a road map to help guide actions and behavior while working for and / or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity.

Provisions covered include relationships between staff and management.

All employees are required to read, understand accept and abide by the terms of code of conduct.

STATEMENT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONT'D)

Sustainability Statement

The Board recognises the importance of sustainability and has taken reasonable steps to implement its practices in the Group's activities taking into account the environmental, economy and social aspects of the business operations.

In recent years, the management has contributed much to the community such as giving financial assistance towards the expansion of an external structure for a mosque in Melaka. The aim of this project is to provide additional space for the community to gather at.

In 2013, Magna Prima Group of Companies provided financial and manpower assistance to a group of 200 boys from an under privileged community, to enable them to fulfil the rite of circumcision as part of their Islamic religious obligation.

The Group also adopted a "Reduce, reuse, recycle" policy by going 'green' in the office environment. The management is moving towards filing of documents electronically and only print documents when necessary. As far as possible, the staff is encouraged to recycle the office products to reduce wastage at all times.

In addition, the management encourage staff to turn off unnecessary lighting in the office during break time and ensure turning off computers before the staff leave office.

On-site, our Construction Division has successfully adopted the usage of MIVAN framework as part of our Group wide efforts to go green. This Aluminium formwork system is used for forming cast-in-place complete reinforced concrete structures that are high quality in standard. The resulting structure is extremely strong and highly accurate in its dimensions and tolerances. This framework in particular was choose because it is lightweight, thereby reducing our carbon footprint, reusable and therefore fully recyclable and has the added benefit of also reducing site rubbish.

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. Senior Management is invited to attend the Board meetings as and when necessary to brief the Board on proposals submitted for the Board's consideration. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. Any director who has a direct or indirect interest in the subject matter to be discussed during Board meetings will declare his or her interest and abstain from the decision making process. The Board met a total of eight (8) times during the year ended 31 December 2016.

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

		Total meetings attended	%
	Tan Sri Datuk Adzmi bin Abdul Wahab	7/8	88.00
	Datuk Wira Rahadian Mahmud bin Mohammad Khalil	8/8	100.00
	Sazali bin Saad	8/8	100.00
#	Cheong Choi Yoon	5/8	62.50
^^	Cheah Len Khoon	3/6	50.00
##	Chang Chee Kok	5/8	62.50
**	Ho Wen Yan	Not Applicable	Not Applicable

Appointed as Independent Non-Executive Director, Chairman of Audit Committee, Chairman of Nomination Committee and member of Remuneration Committee on 3 February 2016.

^^ Resigned from Board as Executive Director, Chief Executive Officer on 15 July 2016.

Appointed as Non-Independent and Non-Executive Director on 3 March 2016.

** Appointed as Executive Director on 13 February 2017.

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

STATEMENT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONT'D)

Board Meetings (Cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings.

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 Directors have full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable them to discharge their duties effectively. The agenda and board papers are circulated to the Board members prior to the Board meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

In addition there is a schedule of matters reserved specifically for the Board's decision which includes the approval of budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations and Board appointments.

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.

STATEMENT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONT'D)

Directors' Training

All Directors had 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 2016. A half-day in-house Directors' training was held on 20 December 2016 on the topic "New Companies Act 2016".

The training programmes, seminars and workshops attended by the Directors and Senior Management during the financial year were, inter alia, on areas relating to corporate governance, and to further broaden their perspective, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment.

The corporate secretariat function facilitates the organization of Directors' attendance at external programmes while keeping a record of the training received or attended by the Directors.

During the financial year 2016, the Directors attended various training programmes covering areas relevant to their duties and responsibilities, which included the following:-

Name of Directors	Course Title	Organiser	Date
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	• Positioning A Strong Broad Risk Oversight Role Beyond Financial Performance	Terus Mesra Sdn Bhd	26 August 2016
	• Companies Act 2016	Epsilon Advisory Services Sdn Bhd.	20 December 2016
Cheong Choi Yoon	• PhillipCapital 7th Annual Investment Conference 2016	PC Quote (Malaysia) Sdn Bhd	18 June 2016
	• AMLATFPUAA 2001: Complexity & Its Impact On Investment Banking	Maybank Investment Bank Berhad	05 November 2016
	• Empowering Women Series	Bursa Malaysia Berhad	10 November 2016
	• Cybersecurity Threat and How Board Should Mitigate the Risks	Bursa Malaysia Berhad	18 November 2016
	• Companies Act 2016	Epsilon Advisory Services Sdn Bhd.	20 December 2016
Chang Chee Kok	• Companies Act 2016	Epsilon Advisory Services Sdn Bhd.	20 December 2016
Sazali bin Saad	• Companies Act 2016	Epsilon Advisory Services Sdn Bhd.	20 December 2016
	• Introduction To Panel Data Analysis Workshop	Tunku Puteri Intan Safinaz School of Accountancy (TISSA-UUM)	02 January 2016
	• Workshop On Autocount With Gst	The Institute for Strategic and Sustainable Accounting Development (ISSAD), UUM	18 January 2016
	• Sharing Idea: Topic Islamic Accounting	Tunku Puteri Intan Safinaz School of Accountancy (TISSA-UUM)	27 October 2016
	• Inspirational Academician Programme Sharing Session Curriculum Design, Management And Development (CDMD) Basic Module	University Teaching and Learning Centre, UUM	13 December 2016

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.

STATEMENT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONT'D)

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 29 to 31 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.

To further strengthen the current mix of the Board, Mr. Ho Wen Yan was appointed to the Board of the Company. The new member of the Board provides the Group with added wealth of knowledge and experience to draw on such as strategic planning, implementation and operation.

To date there is a woman representation in the Board as Independent Non-Executive Director who is also the Audit Committee Chairman.

Composition of Members:-

a. Ms. Cheong Choi Yoon - Chairman
b. Tan Sri Datuk Adzmi bin Abdul Wahab
c. En. Sazali bin Saad

The Terms of Reference of the Nomination Committee are as follows:-

1. Consider suitable persons and recommend for appointment as Board Members of Magna Prima and persons other than Magna Prima Board Members to be recommended as Directors of subsidiaries and associates companies.

2. Review the performance of Board Members of Magna Prima and its subsidiary and associate companies.

3. Consider and recommend a policy regarding the period of service of Executive and Non-Executive Directors of Magna Prima and its subsidiary and associates companies.

4. Consider and recommend measures to upgrade the effectiveness of the Magna Prima Board and boards of subsidiary and associates companies.

5. Consider and recommend solutions on issues of conflict of interest affecting directors of Magna Prima and subsidiary and associates companies.

6. Recommend to the Board on selection of Directors and Senior Management (if so) to fill Board Committees.

7. Consider and recommend to the Board on succession planning at Executive Director level as senior management.

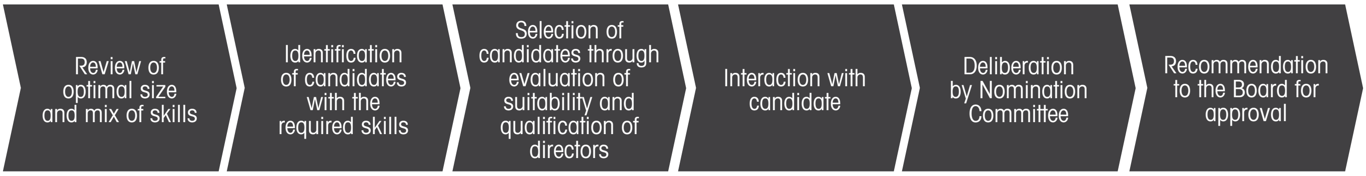
8. Carry out such other assignments as may be delegated by the Magna Prima Board.

STATEMENT ON CORPORATE GOVERNANCE

THE NOMINATION COMMITTEE (CONT'D)

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.

The Nomination Committee also conducted Performance evaluation via questionnaires for Board Committees and reviewed the term of office competency and performance of the Audit Committee and its members.

The Nomination Committee assessed the effectiveness of the Board Committee in terms of its composition, conduct, accountability and its responsibilities.

Pursuant to the annual review, that was carried out, Nomination Committee was satisfied that the size of the committee is optimum, well-balanced with appropriate mix of skills and experience in the composition of the Board Committees.

During the financial year ended 31 December 2016, 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 the 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 assessment of the effectiveness of the Board as a whole, the board committees and the contribution of each director were conducted with the objective to improve the Board and its committees effectiveness and to enhance the director's awareness on the key areas that need to be addressed. The evaluation results were tabled for the consideration of the Nomination Committee and its recommendation to the Board for improvement.

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

Gender Diversity Policy

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 2016, two (2) meetings were held.

STATEMENT ON CORPORATE GOVERNANCE

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.

The Remuneration Committee has three (3) members comprising exclusively Independent Non- Executive Directors. During the financial year ended 31 December 2016, one (1) meeting was held.

The remuneration of the Executive Directors and the Senior Management of the Group are to be structured so as to link rewards to Group and individual performance with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully. For Non-Executive Directors, the level of fees shall reflect the experience, expertise and level of responsibilities undertaken.

All Non-Executive Directors are paid director's fees for serving as Directors on the Board. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties. They are paid a meeting allowance for attendance at each Board and its Committees' meetings. The Directors' fees are approved at the annual general meeting by shareholders.

Currently, the Executive Director's remuneration comprising basic salary and bonus which are reflective of the experience, expertise, level of responsibilities and performance. Benefits in kind such as company car are made available as appropriate.

The details of the remuneration of the Directors of the Company and the Group for the financial year ended 31 December 2016 are as follows:-

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	807,935	-	807,935
Fees	-	238,000	238,000
Meeting Allowance	-	39,500.00	39,500
Benefit-in-kind	-	251,412	251,412
EPF	96,815	-	96,815
SOCSO	845	-	845
Total	905,595	528,912	1,434,507

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
Up to RM50,000.00	-	2
RM50,001.00 – RM100,000.00	1	2
RM100,000.00 – RM150,000.00	-	1
RM150,001.00 – RM200,0000.00	1	-
RM200,001.00 – RM250,000	-	-
RM250,001.00 – RM300,000	-	-
RM700,001.00 – RM750,000	1	-
RM750,001.00 & above	-	-

STATEMENT ON CORPORATE GOVERNANCE

REINFORCE INDEPENDENCE

Annual Assessment of Independence.

The Board acknowledges the importance of Independent Non-Executive Director (INED), who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance of the Board.

The independence of the Independent Non-Executive Directors are assessed annually by taking into account the directors' ability to exercise his independence and due care at all times and fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirement.

The INEDs ensure that business and investment proposals presented by management are fully deliberated and examined.

They perform a key role by providing unbiased and independent views, advice and judgement, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers and business associates as a whole.

Tenure of Independent Director

As recommended by the Code, it states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Notwithstanding this, an Independent Director may continue to serve as a member of the Board beyond 9 years, if the Nomination Committee has concluded and the Board has concurred, after assessment carried out annually, that the services of the Independent Directors are still required by the Company and further that the Director concerned remains free of any business or other relationship with the Company which could reasonably be perceived to materially interfere with his / her exercise of unfettered and independent judgment, subject to shareholders approval being received for his/her re-election upon retirement by rotation or re-appointment.

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 three (3) members comprising one (1) Independent Non-Executive Director and two (2) Executive Directors.

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 were done by way of poll.

During press conference which was usually held after general meetings where Group Managing Director and Executive Director together with Chief Financial Officer would advise the media on the resolutions approved by the shareholders and briefed the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the media.

STATEMENT ON CORPORATE GOVERNANCE

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.

Magna Prima Berhad announce its quarterly and full year results within the stipulated time frame. The financial statements are publicly released through BURSALINK and FRESH by Securities Commission of Malaysia, on a timely basis to ensure effective distribution of information concerning to the Group.

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 2016 without the presence of the Management.

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.

MEMBERS

The Committee is appointed by the Board from amongst its Directors and shall comprise of at least 3 Non-Executive Directors, with all of whom are Independent Directors.

Members of the Audit Committee during the financial year ended 31 December 2016 are as follows:

Members	Status
Cheong Choi Yoon (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

The primary objective of the Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

2. AUTHORITY

The Committee is authorized by the Board to:-

- Investigate on any activity within its term of reference;
- Have full and unrestricted access to any information 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 with external auditors and person(s) performing the audit function or activity;
- Convene meetings with external auditors, without the presence of any Executive Directors and management of Company, whenever deemed necessary.

3. FREQUENCY OF MEETING

The Committee shall meet quarterly and as and when required, with authority to convene additional meetings as deemed necessary.

The Audit Committee held a total of eight (8) 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.

The external auditors are also invited to attend Audit Committee meetings to present their audit plan and audit findings, and to assist the Audit Committee in its review of the year-end financial statements.

Members	Status	No. of meetings attended	%
* Cheong Choi Yoon (Chairman)	Independent Non-Executive Director	5/8	62.50
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director	7/8	88.00
Sazali bin Saad	Independent Non-Executive Director	8/8	100.00

* Appointed as Independent Non-Executive Director, Chairman of Audit Committee, Chairman of Nomination Committee and member of Remuneration Committee on 3 February 2016.

THE AUDIT COMMITTEE

TERM OF REFERENCE (CONT'D)

4. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are :

- Review all financial information for publication, including quarterly and annual financial statements with external auditors prior to submission to the Board of Directors. The review shall focus on:
    - Changes in or implementation of major accounting policy changes;
    - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
    - Compliance with accounting standards and other legal requirements
- Discuss with the external auditors, the nature, scope and approach of the audit of the financial statements.
- Discuss with the external auditors on areas of concern arising from the audit of the financial statements.
- Assess the adequacy and effectiveness of the accounting procedures and the internal control systems of the Company by reviewing management letters from external auditors.
- 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.
- 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.
- Review the relevance and adequacy of the scope, functions, competency and resources of internal audit and the necessary authority to carry out the function.
- Determine extent of cooperation and assistance given by the employees.
- Review related party transactions and conflict of interest situations that may arise within the Company.
- 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.
- Undertake such other responsibilities as may be agreed to by the Committee and the Board.
- Report its activities, significant results and findings.
- 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.

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 2016 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 explanations and action plans on issues highlighted in the internal audit reports and conducted subsequent follow-up reviews.

THE AUDIT COMMITTEE

INTERNAL AUDIT FUNCTION (CONT'D)

- 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 provide 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.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1. **Financial Reporting**
   - Reviewed the quarterly financial results recommended them for approval by the Board after discussing with Management and the external auditors.
   - Matters discussed include the accounting principles and standards that were applied and their judgment exercised on the items that may affect the financial results and statements to ensure the financial statements have been prepared in compliance with applicable Malaysian Financial Reporting Standards.

2. **External Auditors**
   - Reviewed and discussed with the external auditors the nature and scope of their audit before reporting the same to the Board.
   - Reviewed the external auditors' audit report and the significant audit findings underlying their report.
   - Reviewed, assessed and monitored the performance, suitability and independence of the external auditors pursuant to the External Auditors Policy ("the Policy"). The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional skepticism. The external auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.
   - Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.
   - Following the review of the external auditors' effectiveness and independence, the Audit Committee is satisfied with the performance and the audit independence of the external auditors and it was recommended to the Board to propose to shareholders the reappointment of the external auditors at the Annual General Meeting of the Company.

3. **Internal Auditors**
   - Reviewed and sought management 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 sought Management 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.
   - Monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

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" 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.

The board has received assurance from the Group Managing Director ("GMD") 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.

BOARD'S RESPONSIBILITY

The Board complies with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company and represents the needed mix of skills and experience required to discharge the Board's duties and responsibilities effectively. No individual Director or group of Directors can dominate the Board's decision making process. The composition and size of the Board are to be reviewed from time to time.

