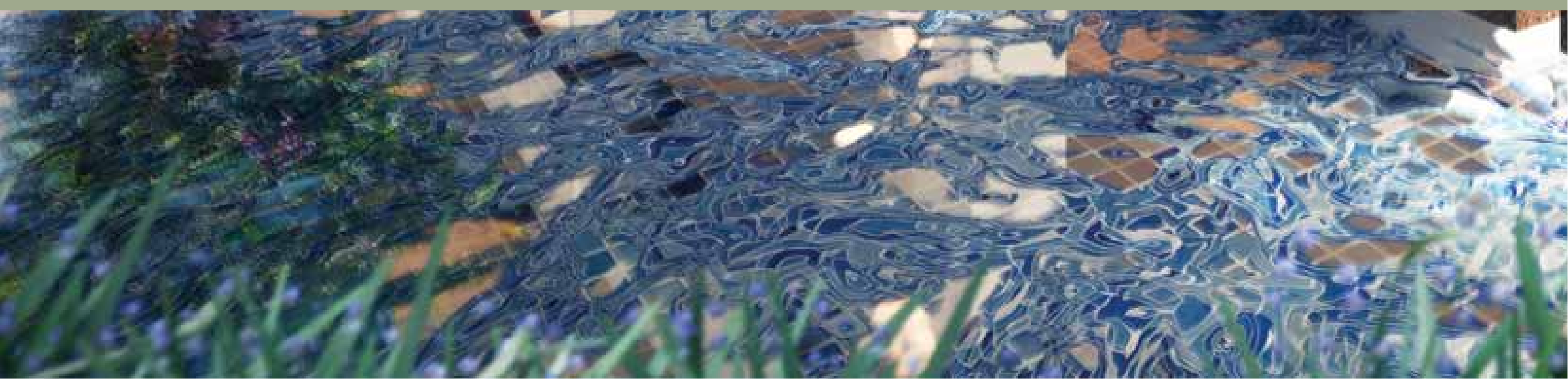
MAGNA PRIMA BERHAD
(369519-P)

annual report 2012

Stronger Than Ever

Magna Prima Berhad

Over the years, we have acknowledged the big dreams that dwell within the heart of believers and have strived endlessly to make reality possible. While we are proud to present the outcome that has taken recognition with its iconic and revolutionary architecture, we are now preparing ourselves for a bigger leap in the industry that will gain us the status, "One of a kind, best in its kind" not only nationally but also internationally. Today, Magna Prima Berhad is here to redefine lifestyle with quality and superfluity while reassuring that we are the wise choice that will bring significance in one's life.



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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% Magna Shah Alam Sdn Bhd (381065-U)
- 100% Magna City Shah Alam Sdn Bhd (785936-U)
- 100% Winicon (M)Sdn Bhd (817534-M)
  - 100% Ibsul Development (Sel) Sdn Bhd (700479-V)
- 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)

CONSTRUCTION & ENGINEERING

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

PROPERTY MANAGEMENT

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

TRADING

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

Board of Directors

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

Dato' Rahadian Mahmud bin Mohammad Khalil
Chief Executive Officer

Dato' Mohamad Rizal bin Abdullah
Executive Director

Choh Kim Chiew
Executive Director

Ong Ah Leng
Independent Non-Executive Director

Sazali bin Saad
Independent Non-Executive Director

Audit Committee

Ong Ah Leng - *Chairman*
Tan Sri Datuk Adzmi bin Abdul Wahab
Sazali bin Saad

Nomination Committee

Ong Ah Leng - *Chairman*
Tan Sri Datuk Adzmi bin Abdul Wahab
Sazali bin Saad

Remuneration Committee

Ong Ah Leng - *Chairman*
Tan Sri Datuk Adzmi bin Abdul Wahab
Sazali bin Saad

Company Secretary

Yuen Yoke Ping
(MAICSA 7014044)

Registered Office

Lot No. C-G11 & C-G12, Block C,
Jalan Persiaran Surian, Palm Spring @ Damansara,
47810 Kota Damansara, Petaling Jaya, Selangor
Tel: 603-7805 5505
Fax: 603-7803 0156
Website: www.magnaprima.com.my

Share Registrar

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel: 603-7841 8000
Fax: 603-7841 8008

Auditors

Messrs Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants

Solicitors

Ringo Low & Associates
Wong Kian Kheong
Manjit Singh Sachdev, Mohamad Radzi & Partners
Teh & Lee
Mohd Mokhtar & Co.
Satha & Co.
Zulpadli & Edham
Lee Hishamuddin Allen & Gledhill
Hisyam Yoong-K.C. Lim

Principal Bankers

Malayan Banking Berhad
OCBC Bank (M) Berhad
Hong Leong Bank Berhad

Stock Exchange Listing

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

CHAIRMAN'S STATEMENT

"For the year 2012, Magna Prima Berhad has embarked on an exercise to revitalise our company and brand in the effort of elevating our image and reputation to a greater height. The bulk of the exercise includes streamlining of departmental processes and procedures by refining the way we do things, mainly to improve efficiency among co-workers, time management, quality of work, cost and customer satisfaction which are fundamental elements in the development of an organisation. Part of the revamp also included hiring new talents that can bring added value to the group through fresh innovative ideas that will better serve the needs of the market. To ensure succession plan in place for every department, we have conducted several management training programmes to equip them with information and knowledge of the changing property trend, essential for our future progression. Apart from that, constant researches have also been conducted on product development to better understand the needs of customers and will continue being conducted over time to leverage on the changing needs and expectations.

To grow in line with the emerging digital world, we have also invested in new Information Technology systems, focusing mainly on our sales and credit administration departments which are our company's front liners. With an investment as such, we are sure that it will strengthen our company further as we move from million ringgit projects to billion ringgit projects over time not just locally but moving forward, internationally as well. Finally, as we strive on, as much as improving our standards and reputations are important, it is equally crucial to foster a better interaction with the investing public and corporations alike to constantly let them see the progress we have worked hard to achieve."

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Property Market Overview:

The overall 2012 global as well as local property market saw a rather compromising outcome as it continued to move forward with a better-than-expected result in the final quarter of 2012 thus established a transformed impulse in the investment market. Although Bank Negara has imposed a stringent ruling on loan approvals based on net income of the borrower with the effort of reducing the speculation in property market while ensuring the stability of the affordable homes, the demand for property market has not trodden downhill but instead it is constantly on the rise hence, the rise in property development especially in states and lands considered prime.

A recent survey conducted by the Real Estate and Housing Developer's Association Malaysia (REHDA) revealed that the number of planned property units for the whole of Malaysia is mushrooming from 11,826 units in the first half of 2012 to 16,228 units in the second half of 2012. And the number increases with a total of 21,409 units are planned for the first half of 2013.

The property market has indeed come a long way and continues to grow through multiple fluctuations in the country's economic inflation rate and today as it stand, it is still on the increasing end and is expected to expand over time. The inflation rate for this year is expected to be minimal with two per cent and three per cent remained intact therefore, we forecast minimal impact towards the overall property demand.

Review of Financial Performance:

The Group's revenue recorded at RM 196.45 million while the unbilled sales as at 31 December 2012 reached approximately RM520 million, as a result of the positive development contributed by the progress of launched projects such as One Sierra, Alam D'16, U1 Shah Alam. Recently, the Group also launched the Phase 2 of the Jalan Kuching Business Boulevard Park, which is a serviced apartment which will contribute significantly moving forward.

The Boulevard Serviced Apartment

The brain child of each project is accredited to the Property Development Division which has also been the Group' backbone with a contribution of approximately 87% with the balance 13% being attributed to our trading and construction division.

Seri Jalil
Bukit Jalil

Magna Prima Berhad's posted 182% rise in net profit to RM16.8 million for year ended 31 December 2012 compared with loss of RM20.6 million a year ago, represented an earnings per share of 5.04 sen and a return on equity of 10.7% based on the outstanding share capital as at end 2012.

Corporate Developments

Over the period of 12 months, we have established ourselves firmly with the successful completion of projects as well as the acquisition of valuable plots and I am pleased to inform shareholders of our notable corporate developments.

One Sierra
Selayang

On 5 June 2012, a wholly owned subsidiary, Magna Ecocity Sdn Bhd, had proposed to acquire a piece of leasehold land measuring approximately 20 acres in Shah Alam for a total purchase consideration of RM100 million. The acquisition was sanctioned by shareholders on 20 September 2012 and the acquisition was deemed completed with the payment of the balance purchase consideration on 15 October 2012.

On 17 December 2012, a wholly owned subsidiary, Crossborder Team (M) Sdn Bhd entered into a conditional Sale and Purchase Agreement to acquire all 36 sub-divided leasehold lots in Petaling Jaya, Selangor for a total consideration of RM23,027,100.00.

Review of Operations

One Sierra @ Selayang

One Sierra, a four phased residential haven consisting of 146 units of 2.5 storey superlinks and zero lot villas as well as 2 storey garden bungalows have successfully obtained CCC on 31 December 2012 for phase 1, 2 and 3 and for phase 4 on 8 January 2013. We recognize that the bulk of income for FY2012 was gained through the sales of this project.

Seri Jalil, Bukit Jalil

The construction of Seri Jalil which commenced in June 2011 is still in progress and is 95% up. Major infrastructure works are on-going at the site and we target its completion by the second quarter of 2013.

SRKJ (C) Lai Meng Girls School

Alam d'16:

The luxurious residential abode consists of 177 double-storey terrace units and has been successfully completed in time. All the units were completed in one single phase and have obtained vacant possession one year ahead of its due date which is on 18 January 2013, approximately fifteen months from the expected due date which is on 27 April 2014.

SRJK (C) Lai Meng Girls School

The project management of the SRJK (C) Lai Meng which were awarded to us on 1 July 2012 with the construction duration of 15.5 months is now 68.09% complete and we are positive on its completion in a timely manner which is on the 15 October 2013 before the new term of the school resumes in 2014. The school will house state-of-the-art facilities in a building twice the size of the current school.

Alam D'16
Shah Alam

Boulevard Business Park
Jalan Kuching

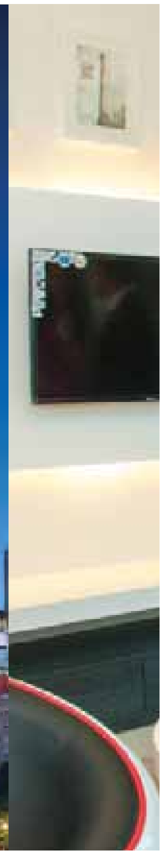
Boulevard Serviced Apartments @ Jalan Kuching

Phase two of the hybrid deluxe Business Boulevard Park @ Jalan Kuching, Boulevard Serviced Apartments was launched on 22 February 2013 on a 1.26 acres of land and would house 345 units that comes in eight architectural design. The units come in multiple ranges of sizes that make up for either a studio unit, two bedroom unit or three bedroom unit. The sales for the property have begun and the take up rate has been encouraging. The construction is currently in progress and the targeted time of completion would be towards the end of 2015. Phase one of this integrated project consists of 94 blocks of shop offices whereas phase three would be the location for a retail mall and hypermarket. The overall project is approximately 15.2 % completed.

Magna Ecocity, Shah Alam

We have also acquired another parcel of land in Shah Alam which is 20 acres in size. The land will see development of an integrated property development project comprising of serviced apartment, shop offices and a retail mall with a GDV of 1.4 billion. The construction would commence in the 2nd quarter of 2013 and completion would take place by phases.

PT12
Shah Alam



The Istana
Melbourne

The Boulevard
Serviced Apartment

Jalan Ampang, Kuala Lumpur

A 2.62-acre land on one of the hottest prime lands in the heart of Kuala Lumpur, Jalan Ampang project would be our flagship project. The integrated development which would be an ideal abode among city lovers with its lavish serviced apartment would also be the ground for a 60-storey hotel and shop office. The property would see a twin tower located adjacent to the Petronas Twin Tower and would encompass the Green Building Index (GBI) elements. It would favour an eco-friendly atmosphere with practices of energy efficiency, indoor environmental quality, sustainable site planning and management, water efficiency, materials and resources and innovation.

The GDV of this project is estimated to be around RM1.8 billion. The construction would commence in the 2nd quarter 2014 and is expected to complete within 5 years.

The Istana, Melbourne

Since the launch of our maiden overseas project in February 2012, work has been in constant progress with the aim of completing the project within the stipulated timeframe. Currently, work progress indicates 100% completion of foundation work and foresee the bulk of the work commence by May 2013. Being the flagship project of our group that projects our image to the eyes of the foreign market, we are always reminded of our quality guidelines and ensure meticulous examination of details that comply with the design specifications and intent is taken into consideration.

As we are aware of, the Istana would comprise of either a one, two or three bedroom apartment. Located in strategic vicinity, the Istana is central to the city of Melbourne and is easily accessible from almost twenty three famous hotspots. With the unique features and facilities that will be incorporated within the premise, The Istana aims at attracting local and foreign investors alike.

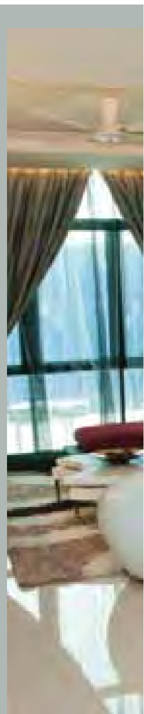
Market Outlook and Prospects

The property market demand is undeniably on the rise and despite the global economic inflation, it has not shown any impeding signs in the economic condition. This is due to the fact that properties have gained recognition as tangible assets that neither fluctuate nor depreciate in value instead are always increasing. Consequently, it has resulted in innovative property trends that are blooming simultaneously with the current market needs and expectations.

As one of the top niche property developers, we constantly aspire to innovate the contemporary market trend. Over the years, the Group has remained focused with proven excellent track record in the many modern projects that has become not only our pride but also an international icon. We have been tactical in achieving a standard and reputation considered the best of its kind with multiple projects that has deliberately introduced our name not only to the industry but among buyers and investors alike and as we move forward, we should continuously retain the values and practices that we are accustomed to and work towards fresh, innovative in-trend ideas that will simultaneously broaden and deepen our customer base.

Trading Division

Year 2012 saw a challenge for Magna Mix Sdn. Bhd. ("MMSB"). MMSB tightened its credit policy due to scarce supply of raw material particularly in aggregates and sand from the market. Consequently, MMSB experienced a decrease in revenue of approximately 22% from its previous year which amounted to RM28,852,891. MMSB was able to manage its material cost with prudent negotiation and cooperation with the suppliers and recorded a slight increase of approximately 3% in overall raw material cost and 25.8% in gross margin with an increase of 5.8% in average price. With the concerns of raw material scarcity in Klang Valley, MMSB remains committed to improvement exercise in quality, cost and delivery to its customers.



Year 2013 will be a new age for us as we move over time from million ringgit projects to billion ringgit developments but we are confident that with our strong property development team, we would be able the cement the rough patches with solutions while changing the perspective of modern architecture and property development to become the premier property developers in the country.

Proposed Dividend

The Board of Directors retains the final single tier exempt dividend of 1.5 cent per share of 25 cent per value for the financial year ended 2012. This will be paid on a date to be announced later.

Corporate Social Responsibility

While we strive to achieve outstanding results, Magna Prima Berhad is also exemplary in giving back to the society through the integration of Corporate Social Responsibility into our work practices and long term strategic goals.

In 2012, we have contributed in numerous ways to the society by extending financial assistance to organisations serving the sickly and handicapped, fund raising activities organised by children's homes to associations promoting the arts and societies encouraging healthy lifestyles via sporting activities.

A notable contribution from Magna Prima Berhad would be in forms of clothing, food, blankets and many other necessary items for flood victims of the recent natural disaster which occurred in Kuantan with our Chief Executive Officer, Dato' Rahadian Mahmud personally making visits to donate the supplies.

Internally, we constantly embolden our staff to further enhance themselves professionally with knowledge and skills in areas such as risk management, accounting, construction and property management, information technology, seminars on updates in housing and developers acts and soft skills training in topics such as leadership and self-development. As staff is our greatest assets, we believe that equipping them with the best of knowledge is one way of giving back to them while helping them climb the corporate ladder.

Acknowledgement

I would like to take this opportunity to acknowledge all divisions who have steered this company to a positive growth direction.

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their unending commitment and loyalty as well as their dedicated service rendered for the development of the company. We have indeed benefitted greatly from the support and confidence extended to us by our faithful shareholders, purchasers, the media, business associates and government authorities.

BOARD OF DIRECTORS

1. Tan Sri Datuk Adzmi bin Abdul Wahab - Independent Non-Executive Director, Chairman
2. Dato' Rahadian Mahmud bin Mohammad Khalil - Chief Executive Officer
3. Dato' Mohamad Rizal bin Abdullah - Executive Director
4. Choh Kim Chiew - Executive Director
5. Ong Ah Leng - Independent Non Executive Director
6. Sazali bin Saad - Independent Non Executive Director

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

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 70, 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 automotive, IT, broadband, property development, construction and franchise businesses. He is also Advisor to the Malaysian Franchise Association.

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

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

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

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Chief Executive Officer

Dato' Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 39, was appointed to the Board on 16 July 2007 as Independent Non-Executive Director. He was re-designated to Executive Director on 12 May 2011.

He is involved in the reforestation business as well as the construction and manufacturing sectors and is also well versed in the timber industry.

Dato' Rahadian Mahmud is the chairman of Permaju Industries Berhad.

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

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

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

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

DATO' MOHAMAD RIZAL BIN ABDULLAH
Executive Director

Dato' Mohamad Rizal bin Abdullah, a Malaysian, aged 63, was appointed to the Board on 28 September 2006 as Executive Director.

Dato' Mohamad Rizal graduated from Technical College in 1971 with a Diploma in Quantity Surveying and he completed its Management Programme (AIM) in 1989. He has 38 years of working experience in construction related organisations.

He started his career in M/S Langdon Every and Seah from 1969 to 1972 and continued his career path in Pernas Construction until 1975.

Dato' Mohamad Rizal then joined Bank Bumiputra Berhad from 1975 to 1988 and Maju Holdings in the following year for 3 years.

From 1993 to 1995, he joined Road Builders Berhad, Tabung Haji in 1996 and Maju Holdings from 1998 to 2005.

Dato' Mohamad Rizal is a member of ESOS, Tender and Executive Committee.

Dato' Mohamad Rizal has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

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

CHOH KIM CHIEW
Executive Director

Choh Kim Chiew, a Malaysian aged 37, was appointed to the Board on 12 April 2012 as Executive Director.

He is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants (MIA) and the Association of Chartered Certified Accountants (ACCA) of UK. Choh Kim Chiew launched his career in 1996 by joining the operations and finance departments of Renaissance Hotel in Kuala Lumpur before moving to Knusford Berhad in 2002.

Three years later, he was appointed as the senior in charge of the corporate finance division at Karambunai Corp Berhad. In 2009, he served SKN Equities & Assets Berhad as their Deputy Chief Financial Officer before moving on to Nam Fatt Corporation Berhad later that year. Choh Kim Chiew joined Magna Prima Berhad in late 2010.

Choh Kim Chiew is a member of the ESOS Committee, Tender Committee and Executive Committee.

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

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

ONG AH LENG
Independent Non-Executive Director

Ong Ah Leng, a Malaysian, aged 57, was appointed to the Board on 1 November 2006 as Independent Non-Executive Director.

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

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

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

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

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

Currently, he is a sole practitioner for Corporate, Financial & related services.

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

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

SAZALI BIN SAAD
Independent Non-Executive Director

Sazali bin Saad, a Malaysian, aged 40, joined the Board on 2 May 2006 as Independent Non-Executive Director.

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

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

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

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

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

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

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

AERIAL VIEW FROM PERSIARAN SELANGOR

The Board of Directors ("Board") recognizes 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 of Directors 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 2012.

BOARD OF DIRECTORS

The Board

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

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

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

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

The composition of the Board is as follows:

		Board	Audit Committee	Nomination Committee	Remuneration Committee
*	Tan Sri Datuk Adzmi bin Abdul Wahab	✓	✓	✓	✓
	Dato' Rahadian Mahmud bin Mohammad Khalil	✓			
	Dato' Mohamad Rizal bin Abdullah	✓			
	Choh Kim Chiew	✓			
**	Dato' Dr. Manjit Singh a/l Harban Singh	✓	✓	✓	✓
	Ong Ah Leng	✓	✓	✓	✓
	Sazali bin Saad	✓	✓	✓	✓

* Appointed to the Audit, Nomination and Remuneration Committee on 5 November 2012
** Resigned from Board effective from 4 September 2012

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

The role of the Independent Non-Executive Director, Chairman and the Chief Executive Officer (CEO) are distinct and separate to ensure there is a balance of power and authority.

The Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Non-Executive Chairman did not previously hold the position of CEO in the Group.

The CEO together with the Executive Directors are responsible for the day-to-day management of financial and operational matters in accordance with the strategic direction established by the Board and implementation of the Board's policies and decisions. The CEO is responsible to duly ensure execution of strategic goals, effective operation within the Group, and to explain, clarify and inform the Board on matters pertaining to the Group. All directors are jointly responsible for determining the Group's strategic business direction.

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

Board Charter

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

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

- To enable the Board of Directors to provide strategic guidance and effective oversight of management; and
- To clarify the roles and responsibilities of members of the Board and management to facilitate Board's and Management's accountability to the Company and its shareholders.

The three 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 132 (1) of the Companies Act 1965 are to protect the interests of the Company and at the same time to advance the interests of its stakeholders.

(iii) The Board Committees

The Board of the Company has established six 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 follows:-

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

Board meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. The Board met a total of Seven (7) times during the year ended 31 December 2012.

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

		Total meetings attended	%
	Tan Sri Datuk Adzmi bin Abdul Wahab	7/7	100
	Dato' Rahadian Mahmud bin Mohammad Khalil	7/7	100
	Dato' Mohamad Rizal bin Abdullah	6/7	86
^	Choh Kim Chiew	5/5	100
^^	Dato' Dr. Manjit Singh a/l Harban Singh	4/6	67
	Ong Ah Leng	7/7	100
	Sazali bin Saad	6/7	86

^ Appointed as Executive Director on 12 April 2012
^^ Resigned from Board effective from 4 September 2012

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

The non-executive directors are participative and work between meetings in order to get to know the business, understand the issues and build relationships with management and shareholders.

Supply of Information

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

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

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

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 Directors may also seek independent professional advice, at the Company expense, if required.

Directors Training

All Directors have attended the Directors' Mandatory Accreditation Programme organised by the Bursa Malaysia Securities Berhad (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 2012. A directors' training conducted by Epsilon Advisory Services Sdn Bhd was held on 3 October 2012 and the topic was Malaysian Code on Corporate Governance 2012- Adopt or don't adopt?"The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

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.

Appointment and Re-election to the Board

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

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

THE AUDIT COMMITTEE

The Board is also assisted by the Audit Committee whose members, key function and activities for the year under review are stated in pages 26 to 28 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.

During the financial year ended 31 December 2012, 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.

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 assessments 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 director cover expertise, judgment, commitment of time and effort in discharging duties and responsibilities.

The Nomination Committee has three (3) members comprising three (3) Independent Non Executive Directors. During the financial year ended 31 December 2012, three (3) meetings were held.

THE REMUNERATION COMMITTEE

The Remuneration Committee reviews and recommends to the Board the remuneration package of the executive directors and senior management of the Group with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully.

During the financial year ended 31 December 2012, the Remuneration Committee reviewed the remuneration package and promotion of key management, ie, executive directors and senior management of the Group and Directors' fees for the independent directors.

The Remuneration Committee has three (3) members comprising exclusively Independent Non Executive Directors. During the financial year ended 31 December 2012, three (3) meetings were held.

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

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salaries	1,041,164.67	-	1,041,164.67
Bonus	154,865.00	-	154,865.00
Fees	-	159,433.32	159,433.32
Meeting Allowance	-	49,500.00	49,500.00
Benefit-in-kind	55,800.00	12,000.00	67,800.00
Total	1,251,829.67	220,933.32	1,472,762.99

Range of Remuneration (RM)	Number of Directors	Number of Directors
	Executive	Non-Executive
Up to 200,000	1	4
RM 200,001 – RM 400,000	1	-
RM 400,001 – RM 600,000	2	-
RM 600,001 – RM 800,000	-	-
RM 800,001 – RM 1,000,000	-	-

EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

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

The ESOS Committee has four (4) members comprising one (1) Independent Non Executive Director and three (3) Executive Directors.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognizes 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 Malaysia Securities Berhad's (Bursa Malaysia) 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 Malaysia. During General Meetings, shareholders are encouraged to participate to enquire and comment on the Company's performance and operations and voting on the resolutions was done by way of poll.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

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

Directors' Responsibility in Financial Reporting

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

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

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

Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The Audit Committee also met the external auditors twice in financial year 2012 without the presence of the management.

MANAGEMENT DISCUSSION & ANALYSIS

Overview

At present, the Group is focusing on property development and construction as the prime business and aims at becoming the top niche property developer. Part of the strategic implementations include putting customers' needs and expectations through development which blends in the current property market trend and lifestyle that provides comfort, luxury and style yet affordable houses. This in turn makes us one of the key players in the industry who are capable of serving the needs and demands of multiple social groups. In a nutshell, the key in maximizing returns is to synchronize development schedule in accordance with demand on the property with comfort and secured environment that maintains a well-balanced ecosystem, crucial in strategic landscaping and a modern outlook while being equipped with guarded facilities.

Despite the challenging market environment in 2012 due to the implementation of the responsible lending guidelines among banks to toughen the individual purchaser lending limits and qualification, the sales of our launched property remain robust due to its strategic location and the right mix of the property launched in meeting the market demands.

The property development is not expecting any major material cost increase in 2013 which will affect the profit margin of the launched projects because the construction of the projects are closely and regularly monitored by in-house quantity surveyor, engineer and construction team members.

The company's exposure to foreign currency exchange risk is mainly from the project undertaken in Australia. The foreign currency exposure originates from the local currency transaction of the trade receivable and payables. The company regularly reviews, assesses, controls and monitors the overseas' operation with every effort to mitigate the foreign currency exchange risk such as out sourcing the whole construction works into a fixed contractual amount which will be funded by a secured loan denominated in foreign currency, entering in to foreign currency forward contracts and hedging when necessary.

In 2012, the company results show significant improvement compared to year 2011. The anticipated sales demand remains strong and based on the existing sales performances and the development progress, we are positive in sustaining a good financial result for the coming year.

ADDITIONAL COMPLIANCE INFORMATION

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

Share Buy-Back

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

Option, Warrant and Convertible Securities

There were no issue of shares or debentures and no options were granted to any person to take up unissued share of the company during the financial year under review as per page 2 of the Financial Statements for the year ended 31 December 2012.

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

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

Imposition of Sanctions/Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the Group's external auditors for the financial year ended 31 December 2012 was RM13,740.50

Variation in results

There was no material variances between the audited results for the financial year ended 31 December 2012 and the unaudited results previously announced.

Profit Guarantee

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

Material Contracts

There were no material contracts of the Company and its subsidiary companies which involve Directors and major shareholders interest, either still subsisting at the end of financial year ended 2012 or entered into since the end of the previous financial year.

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

Members of the Audit Committee during the financial year ended 31 December 2012 are as follows:

Members	Status
Ong Ah Leng (Chairman)	Independent Non-Executive Director
*Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director
Sazali bin Saad	Independent Non-Executive Director
**Dato' Dr. Manjit Singh a/l Harban Singh	Independent Non-Executive Director

* Appointed as member effective from 5 November 2012
** Resigned as member effective from 4 September 2012

Meetings

The Audit Committee convened seven meetings during the financial year. The meetings were appropriately structured through the use of agenda and meeting papers, which were distributed to members with sufficient notification.

Members	Status	No. of meetings attended	%
Ong Ah Leng (Chairman)	Independent Non-Executive Director	7/7	100
^Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director	1/1	100
Sazali bin Saad	Independent Non-Executive Director	7/7	100
^^Dato' Dr. Manjit Singh a/l Harban Singh	Independent Non-Executive Director	4/6	67

^ Appointed as member effective from 5 November 2012
^^ Resigned as member effective from 4 September 2012

1. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are to:

- Review all financial information for publication, including quarterly and annual financial statements prior to submission to the Board of Directors. The review shall focus on:
  - Changes in accounting policies and practices
  - Major judgmental areas
  - Significant audit adjustments from the external auditors
  - Compliance with accounting standards
  - Compliance with Bursa Securities and other regulatory and legal requirements
- Discuss with the external auditors, the nature, scope and approach of the audit of the financial statements.
- Discuss with the external auditor 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.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department that reports directly to the Audit Committee. 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 2012 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.
- Compiled, reviewed and updated the yearly Corporate Governance report and Statement of Internal Control of the Group.
- Conducted site visits to the project sites and provided appropriate recommendations.

The cost incurred for the Internal Audit Department for the financial year ended 31 December 2012 was RM 94,146.

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 Chief Executive Officer ("CEO") and Executive Director of Finance 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 recognizes the importance of sound internal control and risk management practices for good corporate governance.

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

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

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

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

CONTROL ENVIRONMENT AND STRUCTURE

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT FRAMEWORK

The Audit Committee and the Management have established the following steps in order to set-up a formalized Risk Management Framework: -

- **Risk Monitoring and Compliance.** The Audit Committee with the assistance of the Internal Audit Department has set in place an on-going process of formalizing the risk management systems.

- **Heads of each business unit** are in charge of identifying principal risks and establishing relevant processes and systems to monitor and manage those risks.

- **Employees are encouraged** to give feedback on risk management issues and make suggestions for improvement at the operating unit level.

INTERNAL AUDIT FUNCTION

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

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

IAD prepares an Annual Audit Plan and 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 IAD has successfully completed the planned audits for the year and will closely monitor the implementation progress of its audit recommendation in order to ensure that all major risks and control concerns have been duly addressed by the Management. All internal audit reports together with the recommended action and their implementation status are presented to the Board and Audit Committee.

CONCLUSION

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

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

This Statement is made in accordance with the resolution of the Board dated 24 April 2013.

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FINANCIAL STATEMENTS

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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 attributable to:		
Owners of the Company	16,776,204	22,340,476
Non-controlling interests	(49,311)	-
	16,726,893	22,340,476

Dividends

The Company paid a final single tier exempt dividend of 1.5 sen per share at par value of RM0.25 per share amounting to RM4,993,349 in respect of the previous financial year on 24 August 2012.

A proposed final single tier exempt dividend of 1.5 sen per share at par value of RM0.25 per share amounting to RM4,993,349 has been recommended for the current financial year subject to Shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect any proposed dividend. Such dividend, if approved by the Shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2013.