All of the Board members serve as directors in not more than five boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities. The profiles of the members of the Board are set out in the Annual Report under the section named Profile of Directors.

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

CLEAR FUNCTIONS RESERVED FOR THE BOARD AND THOSE DELEGATED TO MANAGEMENT

The Board recognises its key role in charting the strategic direction, development and control of the Group and has adopted the specific responsibilities that are listed in the Malaysian Code on Corporate Governance 2012 ("the Code"), which facilitates the discharge of the Board's stewardship responsibilities. In order to deliver both fiduciary and leadership functions, the Board, amongst others, assumes the following key responsibilities as per recommendations of the Code: –

- Setting the objectives, goals and strategic plan for the Company with a view to maximising shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

CLEAR FUNCTIONS RESERVED FOR THE BOARD AND THOSE DELEGATED TO MANAGEMENT (CONT'D)

- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group Managing Director together with the Executive Director are responsible for day-to-day operation and management of business and making and implementing policies, operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies. The Non-Executive Directors play the key roles in contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

CONTROL ENVIRONMENT AND STRUCTURE

The Board recognises 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ENVIRONMENT AND STRUCTURE (CONT'D)

- 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.

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;

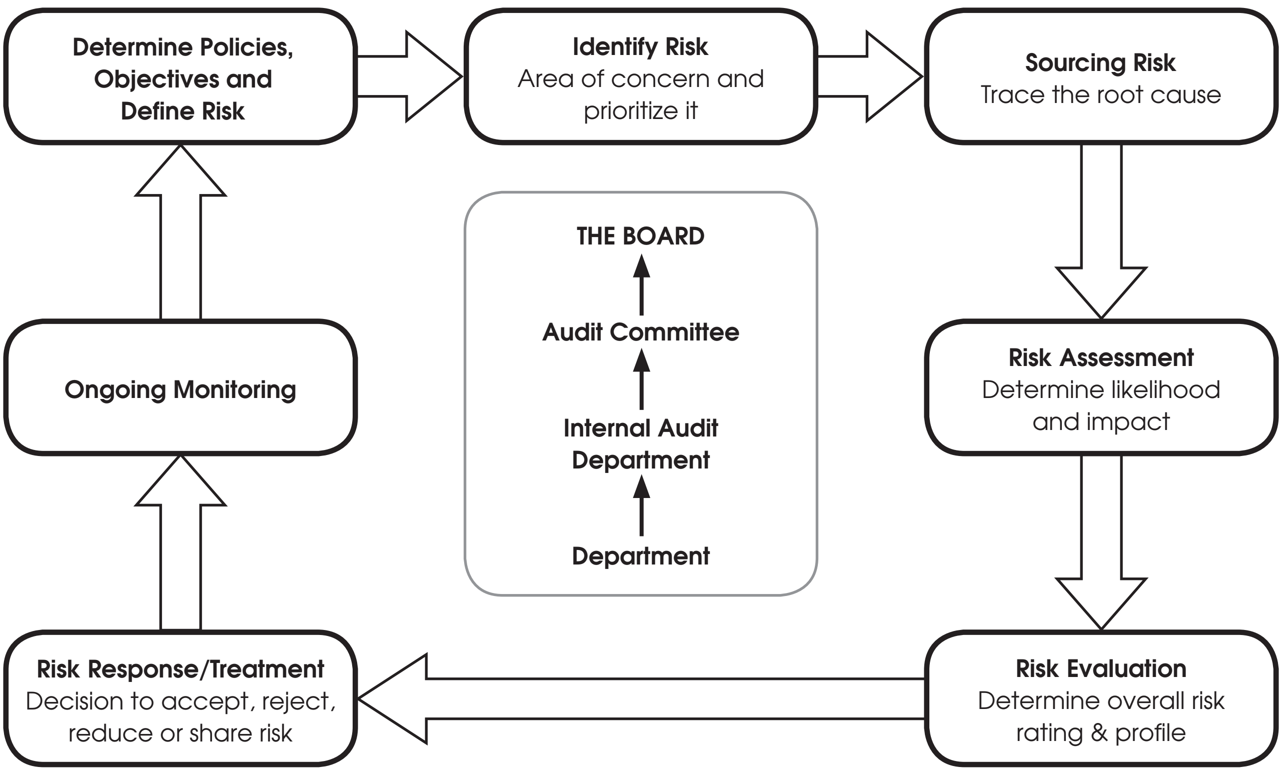
- ERM assessment reviews are performed annually to identify any potential risk, from the perspective of laws and regulations, corporate governance, operations, financial, customers, product and services, suppliers, human capital as well as the environment;

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

- The significant risk issues evaluated by the Risk Management Committee are discussed at Audit Committee meetings. The Risk Management Committee reports to the Audit Committee at least twice a year. The Audit Committee reviews the Group's risk profile and effectiveness of the mitigating measures implemented by management. Significant risk matters that require the attention of the Directors are escalated to the Board;

- 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



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT AND INTERNAL CONTROL

The Group Internal Audit Department (GIAD) 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. The internal audit findings together with recommendations for Management responses are presented to the Audit Committee where it then reports to the Board of Directors by the Audit Committee on a quarterly basis.

GIAD prepares an Annual Audit Plan and presented 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 GIAD 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.

The Board acknowledges its responsibility for maintaining a sound internal controls system, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and the safeguard of assets and interest in compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Audit Committee has assessed the suitability of the External Auditors and has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report for the financial period ended 31 December 2016.

The external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control functions of the Group.

CONCLUSION

The system of internal control and risk management 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 and risk management 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.

At a meeting held on 4 April 2017, the Board obtained assurance from Group Managing Director ("GMD") that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

This Statement is made in accordance with the resolution of the Board dated 4 April 2017.

ADDITIONAL COMPLIANCE INFORMATION

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

Audit Fees

The amount of audit fees paid to the Group's External Auditors, Messrs Morison Anuarul Azizan Chew, Chartered Accountants, for the financial year ended 31 December 2016 was RM226,104.00.

Non-Audit Fees

The amount of non-audit fees paid to the Group's External Auditors, Messrs Morison Anuarul Azizan Chew, Chartered Accountants, for the financial year ended 31 December 2016 was RM27,500.00.

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 2016 or entered into since the end of the previous financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

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
Profit for the financial year attributable to:		
- Owners of the Company	47,968,497	8,391,775
- Non-controlling interests	(1,752,789)	-
	46,215,708	8,391,775

Dividends

The dividends on ordinary shares paid or declared by the Company since the end of the previous financial year were as follows:

In respect of financial year ended 31 December 2015:

	RM
Second interim single-tier dividend of 3.0 sen per ordinary share of RM0.25 each, paid on 4 May 2016	9,918,733
Third interim single-tier dividend of 3.0 sen per ordinary share of RM0.25 each, paid on 27 January 2017	9,918,133
	19,836,866

The financial statements for the current financial year do not reflect the third interim dividend. Such dividend will be at accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

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

There were no issuances of shares and debentures during the financial year under review.

Treasury shares

During the financial year, the Company repurchased 2,200,300 (2015: 85,200) of its ordinary shares from the open market on Bursa Malaysia for RM2,308,543 (2015: RM76,880). The average price of the shares repurchased was approximately RM1.049 (2015: RM0.902) per share.

Details of the treasury shares are set out in Note 23 to the financial statements.

Warrants 2015/2020

On 2 September 2015, the Company allotted 166,444,970 bonus Warrants 2015/2020 on the basis of 1 Warrant for every 2 existing ordinary shares of RM0.25 each held in the Company. The Warrant 2015/2020 were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 10 September 2015.

DIRECTORS' REPORT

Warrants 2015/2020 (continued)

Each Warrant 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 10 September 2015 till 4 September 2020, at an exercise price of RM0.90. Any Warrant 2015/2020 not exercised at the date of maturity will lapse and cease to be valid for any purpose. As at 31 December 2016, 166,444,970 (2015: 166,444,970) Warrant 2015/2020 remain unexercised.

The ordinary shares issued from the exercise of Warrants 2015/2020 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2015/2020.

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
Cheong Choi Yoon
Sazali bin Saad
Chang Chee Kok
Ho Wen Yan (Appointed on 13 February 2017)
Cheah Len Khoon (Resigned on 15 July 2016)

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 1.1.2016	**Acquired**	**Disposed**	**On 31.12.2016**
Interest in the Company, Magna Prima Berhad				
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	21,400,000	-	-	21,400,000

	No. of ordinary shares of RM1.00 each			
	On 1.1.2016	**Acquired**	**Disposed**	**On 31.12.2016**
Interest in a subsidiary company, Pavilion Uptrend Sdn Bhd				
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	60,000	-	-	60,000

	No. of Warrants 2015/2020			
	On 1.1.2016	**Acquired**	**Disposed**	**On 31.12.2016**
Magna Prima Berhad				
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	10,700,000	-	-	10,700,000

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 (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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.

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.

DIRECTORS' REPORT

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.

(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 **HO WEN YAN**

Kuala Lumpur
4 April 2017

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL and HO WEN YAN, 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 46 to 104 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 2016 and of their financial performance and cash flows for the financial year then ended.

The information set out in page 105 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 **HO WEN YAN**

Kuala Lumpur
4 April 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, CHOW PAK YEE, 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 46 to 104 and the supplementary information set out on page 105 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 CHOW PAK YEE)
at Kuala Lumpur)
on this date of 4 April 2017) **CHOW PAK YEE**

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 audit of the Financial Statements

Opinion

We have audited the financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2016 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their 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.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for sales of properties under construction (Refer to Note 2.3(i), Note 2.20, Note 25, Note 40(b) to the financial statements)	
During the financial year, the Group had early adopted MFRS 15 *"Revenue from contracts with customers"* which had resulted in a change in the point of revenue recognition for sales of properties under construction. Revenue from sales of properties under construction during the financial year includes revenue from a number of on-going property projects whereby its performance obligations are transferred over time and revenue is recognised over time pursuant to MFRS 15. We have focussed on this area due to the inherent subjectivity in the judgements and estimation uncertainty involved in the estimation of its stage of completion that is largely dependent on the total estimated property development costs.	We have tested the Group's controls on the reviews and approvals over property development cost, budgeting process, authorisation and recording of revenue and actual costs incurred. We reviewed the estimated costs to complete for on-going property development projects as follows: • discussed with the management's project, operations and finance teams on the formulation of the estimated property development costs; • inspected documents to support the estimated property development costs, including contract variations and cost contingencies; • compared estimated property development cost budgets against actual outcomes to assess reliability of the management's budgeting process; and • compared progress certifications by the architect against its stage of completion for each project to ascertain the reasonableness of the revenue recognised over time in profit or loss. We tested the calculation of the stage of completion by testing the actual property development costs incurred, and re-performed the revenue recognised over time calculations on 1 January 2016 to ascertain the cumulative impact of the adoption of MFRS 15 as disclosed in Note 40(b) to the financial statements and 31 December 2016 for revenue recognised during the financial year.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNA PRIMA BERHAD
(Company No: 369519-P) (Incorporated in Malaysia)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (Refer to Note 2.3(ii), Note 2.7 and Note 5 to the financial statements)	
As at 31 December 2016, the Group carried material balances of investment properties amounting to RM533,119,000. These investment properties are measured at fair value by reference to valuations carried out by independent professional valuers which are determined using the comparison approach. Significant judgement is involved in determining the reference for comparisons such as the comparability of the location, transacted market prices and adjustments made for dissimilarities.	We assessed the appropriateness of the independent professional valuers scope of work and evaluated whether they had sufficient expertise, capabilities and objectivity to competently perform the valuation of the Group's investment properties. In addition, we obtained the valuation report and evaluated the valuation methodology, data relating to comparisons of the recent transactions involving similar properties and estimates used by the independent professional valuers. On a test basis, we compared the data inputs to external financial information as applicable. Information on the inputs used in determining fair value is disclosed in Note 5 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and the remaining parts of the Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNA PRIMA BERHAD
(Company No: 369519-P) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNA PRIMA BERHAD
(Company No: 369519-P) (Incorporated 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 to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the 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, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the 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 financial statements 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 105 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 member 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: 1729/05/18 (J/PH)
Chartered Accountant

KUALA LUMPUR
4 April 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group 31.12.2016 RM	31.12.2015 RM Restated	1.1.2015 RM Restated
Non-Current Assets				
Property, plant and equipment	3	1,501,112	961,494	1,330,533
Investment properties	5	533,119,000	464,745,175	56,475,002
Land held for property development	6	65,036,604	65,024,521	65,013,015
Deferred tax assets	7	17,873,105	10,311,386	11,625,213
Trade receivables	8	-	-	2,469,002
		617,529,821	541,042,576	136,912,765
Current Assets				
Inventories	9	311,014,391	329,644,983	712,834,931
Amount owing by customers on contracts	10	-	2,056,597	2,056,597
Contract assets	11	16,045,624	-	-
Trade receivables	8	29,687,142	31,649,041	23,880,316
Other receivables	12	17,551,893	17,175,920	64,215,485
Tax recoverable		998,169	1,875,090	986,449
Cash held under Housing Development Accounts	14	4,193,463	4,049,838	3,262,810
Fixed deposits placed with licensed banks	15	15,930,317	78,253,070	27,506,240
Cash and bank balances		15,174,539	21,568,592	16,959,976
		410,595,538	486,273,131	851,702,804
Asset classified as held for sale	16	-	-	171,181,624
Total current assets		410,595,538	486,273,131	1,022,884,428
Current Liabilities				
Trade payables	17	38,987,632	38,698,228	92,957,468
Other payables	18	73,116,314	55,078,010	84,576,044
Deferred revenue	19	-	27,167,355	267,659,967
Borrowings	20	92,353,677	77,295,858	411,624,249
Redeemable Cumulative Preference Shares ("RCPS")	21	-	-	40,000,000
Current tax liabilities		52,629,605	72,019,798	15,945,849
		257,087,228	270,259,249	912,763,577
Net current assets		153,508,310	216,013,882	110,120,851
		771,038,131	757,056,458	247,033,616
Financed By:				
Share capital	22	83,222,485	83,222,485	83,222,485
Treasury shares	23	(2,385,431)	(76,888)	-
Reserves	24	521,784,807	465,827,100	60,201,602
Equity attributable to owners of the Company		602,621,861	548,972,697	143,424,087
Non-controlling interests		4,625,646	6,378,435	6,367,602
Total equity		607,247,507	555,351,132	149,791,689
Non-Current Liabilities				
Trade payables	17	-	-	5,444,113
Borrowings	20	143,294,252	191,040,871	91,703,853
Deferred tax liabilities	7	20,496,372	10,664,455	93,961
		163,790,624	201,705,326	97,241,927
		771,038,131	757,056,458	247,033,616

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Company	
		2016	2015
	Note	RM	RM
Non-Current Assets			
Property, plant and equipment	3	515,488	168,529
Investment in subsidiary companies	4	158,060,307	157,810,309
		158,575,795	157,978,838
Current Assets			
Other receivables	12	474,362	594,880
Amount owing by subsidiary companies	13	404,824,527	349,884,594
Tax recoverable		30,952	-
Fixed deposits placed with licensed banks	15	533,370	16,150,541
Cash and bank balances		4,116,444	1,173,220
Total current assets		409,979,655	367,803,235
Current Liabilities			
Other payables	18	239,534	235,458
Amount owing to subsidiary companies	13	344,517,160	280,889,116
Borrowings	20	3,093,561	17,000,000
Current tax liabilities		-	474,938
		347,850,255	298,599,512
Net current assets		62,129,400	69,203,723
		220,705,195	227,182,561
Financed By:			
Share capital	22	83,222,485	83,222,485
Treasury shares	23	(2,385,431)	(76,888)
Reserves	24	139,486,809	141,013,767
Total equity		220,323,863	224,159,364
Non-Current Liabilities			
Borrowings	20	368,618	3,000,000
Deferred tax liabilities	7	12,714	23,197
		381,332	3,023,197
		220,705,195	227,182,561