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 issue of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

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

Directors

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

Tan Sri Datuk Adzmi bin Abdul Wahab
Dato' Rahadian Mahmud bin Mohammad Khalil
Dato' Mohamad Rizal bin Abdullah
Ong Ah Leng
Sazali bin Saad
Choh Kim Chiew
Dato' Dr. Manjit Singh a/l Harban Singh (resigned on 4.9.2012)

Directors' Interests

Details of holdings and deemed interests in the shares and options over shares of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	No. of ordinary shares of RM0.25 each			
	At 1.1.2012	Acquired	Disposed	At 31.12.2012
Magna Prima Berhad				
Dato' Rahadian Mahmud bin Mohammad Khalil	6,000,000	2,400,000	-	8,400,000
Dato' Mohamad Rizal bin Abdullah	400,000	-	130,000	270,000

None of the other Directors holding office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year under review.

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.

Other Statutory Information

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

(i) to ascertain that 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 which would render:

(i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;

(iii) any amount stated in the financial statements of the Group and of the Company misleading; and

(iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are 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 or the Company to meet their obligations as and 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 ended 31 December 2012 have not been 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.

Significant Event

The significant event is disclosed in Note 39 to the financial statements.

Auditors

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

Signed in accordance with a resolution of the Directors.

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

DATO' MOHAMAD RIZAL BIN ABDULLAH

KUALA LUMPUR

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL and DATO' MOHAMAD RIZAL BIN ABDULLAH, 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 41 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL **DATO' MOHAMAD RIZAL BIN ABDULLAH**

KUALA LUMPUR

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

I, CHOH KIM CHIEW, being the Director primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 111 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 CHOH KIM CHIEW at)
KUALA LUMPUR in the Federal Territory)
this)

CHOH KIM CHIEW

Before me,

COMMISSIONER FOR OATHS

Report on the Financial Statements

We have audited the accompanying financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 110.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the independent auditors' reports of a subsidiary which we have not acted as auditors, which is indicated in Note 4(a) to the financial statements.

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

(d) The independent auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment required to be made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 43 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

1. As stated in Note 2(a) to the financial statements, Magna Prima Berhad has early adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

CHEW KOK BIN
Approved Number: 1294/06/14 (J)
Partner of Firm

KUALA LUMPUR

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2012

		Group	Restated		Company		
	Note	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Non-Current Assets							
Property, plant and equipment	3	1,623,380	1,756,701	1,921,737	489,103	600,262	761,332
Investment in subsidiary companies	4	-	-	-	151,670,311	52,210,234	52,209,913
Land held for property development	5	154,084,251	153,365,516	76,549,247	-	-	-
Goodwill on consolidation	6	3,269,146	3,269,146	3,269,146	-	-	-
Deferred tax assets	7	6,507,900	5,337,495	3,222,380	12,954	-	52,626
Trade receivables	8	2,465,101	4,725,692	-	-	-	-
		167,949,778	168,454,550	84,962,510	152,172,368	52,810,496	53,023,871
Current Assets							
Inventories	9	421,103,019	275,937,982	165,975,150	-	-	-
Non-current assets held for sale	10	5,187,540	-	-	-	-	-
Amount owing by customers on contracts	11	25,240,995	22,412,841	31,366,290	-	-	-
Trade receivables	8	58,767,265	43,292,876	48,603,592	-	-	-
Other receivables	12	102,558,127	61,596,768	53,672,039	1,273,491	1,842,578	3,923,789
Amount owing by subsidiary companies	13	-	-	-	159,339,658	236,769,160	223,048,542
Tax recoverable		319,704	423,161	43,507	-	-	-
Cash held under Housing Development Accounts	14	2,820,833	3,984,523	4,667,997	-	-	-
Fixed deposits with licensed banks	15	5,220,639	3,655,530	2,114,386	35,318	1,831,071	-
Cash and bank balances		1,594,510	5,546,205	12,900,566	436,604	593,832	1,549,427
		622,812,632	416,849,886	319,343,527	161,085,071	241,036,641	228,521,758

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2012

		Group			Company		
			Restated				
	Note	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Current Liabilities							
Trade payables	16	118,335,434	109,219,436	122,869,662	-	-	-
Other payables	17	42,193,371	17,320,918	19,872,905	100,559	202,048	336,715
Deferred revenue	18	264,706,400	188,334,432	15,708,498	-	-	-
Amount owing to subsidiary companies	13	-	-	-	156,949,608	151,474,406	185,752,549
Hire purchase payables	19	73,889	210,778	222,009	-	37,786	36,038
Bank borrowings	20	12,614,062	31,412,343	11,455,245	-	-	-
Taxation		20,751,301	7,402,467	17,106,062	-	3,239,929	-
		458,674,457	353,900,374	187,234,381	157,050,167	154,954,169	186,125,302
Net current assets		164,138,175	62,949,512	132,109,146	4,034,904	86,082,472	42,396,456
		332,087,953	231,404,062	217,071,656	156,207,272	138,892,968	95,420,327
Financed By:							
Share capital	21	83,222,485	83,222,485	61,800,896	83,222,485	83,222,485	61,800,896
Reserves	22	72,852,759	41,046,094	53,672,644	72,940,199	55,593,072	33,504,235
Equity attributable to owners of the Company		156,075,244	124,268,579	115,473,540	156,162,684	138,815,557	95,305,131
Non-controlling interests		10,628,993	1,131,404	2,945,601	-	-	-
Total equity		166,704,237	125,399,983	118,419,141	156,162,684	138,815,557	95,305,131

		Group			Company		
			Restated				
	Note	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Non-Current Liabilities							
Trade payables	16	8,252,575	5,686,669	-	-	-	-
Hire purchase payables	19	138,734	145,255	309,360	-	32,823	70,608
Bank borrowings	20	156,947,819	100,125,000	98,275,000	-	-	-
Deferred tax liability	7	44,588	47,155	68,155	44,588	44,588	44,588
		165,383,716	106,004,079	98,652,515	44,588	77,411	115,196
		332,087,953	231,404,062	217,071,656	156,207,272	138,892,968	95,420,327

The accompanying notes form an integral part of the financial statements

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group	Group	Company	Company
			Restated		
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Revenue	23	196,453,749	83,463,352	22,601,232	11,696,598
Cost of sales		(149,319,236)	(80,680,978)	-	-
Gross profit		47,134,513	2,782,374	22,601,232	11,696,598
Other operating income		2,132,746	5,421,742	192,337	14,328,927
Marketing and promotion expenses		(4,077,669)	(3,219,251)	-	-
Administration expenses		(13,661,988)	(13,151,262)	(3,271,955)	(6,391,822)
Other operating expenses	24	2,367,420	(11,625,215)	(281,068)	(1,993,571)
Profit/(Loss) from operations	25	33,895,022	(19,791,612)	19,240,546	17,640,132
Finance costs	26	(82,996)	(650,535)	(995)	(4,150)
Profit/(Loss) before taxation		33,812,026	(20,442,147)	19,239,551	17,635,982
Taxation	27	(17,085,133)	(1,934,446)	3,100,925	(3,343,623)
Net profit/(loss) for the financial year		16,726,893	(22,376,593)	22,340,476	14,292,359
Other comprehensive income:					
Exchange differences arising from translation of foreign operations		(429,290)	139,368	-	-
Total comprehensive income/(loss) for the financial year		16,297,603	(22,237,225)	22,340,476	14,292,359

		Group 2012 RM	Group Restated 2011 RM
Profit/(Loss) for the financial year attributable to:			
Owners of the Company		16,776,204	(20,562,396)
Non-controlling interests		(49,311)	(1,814,197)
		16,726,893	(22,376,593)
Total comprehensive income/(loss) attributable to:-			
Owners of the Company		16,346,914	(20,423,028)
Non-controlling interests		(49,311)	(1,814,197)
		16,297,603	(22,237,225)
Earnings/(Loss) per share attributable to owners of the Company:			
Basic (sen)	28(a)	5.04	(7.50)
Diluted (sen)	28(b)	5.04	(6.69)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Attributable to Owners of the Company								
		Non-distributable				Distributable				
Group	Note	Share Capital RM	Share Premium RM	Warrants Reserve RM	Translation Reserve RM	Capital Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 January 2012										
As previously stated		83,222,485	35,565,970	-	139,368	29,994	40,249,177	159,206,994	1,131,404	160,338,398
Effect of adoption of IC15 and MFRSs		-	-	-	-	-	(34,938,415)	(34,938,415)	-	(34,938,415)
As restated		83,222,485	35,565,970	-	139,368	29,994	5,310,762	124,268,579	1,131,404	125,399,983
Net profit for the financial year		-	-	-	-	-	16,776,204	16,776,204	(49,311)	16,726,893
Other comprehensive loss		-	-	-	(429,290)	-	-	(429,290)	-	(429,290)
Total comprehensive (loss)/ income		-	-	-	(429,290)	-	16,776,204	16,346,914	(49,311)	16,297,603
Dividend paid	29	-	-	-	-	-	(4,993,349)	(4,993,349)	-	(4,993,349)
Effect arriving from deemed disposal of stakeholding	4 (c)	-	-	-	-	19,676,101	776,999	20,453,100	9,546,900	30,000,000
Total transactions with owners		-	-	-	-	19,676,101	(4,216,350)	15,459,751	9,546,900	25,006,651
At 31 December 2012		83,222,485	35,565,970	-	(289,922)	19,706,095	17,870,616	156,075,244	10,628,993	166,704,237
At 1 January 2011										
As previously stated		61,800,896	18,842,656	6,440,952	-	29,994	32,548,537	119,663,035	2,945,601	122,608,636
Effect of adoption IC 15 and MFRSs		-	-	-	-	-	(4,189,495)	(4,189,495)	-	(4,189,495)
As restated		61,800,896	18,842,656	6,440,952	-	29,994	28,359,042	115,473,540	2,945,601	118,419,141
Net loss for the year		-	-	-	-	-	(20,562,396)	(20,562,396)	(1,814,197)	(22,376,593)
Other comprehensive income		-	-	-	139,368	-	-	139,368	-	139,368
Total comprehensive loss		-	-	-	139,368	-	(20,562,396)	(20,423,028)	(1,814,197)	(22,237,225)
Dividend paid	29	-	-	-	-	-	(2,485,884)	(2,485,884)	-	(2,485,884)
Issuance of shares pursuant to exercise of Warrant 2006/2011		21,421,589	10,282,362	-	-	-	-	31,703,951	-	31,703,951
Transfer of warrants reserve		-	6,440,952	(6,440,952)	-	-	-	-	-	-
Total transactions with owners		21,421,589	16,723,314	(6,440,952)	-	-	(2,485,884)	29,218,067	-	29,218,067
At 31 December 2011		83,222,485	35,565,970	-	139,368	29,994	5,310,762	124,268,579	1,131,404	125,399,983

The accompanying notes form an integral part of the financial statements

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Non-distributable			Distributable	
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrants Reserve RM**	**Retained Profits RM**	**Total Equity RM**
At 1 January 2012		83,222,485	35,565,970	-	20,027,102	138,815,557
Total comprehensive income		-	-	-	22,340,476	22,340,476
Dividend paid	29	-	-	-	(4,993,349)	(4,993,349)
At 31 December 2012		83,222,485	35,565,970	-	37,374,229	156,162,684
At 1 January 2011		61,800,896	18,842,656	6,440,952	8,220,627	95,305,131
Total comprehensive income		-	-	-	14,292,359	14,292,359
Dividend paid	29	-	-	-	(2,485,884)	(2,485,884)
Issuance of shares pursuant to the exercise of Warrants 2006/2011		21,421,589	10,282,362	-	-	31,703,951
Transfer of warrants reserve		-	6,440,952	(6,440,952)	-	-
At 31 December 2011		83,222,485	35,565,970	-	20,027,102	138,815,557

The accompanying notes form an integral part of the financial statements

	Note	Group 2012 RM	Group Restated 2011 RM	Company 2012 RM	Company 2011 RM
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		33,812,026	(20,442,147)	19,239,551	17,635,982
Adjustment for:					
Bad debts written off		426,236	-	-	-
Depreciation of property, plant and equipment		313,077	393,088	136,170	188,014
Impairment loss of other receivables		-	1,741,267	-	1,741,267
Interest expense		82,996	142,947	995	4,150
Loss on initial measurement of loan and receivables		-	507,588	-	-
Fair value gain on re-measurement of loan and receivables		(340,636)	-	-	-
Property, plant and equipment written off		-	649	-	649
Provision for liquidated and ascertained damages		937,637	2,730,573	-	-
Write-down in value of inventory		-	6,845	-	-
Overprovision for liquidated and ascertained damages		(2,576,401)	(38,624)	-	-
Write-back of impairment of inventories		-	(479,520)	-	-
Net gain on disposal of property, plant and equipment		(190,497)	-	(86,999)	-
Gain on initial measurement of financial liabilities		-	(949,402)	-	-
Fair value loss on re-measurement of financial liabilites		232,951	-	-	-
Interest income		(635,807)	(228,169)	(105,288)	(94,671)
Dividend income		-	-	(20,280,000)	(5,018,000)
Operating profit/(loss) before working capital changes		32,061,582	(16,614,905)	(1,095,571)	14,457,391
Decrease/(Increase) in working capital					
Land held for property development		24,093,725	(76,816,269)	-	-
Inventories		(145,165,037)	(108,988,233)	-	-
Amount owing by/to customers on contracts		(2,828,154)	8,953,449	-	-
Trade receivables		(13,299,398)	(480,784)	-	-
Other receivables		(41,390,649)	(9,526,628)	569,087	339,944
Amount owing by/to subsidiary companies		-	-	103,184,704	(42,980,437)
Deferred revenue		76,371,968	172,625,934	-	-
Trade payables		11,448,953	(7,014,155)	-	-
Other payables		26,511,217	(5,243,936)	(101,489)	(134,992)
Balance carried forward		(64,257,375)	(26,490,622)	103,652,302	(42,775,485)

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM	Group Restated 2011 RM	Company 2012 RM	Company 2011 RM
Cash Flows From Operating Activities (Cont'd)					
Balance brought forward		(64,257,375)	(26,490,622)	103,652,302	(42,775,485)
Cash (used in)/generated from operations		(32,195,793)	(43,105,527)	102,556,731	(28,318,094)
Taxation paid		(4,805,814)	(14,153,810)	(151,958)	(51,067)
Interest received		635,807	228,169	105,288	94,671
Interest paid		(82,996)	(142,947)	(995)	(4,150)
		(4,253,003)	(14,068,588)	(47,665)	39,454
Net cash (used in)/from operating activities		(36,448,796)	(57,174,115)	102,509,066	(28,278,640)
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	30	(49,759)	(124,405)	(25,012)	(27,593)
Subscription of additional shares in existing subsidiary companies		-	-	(99,460,077)	(2)
Subscription of shares in subsidiary companies		-	-	-	(319)
Net proceeds from disposal of property, plant and equipment		190,500	-	87,000	-
Net cash from/(used in) investing activities		140,741	(124,405)	(99,398,089)	(27,914)
Cash Flows From Financing Activities					
Dividend paid	29	(4,993,349)	(2,485,884)	(4,993,349)	(2,485,884)
Repayment of hire purchase liabilities		(273,410)	(223,336)	(70,609)	(36,037)
Repayment of bank borrowings		(61,645,268)	(38,609,396)	-	-
Fixed deposits (pledged to)/ withdrawn from licensed banks		(3,354,739)	218,054	-	-
Drawdown from bank borrowings		99,669,806	60,738,642	-	-
Issuance of shares by the Company Exercise of Warrant 2006/2011		-	31,703,951	-	31,703,951
Net cash from/(used in) financing activities		29,403,040	51,342,031	(5,063,958)	29,182,030
Net (decrease)/increase in cash and cash equivalents		(6,905,015)	(5,956,489)	(1,952,981)	875,476
Cash and cash equivalents at beginning of the financial year		11,361,799	17,318,288	2,424,903	1,549,427
Cash and cash equivalents at end of the financial year		4,456,784	11,361,799	471,922	2,424,903

		Group		Company	
			Restated		
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		1,594,510	5,546,205	436,604	593,832
Cash held under Housing Development Accounts		2,820,833	3,984,523	-	-
Fixed deposits with licensed banks		5,220,639	3,655,530	35,318	1,831,071
		9,635,982	13,186,258	471,922	2,424,903
Less: Fixed deposits pledged with licensed banks		(5,179,198)	(1,824,459)	-	-
		4,456,784	11,361,799	471,922	2,424,903

The accompanying notes form an integral part of the financial statements

1. Corporate Information

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

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

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

The registered office and principal place of business of the Company is located at Lot No. C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the provision of the Companies Act, 1965 in Malaysia.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRSs. The MFRSs are to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as 'Transitioning Entities'). Transitioning Entities will be allowed to defer the adoption of the new MFRS for an additional two years, i.e. to annual periods beginning on or after 1 January 2014, after which, the MFRSs will become mandatory.

The Group and the Company fall within the definition of Transitioning Entities. However, the Group and the Company have not opted to defer the adoption of the MFRS framework to 1 January 2014 and instead, have chosen for an earlier adoption in the current financial year. The early adoption of MFRSs and transition to the MFRSs framework has no significant impact on the financial statements except for the following:

<u>IC Interpretation 15: Agreements for Construction of Real Estate (IC 15)</u>

Pursuant to the adoption of IC 15, revenue recognition for property development activities should be recognised in accordance with the conditions for the sale of goods pursuant to *MFRS 118: Revenue* or *MFRS 111: Construction Contracts*.

MFRS 118 applies when an agreement for the construction of real estate in which buyers have only limited ability to influence the design of the real estate such as to select a design from range of options specified by the entity, or to specify only minor variations to the basic design. As for *MFRS 111*, it applies when an agreement meets the definition of a construction contract i.e buyers are able to specify the major structural elements of the design of the real estate before construction begin and/or specify major structural changes once construction is in progress.

The Group has previously recognised revenue from property development activities in accordance with the predecessor standard *FRS 201 $_{2004}$: Property Development Activities* to *MFRS 118: Revenue*. As a result of the adoption of IC Interpretation 15, the development revenue and development cost which were recognised based on the percentage of completion method previously have now been recognised based on the completed method.

2. Significant Accounting Policies (Cont'd)

(a) Basis of accounting (Cont'd)

The following shows the comparison of the results for the Group on recognising revenue from property development based on completion method and the results if the Group recognises the revenue from property development based on percentage of completion method for the financial year ended 31 December 2012:

Statement of Comprehensive Income	Completion method RM	Percentage of completion method RM
Revenue	196,453,749	299,899,650
Cost of sales	(149,319,236)	(203,612,983)
Gross profit	47,134,513	96,286,667
Other operating income	2,132,746	2,132,746
Marketing and promotion expenses	(4,077,669)	(4,077,669)
Administration expenses	(13,661,988)	(13,661,988)
Other operating expenses	2,367,420	2,367,420
Profit from operations	33,895,022	83,047,176
Finance costs	(82,996)	(82,996)
Profit before taxation	33,812,026	82,964,180
Taxation	(17,085,133)	(18,538,866)
Net profit for the financial year	16,726,893	64,425,314
Profit for the financial year attributable to:		
Owners of the Company	16,776,204	64,474,625
Non-controlling interests	(49,311)	(49,311)
	16,726,893	64,425,314

As these are the Group's and the Company's first financial statements prepared in accordance with MFRSs, the requirements of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards have been applied. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 41.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). On the adoption of MFRSs, the following new standards became applicable during the financial year:

	Effective date for financial periods beginning on or after
MFRS 124: Related Party Disclosures	1 January 2012
MFRS 7: Disclosures – Transfers of Financial Assets	1 January 2012

2. Significant Accounting Policies (Cont'd)

(a) Basis of accounting (Cont'd)

The Directors of the Group and the Company are of the opinion that the abovementioned new MFRSs did not have any material financial and disclosure impacts to the financial statements during the financial year. The Group and the Company have not applied the following accounting standards that have been issued by MASB but are not yet effective for the Group and the Company:-

MFRSs effective on 1 July 2012

Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income

MFRSs effective on 1 January 2013

MFRS 3	Business Combinations (International Finanical Reporting Standard ("IFRS") 3 Business Combinations issued by IASB in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to MFRS 1	Government Loans
Amendment to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

MFRSs effective on 1 January 2014

Amendment to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 10, 12 and MFRS 127	Investment Entities

MFRSs effective on 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

2. Significant Accounting Policies (Cont'd)

(a) Basis of accounting (Cont'd)

The Group and the Company plan to adopt the abovementioned MFRSs, IC Interpretations and amendments to MFRSs which are relevant to the Group's and the Company's operations when they become effective. The Directors of the Group and the Company anticipate that the applications of the above MFRSs, IC Interpretations and amendments to MFRSs will have no material impact on the financial statements of the Company except for the following:

Amendments to MFRS 101 : Presentation of Other Comprehensive Income

These Amendments require the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

MFRS 9 : Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset classified as fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group and the Company are currently examining the impact of adopting MFRS 9.