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 2016

		Group		Company	
	Note	2016 RM	2015 RM Restated	2016 RM	2015 RM
Revenue	25	142,730,325	795,509,881	12,986,000	12,785,000
Cost of sales	26	(86,712,718)	(470,937,703)	-	-
Gross profit		56,017,607	324,572,178	12,986,000	12,785,000
Other operating income		69,005,198	235,461,506	163,199	4,187,978
Marketing and promotion expenses		(3,947,615)	(17,554,564)	-	-
Administration expenses		(14,552,206)	(12,396,622)	(3,186,993)	(3,186,414)
Other operating expenses		(19,555,027)	(22,848,791)	(902,997)	(20,215)
Profit from operations	27	86,967,957	507,233,707	9,059,209	13,766,349
Finance costs	28	(14,870,728)	(13,571,386)	(12,521)	(3,640,855)
Profit before taxation		72,097,229	493,662,321	9,046,688	10,125,494
Taxation	29	(25,881,521)	(85,185,275)	(654,913)	(750,232)
Profit for the financial year		46,215,708	408,477,046	8,391,775	9,375,262
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		6,657,640	13,803,782	-	-
Total comprehensive income for the financial year		52,873,348	422,280,828	8,391,775	9,375,262
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		47,968,497	408,466,213	8,391,775	9,375,262
Non-controlling interests		(1,752,789)	10,833	-	-
		46,215,708	408,477,046	8,391,775	9,375,262
Total comprehensive income/(expense) attributable to:					
Owners of the Company		54,626,137	422,269,995	8,391,775	9,375,262
Non-controlling interests		(1,752,789)	10,833	-	-
		52,873,348	422,280,828	8,391,775	9,375,262
Earnings per share attributable to owners of the Company:					
Basic (sen)	30	14.49	122.71		
Diluted (sen)	30	13.68	117.38		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Attributable to Owners of the Company									
		Non-distributable						Distributable			
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Translation Reserve RM	Capital Reserve RM	Capital Redemption Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 January 2016		83,222,485	35,565,970	(76,888)	3,623,723	19,706,095	400,000	406,531,312	548,972,697	6,378,435	555,351,132
Effect of early adoption of MFRS 15 (Note 40(b))		-	-	-	-	-	-	11,250,303	11,250,303	-	11,250,303
At 1 January 2016 (Restated)		83,222,485	35,565,970	(76,888)	3,623,723	19,706,095	400,000	417,781,615	560,223,000	6,378,435	566,601,435
Profit for the financial year		-	-	-	-	-	-	47,968,497	47,968,497	(1,752,789)	46,215,708
Other comprehensive income:											
Exchange differences arising from translation of foreign operations		-	-	-	6,657,640	-	-	-	6,657,640	-	6,657,640
Total comprehensive income		-	-	-	6,657,640	-	-	47,968,497	54,626,137	(1,752,789)	52,873,348
Repurchase of treasury shares	23	-	-	(2,308,543)	-	-	-	-	(2,308,543)	-	(2,308,543)
Dividends	31	-	-	-	-	-	-	(9,918,733)	(9,918,733)	-	(9,918,733)
At 31 December 2016		83,222,485	35,565,970	(2,385,431)	10,281,363	19,706,095	400,000	455,831,379	602,621,861	4,625,646	607,247,507
At 1 January 2015 (As previously stated)		83,222,485	35,565,970	-	(10,180,059)	19,706,095	-	13,816,688	142,131,179	6,367,602	148,498,781
Effect of changes in accounting policy on investment properties (Note 40(a))		-	-	-	-	-	-	1,292,908	1,292,908	-	1,292,908
At 1 January 2015 (Restated)		83,222,485	35,565,970	-	(10,180,059)	19,706,095	-	15,109,596	143,424,087	6,367,602	149,791,689
Profit for the financial year		-	-	-	-	-	-	408,466,213	408,466,213	10,833	408,477,046
Other comprehensive income:											
Exchange differences arising from translation of foreign operations		-	-	-	13,803,782	-	-	-	13,803,782	-	13,803,782
Total comprehensive income		-	-	-	13,803,782	-	-	408,466,213	422,269,995	10,833	422,280,828
Transfer from retained profits to capital redemption reserve	21	-	-	-	-	-	400,000	(400,000)	-	-	-
Repurchase of treasury shares	23	-	-	(76,888)	-	-	-	-	(76,888)	-	(76,888)
Dividends	31	-	-	-	-	-	-	(16,644,497)	(16,644,497)	-	(16,644,497)
At 31 December 2015		83,222,485	35,565,970	(76,888)	3,623,723	19,706,095	400,000	406,531,312	548,972,697	6,378,435	555,351,132

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Non-distributable				Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Redemption Reserve RM	Retained Profits RM	Total Equity RM
At 1 January 2016		83,222,485	35,565,970	(76,888)	400,000	105,047,797	224,159,364
Profit/Total comprehensive income for the financial year		-	-	-	-	8,391,775	8,391,775
Repurchase of treasury shares	23	-	-	(2,308,543)	-	-	(2,308,543)
Dividends	31	-	-	-	-	(9,918,733)	(9,918,733)
At 31 December 2016		83,222,485	35,565,970	(2,385,431)	400,000	103,520,839	220,323,863
At 1 January 2015		83,222,485	35,565,970	-	-	112,717,032	231,505,487
Profit/Total comprehensive income for the financial year		-	-	-	-	9,375,262	9,375,262
Transfer from retained profits to capital redemption reserve	21	-	-	-	400,000	(400,000)	-
Repurchase of treasury shares	23	-	-	(76,888)	-	-	(76,888)
Dividends	31	-	-	-	-	(16,644,497)	(16,644,497)
At 31 December 2015		83,222,485	35,565,970	(76,888)	400,000	105,047,797	224,159,364

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM Restated	Company 2016 RM	Company 2015 RM
Cash flows from operating activities					
Profit before taxation		72,097,229	493,662,321	9,046,688	10,125,494
Adjustment for:					
Depreciation of property, plant and equipment	3	343,343	270,673	142,937	99,980
Amortisation of contract cost	11	475,485	-	-	-
Net (reversal)/impairment loss of trade receivables	8	(182,660)	360,839	-	-
Inventories written down	9	-	1,164,000	-	-
Impairment loss on other receivables		2,604,374	-	-	-
Property, plant and equipment written off		40,472	-	40,472	-
Provision for liquidated and ascertained damages	18	3,499,292	9,187,201	-	-
Overprovision for liquidated and ascertained damages	18	(72,480)	(603,494)	-	-
Gain on disposal of property, plant and equipment		(4,999)	(71,925)	-	-
Unrealised foreign exchange loss		6,292,832	5,818,167	-	-
Fair value adjustments on investment properties		(58,146,456)	(210,248,497)	-	-
Finance cost	28	14,870,728	13,571,386	12,521	3,640,855
Finance income		(1,918,082)	(3,101,535)	(163,199)	(1,045,934)
Dividend income		-	-	(9,880,000)	(9,490,000)
Operating profit/(loss) before working capital changes		39,899,078	310,009,136	(800,581)	3,330,395
(Increase)/Decrease in working capital:					
Contract assets		4,246,959	-	-	-
Inventories		23,043,137	399,578,774	-	-
Trade receivables		2,144,559	(5,462,713)	-	-
Other receivables		(2,980,347)	47,039,566	120,518	200
Amount owing by/to subsidiary companies		-	-	18,568,111	28,079,552
Trade payables		289,404	(60,070,524)	-	-
Other payables		7,581,956	(43,899,908)	4,076	(562,741)
Deferred revenue		-	(240,492,612)	-	-
Cash generated from operations		74,224,746	406,701,719	17,892,124	30,847,406
Taxation paid		(47,679,696)	(20,559,053)	(1,171,286)	(1,515,907)
Taxation refund		1,317,392	79,443	-	-
Interest received		1,918,082	2,903,686	163,199	1,045,934
Interest paid		(16,306,412)	(25,598,976)	(12,521)	(3,640,855)
Net cash generated from operating activities		13,474,112	363,526,819	16,871,516	26,736,578

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM Restated	Company 2016 RM	Company 2015 RM
Cash flows from investing activities					
Additions of land held for property development		(12,083)	(11,506)	-	-
Purchase of property, plant and equipment	3	(416,434)	(479,709)	(23,368)	(6,600)
Purchase of investment properties		(47,888,591)	(24,284,246)	-	-
Subscription of additional shares in existing subsidiary companies		-	-	(249,998)	-
Net proceeds from disposal of property, plant and equipment		5,000	650,000	-	-
Net cash used in investing activities		(48,312,108)	(24,125,461)	(273,366)	(6,600)
Cash flows from financing activities					
Dividend paid	31	(9,918,733)	(16,644,497)	(9,918,733)	(16,644,497)
Repayment of finance lease liabilities		(95,943)	(36,393)	(44,821)	-
Repayment of borrowings		(55,737,716)	(342,408,890)	(17,000,000)	-
Fixed deposits pledged to licensed banks		(1,168,933)	(1,553,395)	-	(116,667)
Redemption of Redeemable Cumulative Preference Share		-	(40,000,000)	-	(40,000,000)
Repurchase of treasury share		(2,308,543)	(76,888)	(2,308,543)	(76,888)
Drawdown from borrowings		9,472,400	108,188,600	-	20,000,000
Net cash used in financing activities		(59,757,468)	(292,531,463)	(29,272,097)	(36,838,052)
Net (decrease)/increase in cash and cash equivalents		(94,595,464)	46,869,895	(12,673,947)	(10,108,074)
Cash and cash equivalents at beginning of the financial year		97,408,575	43,260,021	17,207,094	27,315,168
Effect of exchange rate changes		6,657,940	7,278,659	-	-
Cash and cash equivalents at end of the financial year		9,471,051	97,408,575	4,533,147	17,207,094
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		15,174,539	21,568,592	4,116,444	1,173,220
Cash held under Housing Development Accounts	14	4,193,463	4,049,838	-	-
Fixed deposits with licensed banks	15	15,930,317	78,253,070	533,370	16,150,541
Bank overdrafts	20	(18,635,934)	(440,524)	-	-
		16,662,385	103,430,976	4,649,814	17,323,761
Less: Fixed deposits pledged with licensed banks	15	(7,191,334)	(6,022,401)	(116,667)	(116,667)
		9,471,051	97,408,575	4,533,147	17,207,094

NOTES TO 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 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated 4 April 2017.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with 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 2.3.

Accounting standard and amendments to accounting standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2016 are as follows:

- MFRS 14, "Regulatory Deferral Accounts"
- Amendment to MFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations" (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, "Financial Instruments: Disclosures" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- Amendments to MFRS 11, "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 101, "Disclosure Initiative"
- Amendments to MFRS 116 and MFRS 138, "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"
- Amendment to MFRS 119, "Employee Benefits" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, "Equity Method in Separate Financial Statements"
- Amendment to MFRS 134, "Interim Financial Reporting" (Annual Improvements 2012-2014 Cycle)

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 Basis of Preparation (continued)

Change in accounting policy on investment properties

During the financial year, the Group and the Company has changed its accounting policy with respect to the subsequent measurement of investment properties as allowed under MFRS 140 "Investment Properties" from the cost model to the fair value model to provide a more relevant presentation. The effect of change in accounting policy has been applied retrospectively in accordance to MFRS 108 *"Accounting Policies, Changes in Accounting Estimates and Errors"*. Please refer to Note 40(a) for further details on the impact of the change in accounting policy.

Early adoption of MFRS 15 "Revenue from Contracts with Customers"

The Group has elected to early adopt MFRS 15 *"Revenue from Contracts with Customers"* as issued by the Malaysian Accounting Standards Board ("MASB") on 2 September 2014. The Group elected to apply the transitional provisions under MFRS 15 paragraph C3(b) where the effects of adopting MFRS 15 is adjusted at the opening balance of equity as at 1 January 2016 and prior year comparatives are not restated. Please refer to Note 40(b) for further details on the impact of the early adoption of MFRS 15.

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 January 2017

Amendments to MFRS 107 Disclosure Initiative

The Amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

The Amendments clarify that decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this. An example is when an entity holds a fixed-rate debt instrument (measured at fair value) and expects to collect all the contractual cash flows.

The Amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Annual periods beginning on/after 1 January 2018

Amendments to MFRS 2 Classification and Measurement of Share-Based Payment Transactions

The Amendments provides specific guidance on how to account for the following situations:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 Basis of Preparation (continued)

Annual periods beginning on/after 1 January 2018 (continued)

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.

Annual periods beginning on/after 1 January 2019

MFRS 16 Leases

The Standard eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions.

Effective date yet to be determined by the Malaysian Accounting Standards Board

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.

The Group is in the process of assessing the impact of MFRS 9 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 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.

2.3 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 for property development activities

The Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on direct measurements of the value transferred by the Group to the customer and the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets;
- the extent of the costs incurred;

Substantial changes in cost estimates can in future periods have, a significant effect on the Group's revenue recognised. In making the above judgement, the Group relies on past experience and work of specialists.

There is no estimation required in determining the transaction prices as revenue from property development are based on the contracted sales and purchase agreements.

(ii) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at the end of each reporting period.

(iii) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group reviews the investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in making judgement, the management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant accounting estimates and judgements (continued)

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

(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) Impairment of non-financial assets

The Group assesses whether its non-financial assets, which include property, plant and equipment and land held for property development 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant accounting estimates and judgements (continued)

(x) 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.

(xi) 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 2.6. 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.

(xii) 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.

2.4 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.

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

2.4 Basis of consolidation for subsidiaries (continued)

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.

2.5 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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.6 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 2.9.

2.7 Accounting policy for investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs (refer to accounting policy Note 2.16 on capitalisation of borrowing costs).

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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

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

2.7 Accounting policy for investment properties (continued)

(ii) Reclassification to/from investment property

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

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

(iii) Determination of fair value

The fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

2.8 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.9 Impairment of non-financial assets (continued)

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.

2.10 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.

2.11 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 2.9.

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.

2.12 Inventories

<u>Properties under development</u>

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.

<u>Developed properties held for sale</u>

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.

<u>Finished goods</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.17 Foreign currencies (continued)

(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.

2.18 Equity instruments

Share Capital

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.

Treasury Shares

Where the Company purchases its own equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to owners of the Company as treasury shares until they are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. Where the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

Where such shares are cancelled, the issued share capital is reduced by the nominal value of the cancelled shares. The amount by which the Company's issued share capital is diminished on cancellation of shares is transferred to a capital redemption reserve amount.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.20 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

<u>Property development and construction contract</u>

Revenue from property development and construction contract is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date); or
- the Group's effort or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

NOTES TO THE FINANCIAL STATEMENTS

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

2.20 Revenue recognition (continued)

Property development and construction contract (continued)

The excess of cumulative revenue recognised in profit or loss over the billings to customers is recognised as contract assets.

The excess of cumulative billings to customers over revenue recognised in profit or loss is recognised as contract liabilities.

Incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

Goods sold and services rendered

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and service taxes and discounts.

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.

2.21 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.

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

2.22 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.22 Financial assets (continued)

(iii) Subsequent measurement (continued)

Gains and losses (continued)

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.