MFRS 10 : Consolidated Financial Statements

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

MFRS 12 : Disclosure of Interests in Other Entities

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

2. Significant Accounting Policies (Cont'd)

(a) Basis of accounting (Cont'd)

MFRS 13 : Fair Value Measurements

This Standard applies to MFRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other MFRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group is currently examining the impact of adopting MFRS 13.

MFRS 127 : Separate Financial Statements

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Company is required to account for those investments either at cost or in accordance with MFRS 9 in the separate financial statements.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(c) Significant accounting estimates and judgements

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

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

(i) Revenue recognition of construction contracts

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

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

2. Significant Accounting Policies (Cont'd)

(c) Significant accounting estimates and judgements (Cont'd)

(ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(g). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income taxes

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

(iv) Deferred tax asset

Deferred tax asset is recognised for unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Allowance for inventory write down

Allowance for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices, useful lives of vehicle models and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

(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) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

2. Significant Accounting Policies (Cont'd)

(c) Significant accounting estimates and judgements (Cont'd)

(viii) Provisions for liabilities

Provisions for liabilities are recognised in accordance with accounting policy in Note 2(r). To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the Group takes into consideration factors such as existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

(ix) Inventories

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

- the property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis; and

- the selling price of properties under development has been projected based on prevailing market values of the location and type of properties under development.

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

(x) Impairment of financial assets

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

(xi) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial positions cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow method. The inputs to these valuation models are taken from observable markets where possible. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2. Significant Accounting Policies (Cont'd)

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies and its associated companies through equity accounting, which are made up to the end of the financial year.

(i) Subsidiary companies

Subsidiary companies are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the statements of comprehensive income.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interest. Any cost directly attributable to the acquisition is included in administrative expenses in profit and loss as incurred.

The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. The accounting policy on goodwill on acquisition of subsidiary companies is set out in Note 2(f). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:-

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

Subsidiary companies are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's assets in the event of liquidation are measured at either the fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests should be measured at their acquisition date fair values. The choice of measurement basis is made on a transaction-by-transaction basis. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date when the Group attains control and the resulting gain or loss, if any, is recognised in profit or loss.

2. Significant Accounting Policies (Cont'd)

(d) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. When increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss. Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on acquisition date.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. If the changes in fair value of contingent consideration are not as a consequence of new information about conditions existing at acquisition date and not made within the measurement period, the subsequent changes in the fair value of the contingent consideration will be brought to statement of comprehensive income.

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to non-controlling interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the consolidated statement of comprehensive income. When the Group purchases a subsidiary's equity shares from non-controlling interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied. The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Transactions eliminated on consolidation

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

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

(iv) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

2. Significant Accounting Policies (Cont'd)

(e) Investment in subsidiary companies

Investment in subsidiary companies is stated at cost less accumulated impairment losses. The policy of the recognition and measurement of impairment losses is in accordance with Note 2(i).

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is recognised in the statement of comprehensive income.

(f) Goodwill on consolidation

Goodwill arising from consolidation represents the excess of the purchase price over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiary companies at the date of acquisition. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested from impairment annually or more frequently of events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies of the business combination. An impairment loss is recognised in the consolidated statement of comprehensive income when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rated on the basis of the carrying amount of each asset in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

(g) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(i). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items.

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.

2. Significant Accounting Policies (Cont'd)

(g) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statements of comprehensive income 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:

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

The depreciable amount is determined after deducting the residual value. Depreciation methods, useful lives and residual values are reassessed at each financial year end. Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in statements of comprehensive income.

(h) Leases

Lease of property, plant and equipment is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to the ownership. All other leases are treated as operating lease. Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease.

The upfront payments made under an operating lease are classified as prepaid lease payments and are amortised to the statements of comprehensive income on a straight line basis over the lease period.

(i) Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. An impairment loss is charged to the statements of comprehensive income immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of comprehensive income immediately.

2. Significant Accounting Policies (Cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Construction contracts

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

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(l) 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(i).

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. Significant Accounting Policies (Cont'd)

(m) Hire purchase

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as liabilities.

In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practical to determine; otherwise, the Group's incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the statements of comprehensive income over the term of the relevant hire purchase so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment which are owned.

(n) Inventories

(i) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Cost of properties under development not recognised as an expense are recognised as an asset, which measured at the lower of cost and net realisable value.

(ii) Developed properties held for sale

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

(iii) Finished goods

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

2. Significant Accounting Policies (Cont'd)

(o) Contingent assets and contingent liabilities

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

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

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

In the acquisition of subsidiary companies by the Group under business combinations, contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

(p) Deferred revenue

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

(q) Borrowing costs

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

When the borrowings are made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

When the borrowings are made generally, and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate which is the weighted of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset.

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the statements of comprehensive income in the period in which they are incurred.

2. Significant Accounting Policies (Cont'd)

(r) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Liquidated ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are recognised in the statement of comprehensive income.

(s) Foreign currencies

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 the statement of comprehensive income. Translation differences on non-monetary items, such as financial assets held for trading held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Translation differences on non monetary items, such as equities classified as available-for-sale financial assets, are included in the exchange fluctuation reserve in the equity.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The closing exchange rate used for each unit of the main foreign currency in the Group is:

	2012 RM	2011 RM
Australian Dollar	3.180	3.223

2. Significant Accounting Policies (Cont'd)

(t) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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.

(u) Reserves

(i) Warrant Reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrant reserve will be transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(ii) Capital Reserve

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

(iii) 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.

(v) Revenue recognition

(a) Property development

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

- the risks and rewards of the properties under development passes to the buyers on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

- the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;

- the Sale and Purchase Agreement does not give the right to the buyers to take over the work in progress during construction;

- the buyers have limited ability to influence the design of the property; and

- title passes to buyers on vacant possession.

2. Significant Accounting Policies (Cont'd)

(v) Revenue recognition (Cont'd)

(b) Construction contracts

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

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

(c) Goods sold and services rendered

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

Revenue from services rendered is recognised in the statements of comprehensive income upon performance of services and is measured at the fair value of the consideration receivable.

(d) Rental and interest income

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

(e) Dividend income

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

(w) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of assets or liabilities in the statements of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date.

The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

2. Significant Accounting Policies (Cont'd)

(w) Income tax (Cont'd)

Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(x) Financial assets

Financial assets are recognised in the statements of financial position when the Group the Company have become a party to the contractual provisions of the instruments. The Group classifies its financial assets in loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date.

These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statements of financial position. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of comprehensive income.

(y) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(z) Operating segments

For management purposes, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

2. **Significant Accounting Policies (Cont'd)**

(aa) Employee benefits

(i) Short term benefits

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

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) 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 the statements of comprehensive income in the period to which they relate.

(ab) 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 a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statements of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statements of comprehensive income.

(ac) Financial liabilities

Borrowings, trade and other payables are classified as financial liabilities in the statements of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Group designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

2. Significant Accounting Policies (Cont'd)

(ac) Financial liabilities (Cont'd)

(i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;

(ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or

(iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(ad) Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, including company guarantees of subsidiary companies through deeds of cross guarantee, are initially recognised at fair value and subsequently at the higher of the amount determined in accordance with the measurement requirements of a provision of liabilities (Note 2(r)) and the amount initially recognised less cumulative amortisation. The fair value of the financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument, and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of subsidiary companies or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in the financial statements of the Group.

(ae) Assets classified as held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

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
2012								
Cost								
At 1.1.2012	29,799	668,331	935,372	1,383,873	2,091,101	26,050	614,222	5,748,748
Additions	-	-	-	36,309	143,450	-	-	179,759
Disposals/Write-off	-	-	-	(49,832)	(789,077)	-	-	(838,909)
At 31.12.2012	29,799	668,331	935,372	1,370,350	1,445,474	26,050	614,222	5,089,598
Accumulated depreciation								
At 1.1.2012	5,234	35,654	792,674	930,815	1,939,916	5,362	282,392	3,992,047
Charge for the financial year	319	24,504	29,846	116,353	78,068	2,565	61,422	313,077
Disposals/Write-off	-	-	-	(49,832)	(789,074)	-	-	(838,906)
At 31.12.2012	5,553	60,158	822,520	997,336	1,228,910	7,927	343,814	3,466,218
Carrying amount								
At 31.12.2012	24,246	608,173	112,852	373,014	216,564	18,123	270,408	1,623,380
2011								
Cost								
At 1.1.2011	269,199	372,635	866,322	1,350,724	2,036,544	11,600	614,222	5,521,246
Additions	-	558,220	69,050	34,348	54,557	14,450	-	730,625
Reclassification to inventories	(239,400)	(262,524)	-	-	-	-	-	(501,924)
Write-off	-	-	-	(1,199)	-	-	-	(1,199)
At 31.12.2011	29,799	668,331	935,372	1,383,873	2,091,101	26,050	614,222	5,748,748
Accumulated depreciation								
At 1.1.2011	34,840	93,332	714,702	799,994	1,732,031	3,640	220,970	3,599,509
Charge for the financial year	1,915	5,364	77,972	131,371	207,885	1,722	61,422	487,651
Other movements	(31,521)	(63,042)	-	-	-	-	-	(94,563)
	(29,606)	(57,678)	77,972	131,371	207,885	1,722	61,422	393,088
Write-off	-	-	-	(550)	-	-	-	(550)
At 31.12.2011	5,234	35,654	792,674	930,815	1,939,916	5,362	282,392	3,992,047
Carrying amount								
At 31.12.2011	24,565	632,677	142,698	453,058	151,185	20,688	331,830	1,756,701

3. Property, Plant and Equipment (Cont'd)

Company	Furniture, fittings and equipment RM	Computers RM	Motor vehicles RM	Office renovation RM	Total RM
2012					
Cost					
At 1.1.2012	370,737	304,167	293,599	614,222	1,582,725
Additions	6,881	18,131	-	-	25,012
Disposals	-	-	(293,599)	-	(293,599)
At 31.12.2012	377,618	322,298	-	614,222	1,314,138
Accumulated depreciation					
At 1.1.2012	172,650	234,222	293,598	281,993	982,463
Charge for the financial year	36,499	38,249	-	61,422	136,170
Disposals	-	-	(293,598)	-	(293,598)
At 31.12.2012	209,149	272,471	-	343,415	825,035
Carrying amount					
At 31.12.2012	168,469	49,827	-	270,807	489,103
2011					
Cost					
At 1.1.2011	369,561	278,949	293,599	614,222	1,556,331
Additions	2,375	25,218	-	-	27,593
Write-off	(1,199)	-	-	-	(1,199)
At 31.12.2011	370,737	304,167	293,599	614,222	1,582,725
Accumulated depreciation					
At 1.1.2011	137,203	187,666	249,559	220,571	794,999
Charge for the financial year	35,997	46,556	44,039	61,422	188,014
Write-off	(550)	-	-	-	(550)
At 31.12.2011	172,650	234,222	293,598	281,993	982,463
Carrying amount					
At 31.12.2011	198,087	69,945	1	332,229	600,262

The remaining periods of the long term leasehold land of the Group is 76 years (2011: 77 years).

Included in the property, plant and equipment of the Group and of the Company are motor vehicles under hire purchase with carrying amount of RM197,648 and RM Nil (2011: RM36,871 and RM1) respectively.

4. Investment in Subsidiary Companies

	Company 2012 RM	2011 RM
Unquoted shares, at cost		
At 1 January	52,210,234	52,209,913
Additions during the financial year	99,460,077	321
At 31 December	151,670,311	52,210,234
Represented by:		
Ordinary shares	151,669,311	52,209,234
Redeemable preference shares	1,000	1,000
	151,670,311	52,210,234

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

Name of company	Country of incorporation	Effective Equity interest 2012 %	2011 %	Principal Activities
Direct holding -				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Specialist in 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
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	Dormant
33 Sentral Park Sdn. Bhd.	Malaysia	100	100	Property development

4. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective Equity interest 2012 %	Effective Equity interest 2011 %	Principal Activities
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
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
Subsidiary of Dunia Epik Sdn. Bhd.				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Subsidiary companies of Magna Prima Development Sdn. Bhd.				
Magna Park Sdn. Bhd.	Malaysia	91	91	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	70	100	Property development

4. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective Equity interest 2012 %	Effective Equity interest 2011 %	Principal Activities
Subsidiary company of Magna Prima Construction Sdn. Bhd.				
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management
Subsidiary companies 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
Subsidiary Company of Winicon (M) Sdn. Bhd.				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	100	100	Property development and property investment

* Company not audited by Morison Anuarul Azizan Chew.

(b) Magna Prima Australia Pty Ltd ("MPA") increased its issued and paid up share capital from Australia Dollar One Hundred (AUD100.00) to Australian Dollar Thirty One Million (AUD31,000,000) equivalent to RM99,460,077 by way of allotment of 30,999,900 new ordinary shares of AUD1.00 each which were fully subscribed by the Company.

(c) Magna Ecocity Sdn. Bhd. ("MESB"), a wholly-owned subsidiary of the Company had on 5 June 2012 entered into a conditional sale and purchase agreement with PCM Bina Sdn Bhd ("PCM Bina") for the acquisition of a piece of land measuring approximately 20 acres in Seksyen 15, Bandar Shah Alam, District of Petaling, Selangor Darul Ehsan for a total purchase consideration of RM100 million to be satisfied by way of RM70 million cash and issuance of 1,114,286 new ordinary shares of RM1.00 each in MESB to PCM Bina. The acquisition was completed on 15 October 2012, and consequently the Company's equity interest in MESB reduced from 100% to 70%. The dilution has no material effect on the result of the Group.

5. Land Held For Property Development

	Group 2012 RM	Group 2011 RM
Freehold land at cost:		
At 1 January	139,581,489	67,887,730
Addition during the financial year	100,000,000	91,102,129
Reclassified to inventories (Note 9 (b))	(91,102,129)	(19,408,370)
At 31 December	148,479,360	139,581,489
Leasehold land at cost:		
At 1 January	5,187,540	5,187,540
Reclassified to non-current assets held for sale (Note 10)	(5,187,540)	-
	-	5,187,540
Development expenditure:		
At 1 January	8,596,487	3,473,977
Additions during the financial year	3,826,200	5,850,336
Reclassified to other receivables	(1,021,260)	-
Reclassified to inventories (Note 9 (b))	(5,796,536)	(727,826)
At 31 December	5,604,891	8,596,487
	154,084,251	153,365,516

6. Goodwill on Consolidation

	Group 2012 RM	Group 2011 RM
At 1 January/31 December	3,269,146	3,269,146

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

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of CGU is determined from value-in-use calculation which uses cash flow projections derived from the most recent financial budgets approved by management covering a three-year period, and an estimated discount rate of 7.8% per annum.

7. Deferred Taxation

	Group 2012 RM	Group Restated 2011 RM	Company 2012 RM	Company 2011 RM
At 1 January	5,290,340	3,154,225	(44,588)	8,038
Recognised in statement of comprehensive income	1,724,150	2,659,531	12,954	(52,626)
Over provision in prior years	(551,178)	(523,416)	-	-
At 31 December	6,463,312	5,290,340	(31,634)	(44,588)

Represented by:

	Group 2012 RM	Group Restated 2011 RM	Company 2012 RM	Company 2011 RM
Deferred tax liability	(44,588)	(47,155)	(44,588)	(44,588)
Deferred tax asset	6,507,900	5,337,495	12,954	-
	6,463,312	5,290,340	(31,634)	(44,588)

The components and movements of deferred tax liability and asset of the Group and of the Company during the financial year are as follows:

Deferred tax liability of the Group:

	Accelerated capital allowances 2012 RM	Accelerated capital allowances 2011 RM
At 1 January	47,155	68,155
Recognised in statements of comprehensive income	(2,567)	(21,000)
At 31 December	44,588	47,155

7. Deferred Taxation (Cont'd)

Deferred tax asset of the Group:

	Provisions RM	Deferred revenue, net of properties under development RM	Unused tax losses RM	Total RM
At 1 January 2012	774,546	2,460,990	2,101,959	5,337,495
Recognised in statements of comprehensive income	(774,546)	1,189,682	755,269	1,170,405
At 31 December 2012	-	3,650,672	2,857,228	6,507,900
At 1 January 2011	-	-	3,222,380	3,222,380
Recognised in statements of comprehensive income	774,546	2,460,990	(1,120,421)	2,115,115
At 31 December 2011	774,546	2,460,990	2,101,959	5,337,495

Deferred tax liability of the Company:

	Accelerated capital allowances	
	2012 RM	2011 RM
At 1 January/31 December	44,588	44,588

Deferred tax asset of the Company:

	Unused tax losses	
	2012 RM	2011 RM
At 1 January	-	52,626
Recognised in statements of comprehensive income	12,954	(52,626)
At 31 December	12,954	-

The recognition of the deferred tax assets is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition are the feasibility study and budgeted profit and loss of the Company's ongoing development project, which shows that it is probable that the deferred tax assets would be realised in future years.

8. Trade Receivables

	Group		
	31 December 2012 RM	31 December 2011 RM	Restated 1 January 2011 RM
Trade receivables	58,216,624	53,271,800	33,843,099
Accrued billings from completed projects	8,268,974	-	15,740,716
Retention sum	-	-	4,387,925
	66,485,598	53,271,800	53,971,740
Less: Allowance for impairment	(5,253,232)	(5,253,232)	(5,368,148)
	61,232,366	48,018,568	48,603,592
Analysis as:			
Non-current asset	2,465,101	4,725,692	-
Current asset	58,767,265	43,292,876	48,603,592
	61,232,366	48,018,568	48,603,592

Ageing analysis of trade receivables

The ageing analysis of the trade receivables are as follows:-

	Group		
	31 December 2012 RM	31 December 2011 RM	Restated 1 January 2011 RM
Neither past due or impaired	21,184,782	18,034,664	32,075,012
1 - 90 days past due but not impaired	4,879,272	10,294,226	1,716,958
91 - 180 days past due but not impaired	21,908,045	3,229,692	1,153,416
181 days - 1 year past due but not impaired	3,322,146	5,967,657	566,470
More than 1 year past due but not impaired	9,938,121	10,492,329	13,091,736
	40,047,584	29,983,904	16,528,580
Fully impaired	5,253,232	5,253,232	5,368,148
	66,485,598	53,271,800	53,971,740

8. Trade Receivables (Cont'd)

	Group 31 December 2012 RM	31 December 2011 RM	Restated 1 January 2011 RM
Trade receivables that are impaired			
Individually	5,253,232	5,253,232	5,368,148

	31 December 2012 RM	31 December 2011 RM
Allowance for impairment		
At 1 January	5,253,232	5,368,148
Bad debt written off	-	(114,916)
At 31 December	5,253,232	5,253,232

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

The Group's trade receivables of RM40,047,584 (2011: RM29,983,904) that are past due at the reporting date but not impaired are unsecured. The details are as follows:

		Group 31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Trade receivables from trading activities	@	5,022,631	3,751,784	1,198,282
Trade receivables from construction activities	@	1,108,083	1,703,315	2,332,093
Trade receivables from development properties	#	26,596,771	11,372,753	2,502,060
Stakeholders sum	+	7,320,099	13,156,052	10,496,145
		40,047,584	29,983,904	16,528,580

@ These balances relate mainly to customers who have never defaulted on payments but are slow paymasters hence are periodically monitored.

These balances represent amount owing by the end buyers who have obtained end financing to fund their purchases of the Group's properties.

+ These balances represents refundable stakeholders sum due from purchasers from the sales of properties which are held in trust by the solicitors.

The Group's normal trade credit terms range from 30 to 120 days (2011: 30 to 120 days).