(iii) Subsequent measurement

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.

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 amortization) 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.

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

2.22 Financial assets (continued)

(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 derecognised 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.

2.23 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.

2.24 Offsetting financial instruments

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.

2.25 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.

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.27 Non-current assets held for sale

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale, immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

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
2016								
Cost								
At 1.1.2016	29,799	110,111	1,179,420	1,714,721	912,573	32,650	614,222	4,593,496
Additions	-	-	3,800	63,543	530,368	-	325,723	923,434
Disposals	-	-	-	-	(53,200)	-	-	(53,200)
Written off	-	-	-	-	-	-	(614,222)	(614,222)
At 31.12.2016	29,799	110,111	1,183,220	1,778,264	1,389,741	32,650	325,723	4,849,508
Accumulated depreciation								
At 1.1.2016	6,510	44,340	835,954	1,353,563	846,995	16,957	527,683	3,632,002
Charge for the financial year	319	2,172	43,558	123,850	98,749	3,225	71,470	343,343
Disposals	-	-	-	-	(53,199)	-	-	(53,199)
Written off	-	-	-	-	-	-	(573,750)	(573,750)
At 31.12.2016	6,829	46,512	879,512	1,477,413	892,545	20,182	25,403	3,348,396
Carrying amount								
At 31.12.2016	22,970	63,599	303,708	300,851	497,196	12,468	300,320	1,501,112
2015								
Cost								
At 1.1.2015	29,799	668,331	942,872	1,646,462	912,573	32,650	614,222	4,846,909
Additions	-	-	368,667	111,042	-	-	-	479,709
Disposals	-	(558,220)	(132,119)	(42,783)	-	-	-	(733,122)
At 31.12.2015	29,799	110,111	1,179,420	1,714,721	912,573	32,650	614,222	4,593,496
Accumulated depreciation								
At 1.1.2015	6,191	86,824	872,919	1,263,055	807,394	13,732	466,261	3,516,376
Charge for the financial year	319	6,824	35,097	124,185	39,601	3,225	61,422	270,673
Disposals	-	(49,308)	(72,062)	(33,677)	-	-	-	(155,047)
At 31.12.2015	6,510	44,340	835,954	1,353,563	846,995	16,957	527,683	3,632,002
Carrying amount								
At 31.12.2015	23,289	65,771	343,466	361,158	65,578	15,693	86,539	961,494

Included in the property, plant and equipment of the Group are motor vehicles acquired under finance leases with carrying amount of RM497,182 (2015: RM65,564).

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Company	Motor vehicles RM	Furniture, fittings and equipment RM	Computers RM	Office renovation RM	Total RM
2016					
Cost					
At 1.1.2016	-	377,618	328,898	614,222	1,320,738
Additions	530,368	-	-	-	530,368
Written off	-	-	-	(614,222)	(614,222)
At 31.12.2016	530,368	377,618	328,898	-	1,236,884
Accumulated depreciation					
At 1.1.2016	-	308,765	315,763	527,681	1,152,209
Charge for the financial year	61,876	27,354	7,638	46,069	142,937
Written off	-	-	-	(573,750)	(573,750)
At 31.12.2016	61,876	336,119	323,401	-	721,396
Carrying amount					
At 31.12.2016	468,492	41,499	5,497	-	515,488
2015					
Cost					
At 1.1.2015		377,618	322,298	614,222	1,314,138
Additions		-	6,600	-	6,600
At 31.12.2015		377,618	328,898	614,222	1,320,738
Accumulated depreciation					
At 1.1.2015		280,586	305,384	466,259	1,052,229
Charge for the financial year		28,179	10,379	61,422	99,980
At 31.12.2015		308,765	315,763	527,681	1,152,209
Carrying amount					
At 31.12.2015		68,853	13,135	86,541	168,529

Acquisition of property, plant and equipment of the Group and of the Company during the financial year are financed by:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Aggregate costs	923,434	479,709	530,368	6,600
Finance lease financing	(507,000)	-	(507,000)	-
Cash payments	416,434	479,709	23,368	6,600

NOTES TO THE FINANCIAL STATEMENTS

4. Investment in subsidiary companies

	In Malaysia RM	Outside Malaysia RM	Total RM
Company			
2016			
Unquoted shares, at cost			
At 1 January	58,349,909	99,460,400	157,810,309
Additions during the financial year	249,998	-	249,998
At 31 December	58,599,907	99,460,400	158,060,307
2015			
Unquoted shares, at cost			
At 1 January / 31 December	58,349,909	99,460,400	157,810,309

	Company 2016 RM	Company 2015 RM
Represented by:		
Ordinary shares	158,059,307	157,809,309
Redeemable preference shares	1,000	1,000
	158,060,307	157,810,309

(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 (%) 2016	Effective ownership and voting interest (%) 2015	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
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction

NOTES TO THE FINANCIAL STATEMENTS

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 (%) 2016	2015	Principal activities
Direct holding: (continued)				
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	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
Subsidiaries of Winicon (M) Sdn. Bhd				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	100	100	Property development and property investment

* Audited by another firm of auditors.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment in subsidiary companies (continued)

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

	Magna Park Sdn. Bhd. and its subsidiaries 2016 RM	Magna Park Sdn. Bhd. and its subsidiaries 2015 RM	Magna Ecocity Sdn. Bhd. 2016 RM	Magna Ecocity Sdn. Bhd. 2015 RM
Non-current assets	719	2,580	-	-
Current assets	30,013,383	34,978,681	127,033,082	126,377,976
Non-current liabilities	(1,000)	(1,000)	(52,011,924)	(69,985,479)
Current liabilities	(56,740,876)	(61,660,407)	(51,495,836)	(27,045,183)
Net (liabilities)/assets	(26,727,774)	(26,680,146)	23,525,322	29,347,314
Carrying amount of NCI as at 31 December	(2,488,356)	(2,483,922)	7,057,597	8,804,194

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

	Magna Park Sdn. Bhd. and its subsidiaries 2016 RM	Magna Park Sdn. Bhd. and its subsidiaries 2015 RM	Magna Ecocity Sdn. Bhd. 2016 RM	Magna Ecocity Sdn. Bhd. 2015 RM
Revenue	-	1,083,000	-	-
(Loss)/Profit / Total comprehensive (expense)/income during the financial year	(18,625)	3,623,365	(5,821,992)	(1,083,891)
(Loss)/Profit / Total comprehensive (expense)/income allocated to NCI during the financial year	(4,434)	337,335	(1,746,598)	(325,167)
Cash flows from operating activities	240,711	385,197	(18,227,928)	820,583
Cash flows from financing activities	-	-	(414,079)	(835,725)
Net increase/(decrease) in cash and cash equivalents	240,711	385,197	(18,642,007)	(15,142)
Ownership interest and voting rights percentage held by NCI	9%	9%	30%	30%

5. Investment properties

Group	At cost Investment properties under construction RM	At fair value Buildings RM	At fair value Freehold land RM	At fair value Leasehold land RM	Total RM
2016					
At 1 January	75,345,175	-	382,000,000	7,400,000	464,745,175
Effect of early adoption of MFRS 15 (Note 40(b))	(39,207,295)	-	-	-	(39,207,295)
At 1 January (Restated)	36,137,880	-	382,000,000	7,400,000	425,537,880
Additions	49,434,664	-	-	-	49,434,664
Reclassification of completed properties	(85,572,544)	85,572,544	-	-	-
Gain on changes in fair value	-	58,027,456	-	119,000	58,146,456
At 31 December	-	143,600,000	382,000,000	7,519,000	533,119,000

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties (continued)

Group	At cost Investment properties under construction RM	At fair value Buildings RM	Freehold land RM	Leasehold land RM	Total RM
2015					
At 1 January	49,075,002	-	-	6,047,532	55,122,534
Effect of change in accounting policy (Note 40(a))	-	-	-	1,352,468	1,352,468
At 1 January (Restated)	49,075,002	-	-	7,400,000	56,475,002
Additions	26,270,173	-	-	-	26,270,173
Transfer from asset classified as held for sale (Note 16)	-	-	171,751,503	-	171,751,503
Gain on changes in fair value	-	-	210,248,497	-	210,248,497
At 31 December	75,345,175	-	382,000,000	7,400,000	464,745,175

Investment properties under construction, buildings and freehold land with a carrying amount of RM525,600,000 (31.12.2015: RM457,345,175; 1.1.2015: RM49,075,002) have been pledged to secure banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

As at 31 December 2016, included in additions of investment properties under construction of the Group during the financial year are capitalised borrowing costs amounting to RM1,546,073 (31.12.2015: RM2,559,600; 1.1.2015: RM1,603,469).

Adjustment on 1 January 2016

The adjustment on investment properties arises from the differences in the method used to measure the stage of completion. Prior to the adoption of MFRS 15, the stage of completion of the investment property was accounted with reference to certifications of progress by the project architect. Following the adoption of MFRS 15, management has taken a consistent approach for all its development projects to measure stage of completion with reference to the input method of measuring progress.

Change in Accounting Policy

During the financial year, the Group changed its accounting policy with respect to the subsequent measurement of investment properties as allowed under MFRS 140 "Investment Properties" from the cost model to the fair value model to provide a more relevant presentation.

The change in accounting policy has been applied retrospectively in accordance to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" as disclosed in Note 40(a) to the financial statements.

Fair value information

Investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers, PPC International Sdn. Bhd.. The independent valuers are specialists in valuing these types of investment properties. The fair value of the properties has been determined using comparison method depending on the nature of the property. The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.

In prior years, investment properties under construction includes the construction of a shopping mall and a supermarket located at Jalan Kuching, which has been completed in the current financial year. The fair value of these properties in prior years cannot be measured reliably due to the lack of comparable property transactions or information on the comparable properties' occupancy rate and rental yields within the vicinity. Therefore, investment properties under construction in prior years were presented at cost.

NOTES TO THE FINANCIAL STATEMENTS

5. **Investment properties (continued)**

Fair value information (continued)

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.

Fair value hierarchy of the investment properties are as follows:

2016	**Level 2 RM**	**Total RM**
Buildings	143,600,000	143,600,000
Freehold land	382,000,000	382,000,000
Leasehold land	7,519,000	7,519,000
	533,119,000	533,119,000

2015	**Level 2 RM**	**Total RM**
Freehold land	382,000,000	382,000,000
Leasehold land	7,400,000	7,400,000
	389,400,000	389,400,000

6. **Land held for property development**

Group	**Freehold land RM**	**Development expenditure RM**	**Total RM**
2016			
At 1 January	48,479,360	16,545,161	65,024,521
Additions	-	12,083	12,083
At 31 December	48,479,360	16,557,244	65,036,604
2015			
At 1 January	48,479,360	16,533,655	65,013,015
Additions	-	11,506	11,506
At 31 December	48,479,360	16,545,161	65,024,521

Land held for property development with a carrying amount of RM65,036,604 (31.12.2015: RM65,024,521; 1.1.2015: RM65,013,015) have been pledged to secure banking facilities granted to the Group.

7. **Deferred taxation**

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

Group	**31.12.2016 RM**	**31.12.2015 RM Restated**	**1.1.2015 RM Restated**
Deferred tax assets	17,873,105	10,311,386	11,625,213
Deferred tax liabilities	(20,496,372)	(10,664,455)	(93,961)
	(2,623,267)	(353,069)	11,531,252

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred taxation (continued)

	2016 RM	2015 RM Restated
At 1 January (As previously stated)	(353,069)	11,590,812
Effect of change in accounting policy (Note 40(a))	-	(59,560)
Effect of early adoption of MFRS 15 (Note 40(b))	(4,237,407)	-
At 1 January (Restated)	(4,590,476)	11,531,252
Recognised in profit or loss (Note 29):		
- property, plant and equipment	10,307	(33,328)
- deferred revenue	-	(2,246,288)
- unutilised tax losses	-	(1,674,520)
- provisions and others	11,715,260	2,369,334
- investment properties	(9,841,384)	(10,512,425)
	1,884,183	(12,097,227)
Exchange differences	83,026	212,906
At 31 December	(2,623,267)	(353,069)

Company	2016 RM	2015 RM
Deferred tax liabilities	(12,714)	(23,197)
At 1 January	(23,197)	(34,401)
Recognised in profit or loss:		
- property, plant and equipment	11,443	11,204
- provisions and others	(960)	-
	10,483	11,204
At 31 December	(12,714)	(23,197)

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	31.12.2016 RM	31.12.2015 RM Restated	1.1.2015 RM Restated
Deferred tax assets:			
- deferred revenue	-	5,993,809	8,240,097
- unutilised tax losses	-	-	1,637,670
- provisions and others	17,876,233	4,318,286	1,772,896
	17,876,233	10,312,095	11,650,663
Offsetting	(3,128)	(709)	(25,450)
Net deferred tax assets	17,873,105	10,311,386	11,625,213
Deferred tax liabilities:			
- property, plant and equipment	82,872	93,179	59,851
- provisions and others	3,259	-	-
- investment properties	20,413,369	10,571,985	59,560
	20,499,500	10,665,164	119,411
Offsetting	(3,128)	(709)	(25,450)
Net deferred tax liabilities	20,496,372	10,664,455	93,961

Company	2016 RM	2015 RM
Deferred tax liabilities:		
- property, plant and equipment	11,754	23,197
- provisions and others	960	-
Net deferred tax liabilities	12,714	23,197

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred taxation (continued)

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

Group	2016 RM	2015 RM
Deductible temporary differences	18,020,970	14,474,000
Unutilised tax losses	36,638,163	34,947,148
	54,659,133	49,421,148
Deferred tax assets not recognised at 24% (2015: 24%)	13,118,192	11,861,076

8. Trade receivables

	Group		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Trade receivables	35,325,654	36,293,041	31,404,864
Accrued billings from completed projects	-	-	58,840
Stakeholders sum	3,272,064	4,449,236	4,130,985
	38,597,718	40,742,277	35,594,689
Less: Impairment loss	(8,910,576)	(9,093,236)	(9,245,371)
	29,687,142	31,649,041	26,349,318
Analysed as:			
Non-current assets	-	-	2,469,002
Current assets	29,687,142	31,649,041	23,880,316
	29,687,142	31,649,041	26,349,318

The ageing analysis of trade receivables are as follows:

	Group		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Neither past due or impaired	412,627	3,856,070	6,453,125
1 - 90 days past due but not impaired	12,622,549	11,024,781	3,367,874
91 - 180 days past due but not impaired	650,064	15,052,546	12,397,334
181 - 365 days past due but not impaired	-	343	-
More than 365 days past due but not impaired	16,001,902	545,895	4,130,985
	29,274,515	26,623,565	19,896,193
Individually impaired	5,638,512	5,813,406	9,245,371
Collectively impaired	3,272,064	4,449,236	-
	38,597,718	40,742,277	35,594,689

The Group's normal trade credit terms range from 30 to 120 days (31.12.2015: 30 to 120 days; 1.1.2015: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group's trade receivables of RM5,638,512 (31.12.2015: RM5,813,406; 1.1.2015: RM9,245,371) 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 2016, the impairment loss for these receivables is RM5,638,512 (31.12.2015: RM5,813,406; 1.1.2015: RM9,245,371).

NOTES TO THE FINANCIAL STATEMENTS

8. Trade receivables (continued)

The Group's trade receivables of RM3,272,064 (31.12.2015: RM4,449,236; 1.1.2015: Nil) were collectively impaired. The collectively impaired receivables relate to a material litigation against the stakeholders sum held in trust by the solicitors as disclosed in Note 39(i) to the financial statements. As at 31 December 2016, the impairment loss for these receivables is RM3,272,064 (31.12.2015: RM3,279,830; 1.1.2015: Nil).

The Group's trade receivables amounting to RM29,274,515 (31.12.2015: RM26,623,565; 1.1.2015: RM19,896,193) were 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	
	2016	**2015**
	RM	**RM**
At 1 January	9,093,236	9,245,371
Provision made during the financial year	-	4,699,055
Reversal during the year	(182,660)	(4,338,216)
Written off	-	(512,974)
At 31 December	8,910,576	9,093,236

9. Inventories

		Group	
	31.12.2016	**31.12.2015**	**1.1.2015**
	RM	**RM**	**RM**
Developed properties held for sale	38,275,744	81,835,611	3,497,174
Properties under development	272,738,647	247,809,372	709,226,660
	311,014,391	329,644,983	712,723,834
Finished goods	-	-	111,097
	311,014,391	329,644,983	712,834,931

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

	Group	
	2016	**2015**
	RM	**RM**
At 1 January	81,835,611	3,497,174
Transfer from completed development	-	76,225,138
Inventories written down	-	(1,164,000)
Sale of properties	(43,845,718)	(578,757)
Exchange differences	285,851	3,856,056
At 31 December	38,275,744	81,835,611

NOTES TO THE FINANCIAL STATEMENTS

9. Inventories (continued)

The movements of properties under development are as follows:

	Group 2016 RM	Group 2015 RM
Freehold land, at cost	76,931,616	161,921,783
Leasehold land, at cost	124,387,882	124,387,882
Planning, survey and strata titles fees	87,198	109,143
Development and construction cost	46,402,676	422,807,852
At 1 January (As previously stated)	247,809,372	709,226,660
Effect of early adoption of MFRS 15 (Note 40(b))	9,555,882	-
At 1 January (Restated)	257,365,254	709,226,660
Cost incurred during the financial year:		
- Land related cost	29,680	1,450,177
- Authority contributions	711,561	380,149
- Professional fees	758,066	902,388
- Building and construction	49,706,523	79,662,393
- Finance costs	1,858,435	8,663,736
- Project management fee	-	316,948
	53,064,265	91,375,791
Cost recognised as an expense during the financial year	(37,690,872)	(485,457,030)
Transfers to developed properties held for sale	-	(76,225,138)
Translation differences	-	8,889,089
At 31 December	272,738,647	247,809,372

Cost incurred during the financial year is derived after charging:

	Group 2016 RM	Group 2015 RM
Rental of equipment	2,600	1,800
Rental of vehicle, plant & machinery	929,162	2,462,389
Rental of land	10,000	16,000

Included in properties under development with a carrying amount of RM125,750,524 (2015: RM155,717,838) have been pledged to secure banking facilities granted to the Group.

10. Amount owing by customers on contracts

	Group 31.12.2016 RM	Group 31.12.2015 RM	Group 1.1.2015 RM
Contract costs	-	229,037,342	229,037,342
Attributable profits	-	55,480,236	55,480,236
	-	284,517,578	284,517,578
Progress billings including retention sum	-	(282,460,981)	(282,460,981)
	-	2,056,597	2,056,597
Represented by:			
Amount owing by customer on contracts	-	2,056,597	2,056,597

Following the early adoption of MFRS 15, amount owing by customers on contracts have been reclassed as contract assets as disclosed in Note 40(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

11. Contract assets and liabilities

As the Group applied the transitional provisions under MFRS 15 Paragraph C3(b), comparative figures are not disclosed.

The analysis of contact assets and contract liabilities are as follows:

		Group 2016 RM
Contract assets in relation to:		
- property development	13,989,027	
- construction	2,056,597	
		16,045,624
At 1 January		-
Effect of early adoption of MFRS 15 (Note 40(b))		20,768,068
At 1 January (Restated)		20,768,068
Revenue recognised during the financial year	74,442,073	
Less: Billing during the financial year	(78,689,032)	
Less: Cost incurred to obtain a contract amortised during the financial year	(475,485)	
		(4,722,444)
At 31 December		16,045,624

The contract assets and contract liabilities were not impacted by significant changes in contract terms.

As at 31 December 2016, the aggregate amount of the transaction price allocated to the remaining unfulfilled performance obligations of the Group are RM42,215,989 which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 12 months.

12. Other receivables

	Group		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Other receivables	11,135,832	4,192,814	4,161,637
Deposits	2,998,446	2,788,290	49,593,651
Prepayments	7,763,256	11,936,083	12,201,464
	21,897,534	18,917,187	65,956,752
Less: Impairment loss	(4,345,641)	(1,741,267)	(1,741,267)
	17,551,893	17,175,920	64,215,485

	Company	
	2016 RM	2015 RM
Other receivables	2,030,799	2,150,767
Deposits	124,830	125,380
Prepayments	60,000	60,000
	2,215,629	2,336,147
Less: Impairment loss	(1,741,267)	(1,741,267)
	474,362	594,880

NOTES TO THE FINANCIAL STATEMENTS

12. Other receivables (continued)

Movements on the provision for impairment are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At 1 January	1,741,267	1,741,267	1,741,267	1,741,267
Impairment during the financial year	2,604,374	-	-	-
At 31 December	4,345,641	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 Nil (2015: RM11,496,704; 1.1.2015: RM11,853,202).

During the financial year, an impairment loss on the part-payments and other costs in relation to the acquisition of land amounting to RM2,604,374 was recognised arising from a pending litigation as stated in Note 39(ii) to the financial statements.

13. Amount owing by/(to) subsidiary companies

Amount owing by/(to) subsidiary companies are non-trade in nature, interest-free and 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 3% (31.12.2015: 1.90% to 2.15%; 1.1.2015: 1.90% to 2.15%).

15. Fixed deposits placed with licensed banks

		Group	
	31.12.2016	**31.12.2015**	**1.1.2015**
	RM	**RM**	**RM**
Fixed deposits pledged with licensed banks	7,191,334	6,022,401	4,469,005
Other short term deposits	8,738,983	72,230,669	23,037,235
	15,930,317	78,253,070	27,506,240

	Company	
	2016	**2015**
	RM	**RM**
Fixed deposits pledged with licensed banks	116,667	116,667
Other short term deposits	416,703	16,033,874
	533,370	16,150,541

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 1.9% to 3% (31.12.2015: 1.8% to 3%; 1.1.2015: 1.8% to 3%) per annum and 1 to 365 days (31.12.2015: 1 to 365 days; 1.1.2015: 1 to 365 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS

16. Asset classified as held for sale

	Group		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Freehold land:			
At 1 January	-	171,181,624	-
Additions	-	569,879	171,181,624
Transfer to investment properties	-	(171,751,503)	-
At 31 December	-	-	171,181,624

The Directors have the intention to sell the freehold land. However, as there were no firm offers from potential purchasers that is considered highly probable to secure a sale under MFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, it has been reclassified as an investment property during the previous financial year 31 December 2015.

17. Trade payables

	Group		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Trade payables	28,296,569	28,441,249	87,738,140
Retention sum payables	10,691,063	10,256,979	10,663,441
	38,987,632	38,698,228	98,401,581
Analysed as:			
Current liabilities	38,987,632	38,698,228	92,957,468
Non-current liabilities	-	-	5,444,113
	38,987,632	38,698,228	98,401,581

The Group's normal trade credit terms range from 30 to 120 days (31.12.2015: 30 to 120 days; 1.1.2015: 30 to 120 days).

Included in trade payables is an amount of Nil (31.12.2015: RM10,666,667; 1.1.2015: RM46,489,138) recognised in relation to the Group's resolved material litigation in the previous financial year.

18. Other payables

	Group		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Other payables	2,471,416	9,018,397	52,470,233
Provision for liquidated and ascertained damages	13,464,642	11,095,400	3,586,913
Refundable deposits	2,306,037	2,148,209	2,109,994
Accruals	54,874,219	32,816,004	26,408,904
	73,116,314	55,078,010	84,576,044

	Company	
	2016 RM	2015 RM
Other payables	-	145,440
Accruals	239,534	90,018
	239,534	235,458

Included in accruals is an amount of Nil (31.12.2015: RM100,000; 1.1.2015: RM11,013,942) recognised in relation to the Group's resolved material litigation in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

18. Other payables (continued)

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

	Group	
	2016 **RM**	**2015** **RM**
At 1 January	11,095,400	3,586,913
Provisions for liquidated and ascertained damages	3,499,292	9,187,201
Payments made	(1,057,570)	(1,075,220)
Overprovision of liquidated and ascertained damages	(72,480)	(603,494)
At 31 December	13,464,642	11,095,400

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	
	31.12.2016 **RM**	**31.12.2015** **RM**	**1.1.2015** **RM**
Progress billing to-date	-	27,167,355	267,659,967

In the previous financial years, deferred revenue relates to progress billing net of discounts for sold properties that have yet to be delivered.

Following the adoption of MFRS 15, deferred revenue has been reclassed as contract assets/liabilities as disclosed in Note 40(b) to the financial statements.

20. Borrowings

		Group	
	31.12.2016 **RM**	**31.12.2015** **RM**	**1.1.2015** **RM**
Current			
Secured:			
Bridging loan	50,699,360	57,695,048	119,151,662
Term loans	22,898,757	19,123,862	292,436,180
Bank overdrafts	18,635,934	440,524	-
Banker acceptances	-	-	14
Finance lease liabilities	119,626	36,424	36,393
	92,353,677	77,295,858	411,624,249
Non-current			
Secured:			
Bridging loan	36,721,104	71,521,107	-
Term loans	106,202,114	119,491,282	91,638,947
Finance lease liabilities	371,034	28,482	64,906
	143,294,252	191,040,871	91,703,853
	235,647,929	268,336,729	503,328,102
Secured:			
Bridging loan	87,420,464	129,216,155	119,151,662
Term loans	129,100,871	138,615,144	384,075,127
Bank overdrafts	18,635,934	440,524	-
Banker acceptances	-	-	14
Finance lease liabilities	490,660	64,906	101,299
	235,647,929	268,336,729	503,328,102

NOTES TO THE FINANCIAL STATEMENTS

20. Borrowings (continued)

	Company 2016 RM	Company 2015 RM
Current		
Secured:		
Bridging loan	3,000,000	17,000,000
Finance lease liabilities	93,561	-
	3,093,561	17,000,000
Non-current		
Secured:		
Bridging loan	-	3,000,000
Finance lease liabilities	368,618	-
	368,618	3,000,000
	3,462,179	20,000,000
Secured:		
Bridging loan	3,000,000	20,000,000
Finance lease liabilities	462,179	-
	3,462,179	20,000,000

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 and certain parcels of the projects' development freehold and leasehold land as stated in Note 5, Note 6 and Note 9 to the financial statements;
(g) A registered Debenture covering a first fixed and floating charge for RM234,696,665 (31.12.2015: RM331,511,104; 1.1.2015: 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 16 years (2015: 1 to 17 years).

21. Redeemable Cumulative Preference Shares ("RCPS")

	Group/Company 2016 Number of shares	2016 Amount RM	2015 Number of shares	2015 Amount RM
Authorised				
RCPS of RM0.01 each:				
At 1 January / 31 December	40,000,000	400,000	40,000,000	400,000
Issued and fully paid				
RCPS of RM0.01 each:				
At 1 January	-	-	40,000,000	400,000
Redemption of RCPS	-	-	(40,000,000)	(400,000)
At 31 December	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. Redeemable Cumulative Preference Shares ("RCPS") (continued)

The redeemable cumulative preference shares are represented by:

	Group/Company		
	31.12.2016 RM	**31.12.2015 RM**	**1.1.2015 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 of RM1.00 per RCPS.

(ii) The maturity date of the RCPS shall be the date occurring on the day immediately preceding 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 stock 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).

On 23 June 2015, the Company had fully redeemed the 40,000,000 RCPS at a redemption price of RM1.00 each amounting to RM40,000,000 financed by internally generated funds. Accordingly, the par value of the RCPS amounting to RM400,000 was transferred to the capital redemption reserve.

22. Share Capital

	2016		2015	
	Number of shares	**Amount RM**	**Number of shares**	**Amount RM**
Authorised				
Ordinary shares of RM0.25 each:				
At 1 January	800,000,000	200,000,000	500,000,000	125,000,000
Created during the financial year	-	-	300,000,000	75,000,000
At 31 December	800,000,000	200,000,000	800,000,000	200,000,000
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

22. Share Capital (continued)

Warrants 2015/2020

On 2 September 2015, the Company allotted 166,444,970 bonus Warrants 2015/2020 on the basis of 1 Warrant for every 2 existing ordinary shares of RM0.25 each held in the Company. The Warrant 2015/2020 were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 10 September 2015.

Each Warrant 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 10 September 2015 till 4 September 2020, at an exercise price of RM0.90. Any Warrant 2015/2020 not exercised at the date of maturity will lapse and cease to be valid for any purpose. As at 31 December 2016, 166,444,970 (2015: 166,444,970) Warrant 2015/2020 remain unexercised.

The ordinary shares issued from the exercise of Warrants 2015/2020 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2015/2020.

23. Treasury Shares

	Group/Company			
	2016		2015	
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January	85,200	76,888	-	-
Shares purchased during the financial year	2,200,300	2,308,543	85,200	76,888
At 31 December	2,285,500	2,385,431	85,200	76,888

The shareholders of the Company had approved an ordinary resolution at the Annual General Meeting held on 20 May 2015 for the Company to repurchase its own shares up to 10% of the issued and paid-up capital of the Company. The Directors of the Company were committed to enhancing the value of the Company and believed that the repurchase plan was being applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,200,300 (2015: 85,200) of its issued share capital from the open market on Bursa Malaysia for RM2,308,543 (2015: RM76,888). The average price paid for the shares repurchased was approximately RM1.049 (2015: RM0.902) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed for under Section 67A of the Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

24. Reserves

	Group		
	31.12.2016 RM	31.12.2015 RM Restated	1.1.2015 RM Restated
Non-distributable:			
Share premium	35,565,970	35,565,970	35,565,970
Foreign currency translation reserve	10,281,363	3,623,723	(10,180,059)
Capital reserve	19,706,095	19,706,095	19,706,095
Capital redemption reserve	400,000	400,000	-
Distributable:			
Retained profits	455,831,379	406,531,312	15,109,596
	521,784,807	465,827,100	60,201,602

NOTES TO THE FINANCIAL STATEMENTS

24. Reserves (continued)

	Company 2016 RM	Company 2015 RM
Non-distributable:		
Share premium	35,565,970	35,565,970
Capital redemption reserve	400,000	400,000
Distributable:		
Retained profits	103,520,839	105,047,797
	139,486,809	141,013,767

(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 partial stakeholding in a subsidiary company.

(iv) Capital Redemption Reserve

The capital redemption reserve arises from the capitalisation of retained profits following the redemption of the Redeemable Cumulative Preference Shares.

25. Revenue

During the financial year, the Group and the Company derived revenue from the transfer to goods and services to customers in the following product lines:

	Group		
	Property development RM	Trading and Others RM	Total RM
2016			
Residential properties	92,209,647	-	92,209,647
Commercial properties	49,810,168	-	49,810,168
Property management fees	-	710,510	710,510
	142,019,815	710,510	142,730,325
Timing of revenue recognition			
- At a point in time	67,577,742	-	67,577,742
- Over time	74,442,073	710,510	75,152,583
	142,019,815	710,510	142,730,325
2015			
Sales of development properties	793,126,963	-	793,126,963
Property management fees	-	669,442	669,442
Trading and others	-	1,713,476	1,713,476
	793,126,963	2,382,918	795,509,881

NOTES TO THE FINANCIAL STATEMENTS

25. Revenue (continued)

	Company 2016 RM	Company 2015 RM
Management fees	3,106,000	3,295,000
Dividend income	9,880,000	9,490,000
	12,986,000	12,785,000
Timing of revenue recognition		
- Over time	3,106,000	3,295,000
- At a point in time	9,880,000	9,490,000
	12,986,000	12,785,000

Information on revenue recognised based on geographical regions is disclosed in Note 36 to the financial statements.

26. Cost of sales

	Group 2016 RM	Group 2015 RM
Property development costs	37,690,872	486,035,787
Cost of inventories sold	43,845,718	1,133,772
Others	5,176,128	(16,231,856)
	86,712,718	470,937,703

Included in others are net claim amounts recognised in relation to the Group's resolved material litigation amounting to a reversal of Nil (2015: reversal of RM20,930,828) in the previous financial year.

27. Profit from operations

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

	Group 2016 RM	Group 2015 RM Restated	Company 2016 RM	Company 2015 RM
Auditors' remuneration:				
- current year	226,104	213,669	45,000	42,000
- under/(over) provision in prior year	7,890	(9,900)	4,000	10,000
Net (reversal)/impairment loss of trade receivables	(182,660)	360,839	-	-
Depreciation on property, plant and equipment	343,343	270,673	142,937	99,980
Amortisation of contract cost	475,485	-	-	-
Gain on disposal of property, plant and equipment	(4,999)	(71,925)	-	-
Impairment loss on other receivables	2,604,374	-	-	-
Inventories written down	-	1,164,000	-	-
Rental of:				
- equipment	100,884	73,111	16,551	9,004
- vehicle, plant & machinery	-	48,963	-	-
- premises	416,680	464,219	74,565	42,669
- land	-	36,000	-	-
Property, plant and equipment written off	40,472	-	40,472	-
Provision for liquidated and ascertained damages:				
- current year	3,499,292	9,187,201	-	-
- overprovision in prior year	(72,480)	(603,494)	-	-

NOTES TO THE FINANCIAL STATEMENTS

27. Profit from operations (continued)

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

	Group		Company	
	2016 RM	**2015 RM Restated**	**2016 RM**	**2015 RM**
Unrealised foreign exchange loss	6,292,832	5,818,167	-	-
Realised foreign exchange loss/(gain)	750,631	(3,142,044)	750,631	(3,142,044)
Finance income:				
- Interest income	(1,918,082)	(2,903,686)	(163,199)	(1,045,934)
- Unwinding of discount on trade receivables	-	(197,849)	-	-
Rental income	(425,921)	(295,100)	-	-
Gain on changes in fair value of investment properties	(58,146,456)	(210,248,497)	-	-

28. Finance costs

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Interest expense on:				
- Bridging loan and term loans	14,707,631	9,248,634	-	-
- Redeemable Cumulative Preference Shares	-	3,640,855	-	3,640,855
- Unwinding of discount on trade payables	-	367,171	-	-
- Finance lease liabilities	14,697	4,080	12,521	-
- Others	148,400	310,646	-	-
	14,870,728	13,571,386	12,521	3,640,855

29. Taxation

	Group		Company	
	2016 RM	**2015 RM Restated**	**2016 RM**	**2015 RM**
Current taxation:				
- Current year	17,001,217	70,480,762	45,146	597,421
- Under provision in prior year	10,764,487	2,607,286	620,250	164,015
	27,765,704	73,088,048	665,396	761,436
Deferred taxation (Note 7):				
- Origination and reversal of temporary differences	3,177,805	16,040,631	(11,423)	(11,528)
- (Over)/Under provision in prior year	(5,061,988)	(3,943,404)	940	324
	(1,884,183)	12,097,227	(10,483)	(11,204)
	25,881,521	85,185,275	654,913	750,232

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 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.

NOTES TO THE FINANCIAL STATEMENTS

29. Taxation (continued)

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	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Profit before taxation	72,097,229	493,662,321	9,046,688	10,125,494
Taxation at statutory tax rate of 24% (2015: 25%)	17,303,335	123,415,580	2,171,205	2,531,374
Effect of different tax rates in other countries	289,039	6,493,462	-	32,954
Effect of different tax rates under real property gains tax	(1,989,761)	(42,069,857)	-	-
Effect of changes in tax rate	-	850,616	-	(967)
Income not subject to tax	-	-	(2,371,200)	(2,372,500)
Non-deductible expenses	4,134,222	3,325,386	233,718	1,027,084
Change in unrecognised deferred tax assets	442,187	(5,493,794)	-	-
Group relief	-	-	-	(632,052)
Under/(Over) provision of current taxation in prior year	10,764,487	2,607,286	620,250	164,015
(Over)/Under provision of deferred taxation in prior year	(5,061,988)	(3,943,404)	940	324
Taxation for the financial year	25,881,521	85,185,275	654,913	750,232

30. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016 RM	2015 RM Restated
Profit for the financial year attributable to Owners of the Company	47,968,497	408,466,213
Weighted average number of ordinary shares issued	331,151,457	332,861,540
Basic earnings per share (sen)	14.49	122.71

(b) Diluted earnings per share

Diluted earnings per share has been calculated based on the consolidated profit after taxation for the financial year attributable to owners of the Company for the Group and adjusted weighted average number of ordinary shares issued and issuable.

	Group	
	2016 RM	2015 RM Restated
Profit for the financial year attributable to Owners of the Company	47,968,497	408,466,213
Weighted average number of ordinary shares in issue	331,151,457	332,861,540
Adjusted for assumed conversion of warrants	19,427,133	15,131,361
Adjusted weighted average number of ordinary shares in issue	350,578,590	347,992,901
Diluted earnings per share (sen)	13.68	117.38

NOTES TO THE FINANCIAL STATEMENTS

31. Dividends paid

	Group/Company	
	2016	2015
	RM	RM
Interim dividend paid in respect of financial year ended 31 December 2015:		
First single tier exempt dividend of 5.0 sen per share	-	16,644,497
Second single tier exempt dividend of 3.0 sen per share	9,918,733	-
	9,918,733	16,644,497

32. Key management personnel compensation

The key management personnel compensation is as follows:

	Group/Company	
	2016	2015
	RM	RM
Company's Directors:		
Salaries and other emoluments	807,935	782,558
EPF	96,815	133,188
Socso	845	1,085
Bonus	-	241,700
Fees and meeting allowances	277,500	240,500
Estimated money value of benefits-in-kind	251,412	98,882
	1,434,507	1,497,913

33. Staff information

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Staff costs (excluding Directors) comprise:				
charged to profit or loss	3,660,033	4,613,801	699,433	771,361
capitalised under Inventories - properties under development	730,888	3,241,486	-	-
	4,390,921	7,855,287	699,433	771,361

Included in staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM470,742 and RM74,993 (2015: RM738,023 and RM81,342) respectively.

34. 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.

NOTES TO THE FINANCIAL STATEMENTS

34. Related party disclosures (continued)

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

	Company 2016 RM	Company 2015 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.	150,000	150,000
Monetary Icon (M) Sdn. Bhd.	150,000	150,000
Magna Shah Alam Sdn. Bhd.	150,000	150,000
Magna Mix Sdn. Bhd.	500	150,000
Pembinaan Contamaju-Infocast Sdn. Bhd.	500	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	350,000
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	500
	3,106,000	3,295,000

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 32.

35. Financial guarantees

	Company 2016 RM	Company 2015 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	330,539,904	306,371,905
Guarantees given to trade payables for credit facilities of subsidiary companies		
- Unsecured	15,000,000	16,700,000
Limit of guarantees	345,539,904	323,071,905
Amount utilised by subsidiary companies	235,647,930	268,526,721

NOTES TO THE FINANCIAL STATEMENTS

36. 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.

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.

2016	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	142,019,815	-	-	710,510	-	-	142,730,325
Inter-segment revenue	52,631,350	92,944,216	-	13,184,332	-	(158,759,898)	-
Total revenue	194,651,165	92,944,216	-	13,894,842	-	(158,759,898)	142,730,325
Results							
Finance income	1,750,495	2,545	-	165,042	-	-	1,918,082
Finance cost	(12,004,972)	-	(260)	(14,437)	(2,851,059)	-	(14,870,728)
Depreciation	(5,279)	(55,623)	(9,101)	(273,340)	-	-	(343,343)
Reversal of impairment of trade receivables	7,766	-	174,894	-	-	-	182,660
Impairment loss on other receivables	(2,604,374)	-	-	-	-	-	(2,604,374)
Taxation	(7,617,541)	(7,767,683)	-	(654,913)	(9,841,384)	-	(25,881,521)
Segment profit/(loss)	2,966,483	3,538,816	82,352	7,400,885	36,463,900	(4,236,728)	46,215,708
Assets							
Segment assets	1,178,789,577	137,729,542	5,947,392	580,987,587	162,337,904	(1,037,666,643)	1,028,125,359
Liabilities							
Segment liabilities	652,867,822	146,910,293	9,128,274	354,538,172	118,146,974	(860,713,683)	420,877,852

NOTES TO THE FINANCIAL STATEMENTS

36. Segmental reporting (continued)

2015 (Restated)	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	793,126,963	-	1,713,476	669,442	-	-	795,509,881
Inter-segment revenue	-	69,604,717	4,778,406	13,050,890	-	(87,434,013)	-
Total revenue	793,126,963	69,604,717	6,491,882	13,720,332	-	(87,434,013)	795,509,881
Results							
Finance income	1,993,637	38,719	21,124	1,048,055	-	-	3,101,535
Finance cost	(9,559,280)	(367,171)	(921)	(3,644,014)	-	-	(13,571,386)
Depreciation	(7,268)	(36,207)	(32,177)	(195,021)	-	-	(270,673)
Impairment of trade receivables	(3,279,830)	-	2,918,991	-	-	-	(360,839)
Impairment of inventories	(1,164,000)	-	-	-	-	-	(1,164,000)
Taxation	(82,097,271)	(2,327,677)	(10,095)	(750,232)	-	-	(85,185,275)
Segment profit/(loss)	394,643,992	18,116,345	3,955,217	8,435,413	(169,142)	(16,504,779)	408,477,046
Assets							
Segment assets	1,249,805,328	124,922,901	9,014,269	537,770,973	90,513,992	(984,711,756)	1,027,315,707
Liabilities							
Segment liabilities	735,126,174	137,642,468	12,277,503	306,495,167	83,036,961	(802,613,698)	471,964,575

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
2016			
Revenue	91,590,833	51,139,492	142,730,325
Profit before tax	67,279,930	4,817,299	72,097,229
Non-current assets	615,158,834	2,370,987	617,529,821
2015 (Restated)			
Revenue	290,876,769	504,633,112	795,509,881
Profit before tax	364,654,081	129,008,240	493,662,321
Non-current assets	538,929,220	2,113,356	541,042,576

NOTES TO THE FINANCIAL STATEMENTS

37. Financial instruments

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

Group	31.12.2016 Loans and receivables/ other financial liabilities RM	31.12.2016 Total RM	31.12.2015 Loans and receivables/ other financial liabilities RM	31.12.2015 Total RM	1.1.2015 Loans and receivables/ other financial liabilities RM	1.1.2015 Total RM
Financial assets						
Trade receivables	29,687,142	29,687,142	31,649,041	31,649,041	26,349,318	26,349,318
Other receivables	12,393,011	12,393,011	5,239,837	5,239,837	52,014,021	52,014,021
Cash and cash equivalents (excluding bank overdrafts)	35,298,319	35,298,319	103,871,500	103,871,500	47,729,026	47,729,026
	77,378,472	77,378,472	140,760,378	140,760,378	126,092,365	126,092,365
Financial liabilities						
Trade payables	38,987,632	38,987,632	38,698,228	38,698,228	98,401,581	98,401,581
Other payables	4,777,453	4,777,453	11,166,606	11,166,606	54,580,227	54,580,227
Redeemable Cumulative Preference Shares	-	-	-	-	40,000,000	40,000,000
Borrowings	235,647,929	235,647,929	268,336,729	268,336,729	503,328,102	503,328,102
	279,413,014	279,413,014	318,201,563	318,201,563	696,309,910	696,309,910

Company	2016 Loans and receivables/ financial liabilities RM	2016 Total RM	2015 Loans and receivables/ financial liabilities RM	2015 Total RM
Financial assets				
Other receivables	414,362	414,362	534,880	534,880
Amount owing by subsidiary company	404,824,527	404,824,527	349,884,594	349,884,594
Cash and cash equivalents	4,649,814	4,649,814	17,323,761	17,323,761
	409,888,703	409,888,703	367,743,235	367,743,235
Financial liabilities				
Other payables	-	-	145,440	145,440
Amount owing to subsidiary companies	344,517,160	344,517,160	280,889,116	280,889,116
Borrowings	3,462,179	3,462,179	20,000,000	20,000,000
	347,979,339	347,979,339	301,034,556	301,034,556

NOTES TO THE FINANCIAL STATEMENTS

37. Financial Instruments (continued)

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 trade and other receivables and intercompany receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing. At reporting date, there were no significant concentrations of credit risk except as disclosed in Note 8 to the financial statements. The Group monitors the results of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

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

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 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
31.12.2016							
Group							
Trade payables	38,987,632	-	38,987,632	38,987,632	-	-	-
Other payables	4,777,453	-	4,777,453	4,777,453	-	-	-
Bridging loan	87,420,464	5.95 to 6.25	88,998,153	51,448,229	37,549,924	-	-
Term loans	129,100,871	7.35 to 8.35	137,805,213	27,954,948	28,905,568	35,858,312	45,086,385
Bank overdraft	18,635,934	7.85	18,635,934	18,635,934	-	-	-
Finance lease liabilities	490,660	2.43 to 2.62	545,230	143,839	143,839	257,552	-
	279,413,014		289,749,615	141,948,035	66,599,331	36,115,864	45,086,385
Company							
Amount owing to subsidiary companies	344,517,160	-	344,517,160	344,517,160	-	-	-
Bridging loan	3,000,000	5.95	3,093,561	3,093,561	-	-	-
Finance lease liabilities	462,179	2.62	516,075	114,684	114,684	286,707	-
	347,979,339		348,126,796	347,725,407	114,684	286,707	-

NOTES TO THE FINANCIAL STATEMENTS

37. Financial Instruments (continued)

Liquidity risk (continued)

	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
31.12.2015							
Group							
Trade payables	38,698,228	-	38,698,228	38,698,228	-	-	-
Other payables	11,166,606	-	11,166,606	11,166,606	-	-	-
Bridging loan	129,216,155	5.75 to 6.30	140,166,360	64,217,339	46,685,104	29,263,917	-
Term loans	138,615,144	7.35 to 8.35	182,965,292	31,136,691	32,325,378	73,257,485	46,245,738
Bank overdraft	440,524	7.85	440,524	440,524	-	-	-
Finance lease liabilities	64,906	2.43 to 4.00	67,755	38,600	29,155	-	-
	318,201,563		373,504,765	145,697,988	79,039,637	102,521,402	46,245,738
Company							
Other payables	145,440	-	145,440	145,440	-	-	-
Amount owing to subsidiary companies	280,889,116	-	280,889,116	280,889,116	-	-	-
Bridging loan	20,000,000	6.05	20,902,030	17,886,118	3,015,912	-	-
	301,034,556		301,936,586	298,920,674	3,015,912	-	-
1.1.2015							
Group							
Trade payables	98,401,581	-	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 - 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 4.00	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

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.

NOTES TO THE FINANCIAL STATEMENTS

37. Financial Instruments (continued)

(b) Interest Rate Risk (continued)

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		
	31.12.2016	**31.12.2015**	**1.1.2015**
	RM	**RM**	**RM**
Fixed rate instruments			
Financial assets	20,123,780	82,302,908	30,769,050
Financial liabilities	(490,660)	(64,906)	(40,101,299)
	19,633,120	82,238,002	(9,332,249)
Floating rate instruments			
Financial liabilities	(235,157,269)	(267,831,299)	(503,226,803)

	Company	
	2016	**2015**
	RM	**RM**
Fixed rate instruments		
Financial assets	533,370	16,150,541
Financial liabilities	(462,179)	-
	71,191	16,150,541
Floating rate instruments		
Financial liabilities	(3,000,000)	(20,000,000)

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 2016, 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 the Group and the Company of RM446,799 and RM5,700 (2015: RM502,184 and RM37,500) in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

37. Financial Instruments (continued)

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:

31.12.2016 / 31.12.2015	Level 2 RM	Total fair value RM	Carrying amount RM
Financial assets			
Trade receivables	-	-	-
Financial liabilities			
Trade payables	-	-	-
1.1.2015			
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

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 Nil (31.12.2015: Nil; 1.1.2015: 6.85%) 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.

	31.12.2016 RM	31.12.2015 RM Restated	1.1.2015 RM Restated
Total interest bearing borrowings, including Redeemable Cumulative Preference Shares	235,647,929	268,336,729	543,328,102
Less: Cash and cash equivalents	(35,298,319)	(103,871,500)	(47,729,026)
Net borrowings	200,349,610	164,465,229	495,599,076
Equity attributable to owners of the Company	602,621,861	548,972,697	143,424,087
Gearing ratio	0.33	0.30	3.46

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

NOTES TO THE FINANCIAL STATEMENTS

39. Material Litigation

(i) Dr. Victor Adam & 23 Others vs Magna Prima Berhad, Embassy Court Sdn Bhd and stakeholders' solicitors

On 27 February 2015, Dr. Victor Adam & 23 Others ("the Plaintiffs") filed an action against Magna Prima Berhad ("MPB") and Embassy Court Sdn. Bhd. ("ECSB") (collectively known as "the Defendants") at the High Court of Kuala Lumpur. The arguments made by the Plaintiffs were for:

i) The Defendants has failed to hand over the following Approved and As Built Building Plans and Drawings to JMB Avare @ KLCC;
ii) The Defendants has failed to rectify all defects to the parcel and common property of the Avare condominium; and
iii) The Defendants shall be held responsible and liable for all lost, damage, cost, expenses and rectification incurred by the Plaintiffs arising from the defects to the parcel and common property of the Avare condominium.

In furtherance to the above, the Plaintiffs claim damages on the following:

i) RM25,000,000.00 from the Defendants; and
ii) RM1,558,475.90 to be reimbursed to the JMB Avare @ KLCC for the rectification done by them.

On 15 May 2015 and 8 June 2015, the Defendants have filed their Notice of Application to strike out the Plaintiffs' case and their defence respectively. On 29 July 2015, the Court has dismissed MPB's striking out application.

On 17 November 2015, the plaintiffs and defendants had agreed to record a Consent Judgement for a global settlement of RM3,279,830 with a condition that the Plaintiffs should obtain prior approval from the Joint Management Body ("JMB") in an Extraordinary General Meeting ("EGM") so that there shall be no further claims whatsoever in nature in respect to the Avare project in future by all purchasers and the JMB.

On 8 June 2016, JMB had concluded the condition of the Consent Judgement dated 15 January 2016 via letter of undertaking dated 12 January 2016 by the residents and JMB members stating that upon disbursement of the agreed stakeholder sum as mentioned above there shall be no further claims in respect of the defects against Magna Prima Berhad and Embassy Court Sdn Bhd respectively.

As such, this matter has been resolved amicably between the parties.

(ii) Ibsul Development (SEL) Sdn. Bhd. vs Perbadanan Kemajuan Negeri Selangor

On 19 May 2015, Ibsul Development (SEL) Sdn. Bhd. ("Ibsul") filed an action against Perbadanan Kemajuan Negeri Selangor ("PKNS") at the High Court of Shah Alam via Writ Summon of Claim. The three main claims by Ibsul were for:

i) Declaration on unlawfully termination of the SPA dated 5 August 2009;
ii) Order for specific performance to complete the SPA; and
iii) To obtain an injunction to restrain PKNS from dealing with land of Plot B.

PKNS had replied with their Defence on 1 June 2015.

On 9 July 2015, Ibsul has filed for Discovery Application at High Court against PKNS and Land Office by compelling PKNS to produce minutes and other related documentation on the re-consideration on the purchase price of Plot B land.

On 17 August 2015, the learned Judge had allowed the Discovery application in so far as the documents, emails and correspondences are concerned. However, the Judge did not allow the disclosure of the minutes.

NOTES TO THE FINANCIAL STATEMENTS

39. Material Litigation

(ii) Ibsul Development (SEL) Sdn. Bhd. vs Perbadanan Kemajuan Negeri Selangor (continued)

On 9 November 2015, mediation was adjourned by the request of PKNS to further obtain an instruction from the State Government of Selangor to enter into a Joint Venture ("JV") Agreement with Ibsul the discussion of the proposal on an out of court settlement by way of JV Agreement was held on 18 November 2015. However, Ibsul is not agreeable on the proposed terms of the said JV agreement and instructed its solicitors to proceed with a trial.

On 30 June 2016 the High Court had awarded Judgement in favour of PKNS by dismissing Ibsul's application on Specific Performance to complete the purchase of Plot B land. In light to the above, Ibsul had instructed its solicitors to file an application of Appeal in Court of Appeal against the decision of the High Court Judge and on Injunction on PKNS to restrain them from disposing the said land pending the decision of the Appeal.

On 13 December 2016, the Court of Appeal has dismissed Ibsul's claim and upheld the decision of High Court as valid, thereof ordered Ibsul to surrender the Plot B land and PKNS to refund back the purchase price.

Ibsul has decided to proceed the matter further to Federal Court by instructing their solicitors to file the leave application.

As at 31 December 2016, the Group had recognised an impairment for the irrecoverable prepayment made as disclosed in Note 12 to the financial statements.

40. Effect of adopting MFRS 15 and change in accounting policies for investment properties

(a) Investment Properties

As stated in Note 2(a), the Group has changed its accounting policy with respect to the subsequent measurement of investment properties as allowed under MFRS 140 "Investment Properties" from the cost model to the fair value model to provide more relevant presentation. A summary of the effects on the financial statements for the change of accounting policy as at 1 January 2015 and 31 December 2015 are shown below:

	As previously stated RM	Effect of change accounting in policy RM	As restated RM
Group			
Consolidated statement of financial position (extract)			
As at 1 January 2015			
- Investment properties	55,122,534	1,352,468	56,475,002
- Deferred taxation	(34,401)	(59,560)	(93,961)
- Reserves	(58,908,694)	(1,292,908)	(60,201,602)
As at 31 December 2015			
- Investment properties	253,063,577	211,681,598	464,745,175
- Deferred taxation	(92,470)	(10,571,985)	(10,664,455)
- Reserves	(264,717,487)	(201,109,613)	(465,827,100)
Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2015 (extract)			
- Other income	25,213,009	210,248,497	235,461,506
- Administrative expenses	(12,477,255)	80,633	(12,396,622)
- Taxation	(74,672,850)	(10,512,425)	(85,185,275)

NOTES TO THE FINANCIAL STATEMENTS

40. Effect of adopting MFRS 15 and change in accounting policies for investment properties (continued)

(b) MFRS 15

The Group had early adopted MFRS 15 "Revenue from Contracts with Customers" and had elected to apply the transitional provisions under MFRS 15 paragraph C3(b), whereby the effects of adopting MFRS 15 is adjusted at the opening balance of equity as at 1 January 2016 and prior year comparatives are not restated.

The effects of the adoption of MFRS 15 are as follows:

Accounting for property development activities

In prior reporting periods, the Group accounts for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under MFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

Accounting of costs incurred to obtain a contract

In prior reporting periods, sales commissions and other costs incurred in order to secure long term property development contracts with purchasers were expensed in profit or loss as they did not qualify for recognition as an asset under another accounting standards. Following the adoption of MFRS 15, such incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

Presentation of contract assets and liabilities

Reclassification were made as at 1 January 2016 to be consistent with the terminology used under MFRS 15:

- Contract liabilities for progress billings recognised in relation to property development activities were previously presented as deferred revenue.
- Contract assets recognised in relation to construction activities were previously presented as amount owing by customers on contracts.

A summary of the effects on the financial statements as at 1 January 2016 are shown below:

	As at 1 January 2016			
	As previously stated RM	Effect of changes in accounting policy (Note 40(a)) RM	Adjustments under MFRS 15 RM	Cumulative retrospective restatement on 1 January 2016 RM
Consolidated statement of financial position (extract)				
Investment properties	253,063,577	211,681,598	(39,207,295)	425,537,880
Deferred tax assets	10,311,386	-	(4,198,344)	6,113,042
Inventories	329,644,983	-	9,555,882	339,200,865
Amount owing by customers on contracts	2,056,597	-	(2,056,597)	-
Contract assets	-	-	20,768,068	20,768,068
Other payables	(55,078,010)	-	(739,703)	(55,817,713)
Deferred revenue	(27,167,355)	-	27,167,355	-
Deferred tax liabilities	(92,470)	(10,571,985)	(39,063)	(10,703,518)
Reserves	(264,717,487)	(201,109,613)	(11,250,303)	(477,077,403)

NOTES TO THE FINANCIAL STATEMENTS

40. Effect of adopting MFRS 15 and change in accounting policies for investment properties (continued)

(b) MFRS 15 (continued)

The adjustment on investment properties arises from the differences in the method used to measure the stage of completion. Prior to the adoption of MFRS 15, the stage of completion of the investment property was accounted with reference to certifications of progress by the project architect. Following the adoption of MFRS 15, management has taken a consistent approach for all its development projects to measure stage of completion with reference to the input method of measuring progress.

The amount by which each financial statement item is affected in financial year ended 31 December 2016 by the application of MFRS 15 as compared to MFRS 111, MFRS 118 and the related IC interpretations 15 that were previously in effect before the adoption of MFRS 15 are as follows:

	As at 31 December 2016		
	Results without the early adoption of MFRS 15 RM	**Effect of the adoption of MFRS 15 RM**	**Results as reported RM**
Consolidated statement of financial position (extract)			
Deferred tax assets	29,035,719	(11,162,614)	17,873,105
Inventories	379,520,204	(68,505,813)	311,014,391
Amount owing by customers on contracts	2,056,597	(2,056,597)	-
Contract assets	-	16,045,624	16,045,624
Deferred revenue	(106,280,213)	106,280,213	-
Reserves	(481,183,994)	(40,600,813)	(521,784,807)
Consolidated statement of profit or loss and other comprehensive income (extract)			
Revenue	68,288,252	74,442,073	142,730,325
Cost of sales	(49,021,848)	(37,690,870)	(86,712,718)
Selling and distribution expenses	(3,472,130)	(475,485)	(3,947,615)
Taxation	(18,956,313)	(6,925,208)	(25,881,521)
Consolidated statement of cash flows (extract)			
Cash flows from operating activities			
Profit before taxation	35,821,511	36,275,718	72,097,229
Amortisation cost incurred to obtain a contract	-	475,485	475,485
Decrease/(Increase) in working capital:			
Inventories	(55,015,557)	78,058,694	23,043,137
Contract assets	-	4,246,959	4,246,959
Other payables	8,318,659	(736,703)	7,581,956
Deferred revenue	79,112,858	(79,112,858)	-
Cash flows from investing activities			
Purchase of investment properties	(8,681,296)	(39,207,295)	(47,888,591)

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	
	2016 RM	**2015 RM Restated**	**2016 RM**	**2015 RM**
Total retained earnings:				
- Realised	240,041,639	237,740,685	103,533,553	105,070,994
- Unrealised	225,284,230	185,433,002	(12,714)	(23,197)
	465,325,869	423,173,687	103,520,839	105,047,797
Less: Consolidation adjustments	(9,494,490)	(16,642,375)	-	-
	455,831,379	406,531,312	103,520,839	105,047,797

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 2016

Registered Owner	Location	Description and Existing Use	Tenure	Land / Built -up Area (Sq.ft.)	Age of Property / Building	Carrying Amount RM	Date of acquisition / Revaluation
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211, Mukim Mentakab, Daerah Temerloh	Semi - Detached House	Leasehold (Expiring on 2088)	3,249	25 years	86,570	-
Magna Ecocity Sdn Bhd	H.S.(D) 16667, Lot PT12, Seksyen 15, Bandar Shah Alam, District of Petaling, Selangor Darul Ehsan.	Development Land	Leasehold (Expiring on 27.09.2083)	871,200	-	125,750,524	June 2012
33 Sentral Park Sdn Bhd	H.S (D) 16678 PT320, Mukim Kuala Lumpur, Daerah Petaling, Selangor Darul Ehsan.	Development Land	Freehold	302,996	-	65,036,604	September 2009
	H.S (D) 16679 PT321, Mukim Kuala Lumpur, Daerah Petaling Selangor Darul Ehsan.						
Twinicon (M) Sdn Bhd	Lot 124 - 128 GRN Nos. 4628 - 4632 Section 44 Town and District of KL, Wilayah Persekutuan Kuala Lumpur.	Investment property	Freehold	113,963	-	382,000,000	June 2016
Magna Park (Mentakab) Sdn Bhd	H.S.(D) 10059-10060, 10065-10066, 10094-10099, 10112-10113, 10115-10147, 10149-10154 , Mukim Mentakab, Daerah Termerloh, Pahang Darul Makmur.	Investment property	Leasehold (Expiring on 13.06.2090)	481,620	-	7,519,000	July 2016
Everhall (M) Sdn Bhd	Lot No. 80791, Mukim of Batu, District of KL, Wilayah Persekutuan, Kuala Lumpur.	Investment property	Freehold	246,189	1 year	143,600,000	July 2016

ANALYSIS OF SHAREHOLDINGS
AS AT 7 APRIL 2017

Total Number of Issued Shares : 333,639,940
Issued Share Capital : RM83,409,985
Class of Shares : Ordinary Shares
Number of Shareholders : 1,160
Voting Rights : One (1) for each Ordinary Shares held

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	11	0.95	172	0.00
100 to 1,000	72	6.21	43,940	0.01
1,001 to 10,000	643	55.43	3,368,884	1.01
10,001 to 100,000	313	26.98	10,540,576	3.17
100,001 to less than 5% of issued shares	119	10.26	213,883,044	64.35
5% and above of issued shares	2	0.17	104,561,824	31.46
TOTAL	**1,160**	**100.00**	**332,398,440**	**100.00**

THIRTY (30) LARGEST SHAREHOLDERS AS AT 7 APRIL 2017

No.	Names	Shareholdings	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FANTASTIC REALTY SDN BHD	68,561,824	20.63
2	PRISMA PELANGI SDN BHD	36,000,000	10.83
3	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOP FRESH FOODS (M) SDN BHD	15,070,000	4.53
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SHU SHUN (MARGIN)	14,436,600	4.34
5	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	13,000,000	3.61
6	LEE EQUITY HOLDINGS SDN.BHD.	9,511,600	2.86
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK SEW HONG (E-KPG)	9,309,400	2.80
8	LEE KONG MENG	8,452,000	2.54
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	8,400,000	2.53
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP FATT THAI (E-KPG)	8,221,300	2.47
11	CHUA SEONG HEN	6,074,000	1.83
12	LEE KUNG WAH	6,000,000	1.81
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EQUITY HOLDINGS SDN BHD	5,950,000	1.79

ANALYSIS OF SHAREHOLDINGS
AS AT 7 APRIL 2017

THIRTY (30) LARGEST SHAREHOLDERS AS AT 7 APRIL 2017 (CONT'D)

No.	Names	Shareholdings	%
14	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JOAN YONG MUN CHING (SMART)	5,540,000	1.67
15	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE LEONG	5,449,500	1.64
16	KOK SIEW HWA	5,236,100	1.58
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENRY WAN	5,017,900	1.51
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PEI GEN DARLENE	5,000,000	1.50
19	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON NYUK LING	5,000,000	1.50
20	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	4,552,700	1.37
21	CHUN MEI NGOR	4,449,700	1.34
22	LEE KUNG MENG	3,900,000	1.17
23	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUN MEI NGOR (SMART)	3,818,400	1.15
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	3,790,000	1.14
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KIM LENG	3,310,000	1.00
26	LEOW YA SENG	3,000,000	0.90
27	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	2,950,000	0.89
28	LEE CHOON HOOI	2,571,800	0.77
29	PLY CENTURY SDN BHD	2,400,000	0.72
30	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR	2,157,400	0.65
	TOTAL	**277,130,224**	**83.07**

ANALYSIS OF SHAREHOLDINGS

AS AT 7 APRIL 2017

DIRECTORS' SHAREHOLDINGS AS AT 7 APRIL 2017

Name	Direct	%	Indirect	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	21,400,000	-	-	6.44
Sazali bin Saad	-	-	-	-
Cheong Choi Yoon	-	-	-	-
Chang Chee Kok	-	-	-	-
Ho Wen Yan	-	-	36,000,000	10.83

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 7 APRIL 2017

		No. of shares held			
No	Name of Substantial Shareholder	Direct	%	Indirect	%
1.	Fantastic Realty Sdn Bhd	68,561,824	20.63	-	-
2.	Prisma Pelangi Sdn Bhd	36,000,000	10.83	-	-
3.	Datuk Wira Rahadian Mahmud bin Mohammad Khalil	21,400,000	6.44	-	-
4.	Lee Hing Lee	-	-	83,631,824#	25.16
5.	Lee Siong Hai	216,900	0.07	68,561,824^^	20.63
6.	Heng Holdings Sdn Bhd	-	-	36,000,000**	10.83
7.	Hua Yang Berhad	-	-	36,000,000**	10.83
8.	Ho Wen Yan	-	-	36,000,000**	10.83
9.	Ho Wen Han	-	-	36,000,000**	10.83
10.	Ho Wen Fan	-	-	36,000,000**	10.83
11.	Ho Min Yi	-	-	36,000,000**	10.83
12.	Chew Po Sim	-	-	36,000,000**	10.83

Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to the Companies Act, 2016

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

** Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to Companies Act, 2016

ANALYSIS OF WARRANT HOLDINGS
AS AT 7 APRIL 2017

No. of Warrants 2015/2020 issued	:	**166,444,970**
Exercise Price	:	**RM0.90 for one (1) ordinary share**
Exercise Rights	:	**Each warrant entitles the holder to subscribe for one (1) new ordinary share at the Exercise Price shall be satisfied fully in cash.**
Exercise Period	:	**7 September 2015 to 4 September 2020**
No. of Warrants exercised	:	**1,808,000**
No. of Warrants unexercised	:	**164,636,970**

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	38	3.71	1,720	0
100 to 1,000	80	7.80	47,986	0.03
1,001 to 10,000	652	63.61	2,472,640	1.50
10,001 to 100,000	169	16.48	6,126,488	3.72
100,001 to less than 5% of issued shares	84	8.20	112,394,222	68.27
5% and above of issued shares	2	0.20	43,593,914	26.48
TOTAL	**1,025**	**100.00**	**164,636,970**	**100.00**

THIRTY LARGEST WARRANT HOLDERS AS AT 7 April 2017 (As per Record of Depositors)

No.	Names	No. of Warrants Held	% of Warrants
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FANTASTIC REALTY SDN BHD	34,280,914	20.82
2	CHUN YEE YING	9,313,000	5.66
3	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOP FRESH FOODS (M) SDN BHD	7,535,000	4.58
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	6,500,000	3.95
5	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SHU SHUN (MARGIN)	6,468,100	3.93
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR (M10)	5,381,200	3.27
7	LEE EQUITY HOLDINGS SDN.BHD.	4,755,800	2.89
8	LEE KONG MENG	4,226,000	2.57
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	4,200,000	2.55
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP FATT THAI (E-KPG)	4,057,500	2.46
11	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE LEONG	3,642,950	2.21
12	SELVARAJ A/L Y SUBRAMANIAM	3,578,500	2.17
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK SEW HONG (E-KPG)	3,241,600	1.97
14	CHUA SEONG HEN	3,165,000	1.92

ANALYSIS OF WARRANT HOLDINGS
AS AT 7 APRIL 2017

THIRTY LARGEST WARRANT HOLDERS AS AT 7 APRIL 2017 (As per Record of Depositors) (CONT'D)

No.	Names	No. of Warrants Held	% of Warrants
15	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	3,004,800	1.83
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EQUITY HOLDINGS SDN BHD	2,975,000	1.81
17	KOK SIEW HWA	2,618,050	1.59
18	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JOAN YONG MUN CHING (SMART)	2,600,000	1.58
19	CHUN MEI NGOR	2,500,000	1.52
20	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PEI GEN DARLENE	2,500,000	1.52
21	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON NYUK LING	2,500,000	1.52
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING (473650)	2,360,000	1.43
23	LEE KUNG MENG	1,953,500	1.19
24	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUN MEI NGOR (SMART)	1,909,200	1.16
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR	1,876,250	1.14
26	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KIM LENG	1,655,000	1.01
27	LEE KUNG WAH	1,620,000	0.98
28	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	1,522,950	0.93
29	CHUN MEI NGOR	1,506,000	0.91
30	PLY CENTURY SDN BHD	1,200,000	0.73
	TOTAL	**134,646,314**	**81.80**

DIRECTORS' INTEREST IN WARRANTS 2015/2020 AS AT 7 APRIL 2017 (As Per Register of Directors' Warrant Holdings)

Names	Direct Interest Warrant Holdings	%	Indirect Interest Warrant Holdings	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	*10,700,000	6.50	-	-
Ho Wen Yan	-	-	-	-
Cheong Choi Yoon	-	-	-	-
Chang Chee Kok	-	-	-	-
Sazali Bin Saad	-	-	-	-

* Includes shares held through nominee companies

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting ("AGM") of Magna Prima Berhad ("Magna Prima") will be held at Ideal Convention Centre – IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 May 2017 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 2016 and the Reports of the Directors and Auditors thereon.

2. To re-appoint YBhg Tan Sri Datuk Adzmi bin Abdul Wahab as Director of Magna Prima Berhad. **Resolution 1**

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

4. To re-elect Mr. Ho Wen Yan who shall retire in accordance with Article 105 of the Company's Articles of Association. **Resolution 3**

5. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2016. **Resolution 4**

6. To approve the payment of a meeting attendance allowance of RM500 per meeting and miscellaneous expenses to the Non-Executive Directors and leave passage allowance of RM12,000 per annum to the Chairman effective from February 2017 until otherwise resolved. **Resolution 5**

7. To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Board of Directors to fix their remuneration. **Resolution 6**

   AS SPECIAL BUSINESS:

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

8. Retention of Independent Non-Executive Directors

   "THAT approval be and is hereby given to the following Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012":-

   a. YBhg Tan Sri Datuk Adzmi bin Abdul Wahab **Resolution 7**
   b. En Sazali bin Saad **Resolution 8**

9. Authority to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act, 2016 **Resolution 9**

   "THAT pursuant to Section 76 of the Companies Act, 2016 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."

10. Proposed renewal of authority to purchase own shares ("Proposed Renewal of Share Buy-Back") **Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING

"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 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 share capital of the Company at any time and an amount not exceeding the total retained profits based on the audited financial statements for the financial year ended 31 December 2016 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 2018 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
Shah Alam
Date: 28 April 2017

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 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, 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 18 May 2017 shall be regarded as member of the Company entitled to attend the Twenty Second Annual General Meeting or appoint a proxy to attend and vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:

i. Resolution 7 and 8

YBhg Tan Sri Datuk Adzmi bin Abdul Wahab and En Sazali bin Saad have served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Both the Nomination Committee and the Board have recommended the two (2) Non – Executive Directors to continue to act as Independent Non-Executive Director based on the following justifications by passing the Ordinary Resolutions 7 and 8 :-

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 18 May 2016. The Company has not issued any new share which was approved at the Twenty First AGM held on 18 May 2016 and which will lapse at the conclusion of the forthcoming Twenty Second 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

SHARE BUY-BACK STATEMENT

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 20 May 2015, 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 share capital of Magna Prima as at 7 April 2017of 333,639,940 Magna Prima shares, a total of 33,363,994 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 Warrants 2015/2020 are not exercised.

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 2018 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 of the Company for the purchase of its own shares subject to the compliance of the Companies Act, 2016 ("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 2016, the retained profits amounted to approximately RM455,831,379.

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, 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.

SHARE BUY-BACK STATEMENT

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

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.

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.

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.

During the financial year ended 31 December 2016, the Company bought-back a total of 2,200,300 Shares and there was no resale or cancellation of treasury shares. The details of the Shares bought-back during the said financial year are set out in the Additional Compliance Information section of the Company's Annual Report 2016.

As at 31 December 2016, the Company held a total of 2,285,500 treasury shares.

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 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 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, 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 Assuming that no warrants are converted under the Warrants 2015/2020
Maximum scenario	:	Assuming that all the options are granted and exercised under the Company's ESOS Assuming that outstandingwarrants are converted under the Warrants 2015/2020

SHARE BUY-BACK STATEMENT

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

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		**No. of shares '000**	
Issued share capital*	333,640		333,640	
To be issued pursuant to:				
- Assuming full exercise under the Company's ESOS	-		50,046	
- Assuming full conversion of outstanding warrants 2015/2020	-		164,637	
Enlarged share capital	**333,640**		**548,323**	
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(33,364)		(54,832)	
Upon completion of the Proposed Renewal of Share Buy-Back	**300,276**		**493,491**	

Notes:-

* As at 7 April 2017(Treasury shares was 2,200,300).

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 2017:-

(i) Minimum Scenario

	As at 7 April 2017				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**	**%**
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	21,400	6.44	-	-	21,400	7.13	-	-
Fantastic Realty Sdn Bhd	68,562	20.63	-	-	68,562	22.83	-	-
Prisma Pelangi Sdn Bhd	36,000	10.83	-	-	36,000	11.99	-	-
Lee Hing Lee	-	-	#83,632	25.16	-	-	#83,632	27.85
Lee Siong Hai	217	0.07	^^68,562	20.63	217	0.08	^^68,562	22.83
Heng Holdings Sdn Bhd	-	-	**36,000	10.83	-	-	**36,000	11.99
Hua Yang Berhad	-	-	**36,000	10.83	-	-	**36,000	11.99
Ho Wen Yan	-	-	**36,000	10.83	-	-	**36,000	11.99
Ho Wen Han	-	-	**36,000	10.83	-	-	**36,000	11.99
Ho Wen Fan	-	-	**36,000	10.83	-	-	**36,000	11.99
Ho Min Yi	-	-	**36,000	10.83	-	-	**36,000	11.99
Chew Po Sim	-	-	**36,000	10.83	-	-	**36,000	11.99

Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to the Companies Act, 2016

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

SHARE BUY-BACK STATEMENT

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

(ii) Maximum Scenario

	As at 7 April 2017 and assuming full exercise of the ESOS options and conversion of the outstanding warrants 2015/2020##^^				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**	**%**
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	21,400	3.90	-	-	21,400	4.33	-	-
Fantastic Realty Sdn Bhd	68,562	12.50	-	-	68,562	13.89	-	-
Prisma Pelangi Sdn Bhd	36,000	6.56	-	-	36,000	7.29	-	-
** Lee Hing Lee	-	-	#83,632	15.25	-	-	#83,632	16.95
** Lee Siong Hai	217	0.04	^^68562	12.50	217	0.04	^^68562	13.89
** Heng Holding Sdn Bhd	-	-	36,000	6.56	-	-	36,000	7.29
** Hua Yang Berhad	-	-	36,000	6.56	-	-	36,000	7.29
** Ho Wen Yan	-	-	36,000	6.56	-	-	36,000	7.29
** Ho Wen Han	-	-	36,000	6.56	-	-	36,000	7.29
** Ho Wen Fan	-	-	36,000	6.56	-	-	36,000	7.29
** Ho Min Yi	-	-	36,000	6.56	-	-	36,000	7.29
** Chew Po Sim	-	-	36,000	6.56	-	-	36,000	7.29

Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to the Companies Act, 2016

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

** Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to Companies Act, 2016

Notes:-

Assuming 50.046 million options were granted and exercised under the Company's ESOS

^^^ Assuming 164.637 million warrants were converted under warrants 2015/2020

^ Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the issued share capital, the purchased shares are acquired from public shareholders and the purchased shares are held as treasury shares or cancelled

SHARE BUY-BACK STATEMENT

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

(ii) Maximum Scenario (Cont'd)

	As at 7 April 2017				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	21,400	6.44	-	-	21,400	7.13	-	-	21,400	4.34	-	-
Ho Wen Yan	-	-	36,000	10.83	-	-	36,000	11.99	-	-	36,000	7.29
Cheong Choi Yoon	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-
Chang Chee Kok	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* Based on the Register of Directors as at 07 April 2017.

Scenario 1 : Assuming that no options are granted under the Company's ESOS and no conversion of warrants for Warrants 2015/2020 and after the Proposed Renewal of Share Buy-Back

Scenario 2 : Assuming that all exercised under the Company's ESOS, conversion of outstanding warrants for Warrants 2015/2020 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.

5.4 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 Companies Act, 2016 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.

SHARE BUY-BACK STATEMENT

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

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 Companies Act, 2016 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. 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.

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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 Twenty Second Annual General Meeting of Magna Prima Berhad will be held at Ideal Convention Centre – IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 10.00 a.m. and at any adjournment thereof.

Agenda	Resolution	For	Against
To re-appoint YBhg Tan Sri Datuk Adzmi bin Abdul Wahab as Director of Magna Prima Berhad.	1		
To re-elect En. Sazali bin Saad who shall retire in accordance with Article 100 of the Company's Articles of Association	2		
To re-elect Mr. Ho Wen Yan who shall retire in accordance with Article 105 of the Company's Articles of Association.	3		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2016.	4		
To approve the payment of meeting allowances, miscellaneous expenses and leave passage allowance.	5		
To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Board of Directors to fix their remuneration.	6		
AS SPECIAL BUSINESS: Retention of Independent Non-Executive Directors a. YBhg Tan Sri Datuk Adzmi bin Abdul Wahab b. En Sazali bin Saad	 7 8		
Authority to Directors to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act, 2016	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 HELD

_________________________ 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 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, 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 18 May 2017 shall be regarded as member of the Company entitled to attend the Twenty Second 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 4.01, Level 4,
IDCC Corporate Tower,
Jalan Pahat L 15/L, Seksyen 15,
40200 Shah Alam, Selangor Darul Ehsan.

Tel **:** 03 5022 5555
Fax **:** 03 5022 5556
Email **:** enquiry@magnaprima.com.my

www.magnaprima.com.my

Fold here to seal

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(369519-P)

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