9. Inventories

	Note	Group 31 December 2012 RM	Restated 31 December 2011 RM	Restated 1 January 2011 RM
Developed properties held for sale				
- at cost	9(a)	10,079,550	2,558,175	9,377,241
Properties under development	9(b)	410,763,201	273,166,139	156,343,737
		420,842,751	275,724,314	165,720,978
Finished goods		260,268	213,668	254,172
		421,103,019	275,937,982	165,975,150

(a) Developed properties held for sale - at cost

	Group 2012 RM	2011 RM
At 1 January	2,558,175	9,377,241
Transfer from completed development	7,521,375	-
Transfer from property, plant and equipment (Note 3)	-	501,924
Sales of properties	-	(7,793,665)
Impairment losses	-	(6,845)
Reversal of impairment losses	-	479,520
At 31 December	10,079,550	2,558,175

(b) Properties under development

	Group 2012 RM	Restated 2011 RM
Freehold land at cost	131,777,158	101,268,788
Leasehold land at cost	80,849,607	80,849,607
Planning, survey and strata titles fees	4,491,723	4,416,864
Development and construction cost	831,206,268	703,132,326
	1,048,324,756	889,667,585
Cost recognised as an expense in previous years	(754,828,838)	(712,994,069)
Transfer to inventories	(20,329,779)	(20,329,779)
At 1 January - Balance carried forward	273,166,139	156,343,737

9. Inventories (Cont'd)

(b) Properties under development (Cont'd)

	Group 2012 RM	Group Restated 2011 RM
At 1 January - Balance brought forward	273,166,139	156,343,737
Reclassified from land held for property development (Note 5)		
- Freehold land at cost	91,102,129	19,408,370
- Development expenditure (Note 5)	5,796,536	727,826
	96,898,665	20,136,196
Cost incurred during the financial year		
- Acquisition of land	-	11,100,000
- Authority contributions	7,700,573	11,371,646
- Professional fees	6,289,711	6,068,384
- Building and construction	148,935,802	100,421,303
- Sales and marketing	456,667	689,975
- Planning, survey and strata titles fees	606,230	74,859
- Finance costs (Note 26)	9,656,666	8,794,808
- Land related cost	2,585,816	-
- Management fee	657,428	-
	176,888,893	138,520,975
	546,953,697	315,000,908
Cost recognised as an expense in the current financial year	(128,669,121)	(41,834,769)
Transfer to developed properties held for sale (Note 9(a))	(7,521,375)	-
At 31 December	410,763,201	273,166,139

10. Non-Current Assets Held for Sale

	Group 2012 RM	Group 2011 RM
At 1 January	-	-
Transfer from land held for property development (Note 5)	5,187,540	-
At 31 December	5,187,540	-

The above leasehold land has been held for sale and accordingly, it is classified as as non-current assets held for sale.

11. Amount Owing by Customers on Contracts

	Group 2012 RM	Group 2011 RM
Contract costs	689,599,382	831,857,141
Attributable profits	140,705,281	138,928,288
	830,304,663	970,785,429
Progress billings including retention sum	(805,063,668)	(948,372,588)
	25,240,995	22,412,841
Represented by:		
Amount owing by customer on contracts	25,240,995	22,412,841
Retention sum included in progress billings	16,889,689	13,656,572

Included in the contract costs during the financial year are the following:

	Note	Group 2012 RM	Group 2011 RM
Hire of machinery		2,727,557	587,373
Staff costs	32	2,753,794	1,454,421

12. Other Receivables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Other receivables	21,512,134	10,868,877	2,694,267	2,724,119
Deposits	55,275,587	32,399,741	157,630	144,830
Prepayments	27,511,673	20,069,417	162,861	714,896
	104,299,394	63,338,035	3,014,758	3,583,845
Less: Allowance for Impairment loss	(1,741,267)	(1,741,267)	(1,741,267)	(1,741,267)
	102,558,127	61,596,768	1,273,491	1,842,578

12. Other Receivables (Cont'd)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Allowance for impairment loss				
At 1 January	1,741,267	1,160,669	1,741,267	-
Additions	-	1,741,267	-	1,741,267
Bad debt written off	-	(1,160,669)	-	-
At 31 December	1,741,267	1,741,267	1,741,267	1,741,267

13. Amount Owing by/(to) Subsidiary Companies

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

14. Cash Held Under Housing Development Accounts

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act 1966. The interest earned on the above ranges from 1.99% to 2.15% (2011: 1.99% to 2.15%).

15. Fixed Deposits with Licensed Banks

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Fixed deposits pledged to licensed banks	5,179,198	1,824,459	-	-
Other short term deposits	41,441	1,831,071	35,318	1,831,071
	5,220,639	3,655,530	35,318	1,831,071

Included in fixed deposits with licensed banks are the fixed deposits pledged to licensed banks for bank overdrafts and bank guarantee facilities granted to the Group as disclosed in Note 20.

The interest rates and maturities of deposits range from 1.8% to 3% (2011: 1.8% to 3%) per annum and 1 to 365 days (2011: 1 to 365 days) respectively.

16. Trade Payables

	Group 2012 RM	Group 2011 RM
Trade payables	112,754,379	103,388,671
Retention sum payables	13,833,630	11,517,431
	126,588,009	114,906,105
Analysis as:		
Current liabilities	118,335,434	109,219,436
Non-current liabilities	8,252,575	5,686,669
	126,588,009	114,906,105

The Group's normal trade credit terms range from 30 to 120 days (2011: 30 to 120 days).

17. Other Payables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Other payables	8,504,808	9,166,215	48,544	134,708
Refundable deposits	1,983,434	2,184,157	-	-
Accruals	31,705,129	5,970,546	52,015	67,340
	42,193,371	17,320,918	100,559	202,048

18. Deferred Revenue

	Group 31 December 2012 RM	Group Restated 31 December 2011 RM	Group Restated 1 January 2011 RM
Progress billing to-date	264,706,400	188,334,432	15,708,498

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

19. Hire Purchase Payables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
(a) Future minimum payments				
Repayable within one year	82,573	223,291	-	40,188
Repayable between one and five years	151,717	152,117	-	33,490
	234,290	375,408	-	73,678
Less: Finance charges	(21,667)	(19,375)	-	(3,069)
	212,623	356,033	-	70,609
(b) Present value representing hire purchase liabilities				
Repayable within one year	73,889	210,778	-	37,786
Repayable between one and five years	138,734	145,255	-	32,823
	212,623	356,033	-	70,609
Analysed as:				
Repayable within twelve months	73,889	210,778	-	37,786
Repayable after twelve months	138,734	145,255	-	32,823
	212,623	356,033	-	70,609

The hire purchase payables bear interest at the reporting date at rates between 2.43 % to 4.00% (2011: 4.80% to 6.14%) per annum.

20. Bank Borrowings

	Group 2012 RM	Group 2011 RM
Secured:		
Bridging loan	1,088,792	5,348,640
Term loans	167,511,089	124,974,703
Banker acceptances	962,000	1,214,000
	169,561,881	131,537,343

20. Bank Borrowings (Cont'd)

	Group 2012 RM	2011 RM
Repayable within twelve months		
Secured:		
Bridging loan	1,088,792	5,348,640
Term loans	10,563,270	24,849,703
Banker acceptances	962,000	1,214,000
	12,614,062	31,412,343
Repayable after twelve months		
Secured:		
Term loans	156,947,819	100,125,000
	169,561,881	131,537,343
Maturity of borrowings:		
Within one year	12,614,062	31,412,343
Between one and two years	156,947,819	100,125,000
	169,561,881	131,537,343

The above credit facilities obtained from financial institutions are secured on the following:

(a) Assignment of surplus fund in the Housing Development Account for the related projects;

(b) Assignment of Project Account for development of the related projects;

(c) Trade financing general agreement;

(d) Letter of negative pledge;

(e) Blanket counter indemnity;

(f) Facility Agreement for the total borrowings which amounts to RM195,000,000 (2011: RM125,000,000);

(g) Fixed charge and Private Caveat on certain parcels of the projects' development leasehold land;

(h) A registered Debenture covering a first fixed and floating charge for RM125,000,000 (2011: RM125,000,000) on all current and future assets of certain subsidiary companies; and

(i) A pledge of fixed deposits of the Group.

The Group's bankers' acceptances are secured by corporate guarantees by the Company. The Group's term loans are repayable by monthly instalments over 1 to 3.5 years (2011: 1 to 3.5 years).

20. Bank Borrowings (Cont'd)

The effective interest rates for the borrowings at the reporting date are as follows:

		Group	
		2012 %	2011 %
Bridging loan	Floating rate	7.10 - 7.60	7.60
Term loans	Floating rate	7.10 - 7.60	7.30 – 8.10
Bank overdrafts	Floating rate	7.80	8.10
Banker acceptances	Floating rate	4.20 – 5.50	5.62

21. Share Capital

	Group/Company			
	Number of ordinary shares:		Amount	
	2012	2011	2012 RM	2011 RM
Authorised				
Ordinary shares of RM0.25 each:				
At 1 January/31 December	400,000,000	400,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.25 each:				
At 1 January	332,889,940	247,203,584	83,222,485	61,800,896
Issuance of shares				
- Exercise of Warrants 2006/2011	-	85,686,356	-	21,421,589
At 31 December	332,889,940	332,889,940	83,222,485	83,222,485

22. Reserves

	Group			Company	
		Restated			
	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM	2012 RM	2011 RM
Non-distributable:					
Share premium	35,565,970	35,565,970	18,842,656	35,565,970	35,565,970
Warrants reserve	-	-	6,440,952	-	-
Capital reserve	19,706,095	29,994	29,994	-	-
Foreign currency translation reserve	(289,922)	139,368	-	-	-
Distributable:					
Retained profits	17,870,616	5,310,762	28,359,042	37,374,229	20,027,102
	72,852,759	41,046,094	53,672,644	72,940,199	55,593,072

23. Revenue

	Group		Company	
		Restated		
	2012	2011	2012	2011
	RM	RM	RM	RM
Sale of development properties	171,935,886	48,592,599	-	-
Value of construction works			-	-
- current year	1,949,766	8,402	-	-
- over recognised in prior year	-	(1,412,933)	-	-
Property management fee	1,147,163	606,342	-	-
Management fee received/receivable from subsidiary companies				
- current year	-	-	2,945,000	7,654,888
- over provision in prior years	-	-	(623,768)	(976,290)
Dividend income	-	-	20,280,000	5,018,000
Trading and other income	21,420,934	35,668,942	-	-
	196,453,749	83,463,352	22,601,232	11,696,598

24. Other Operating Expenses

	Group		Company	
		Restated		
	2012	2011	2012	2011
	RM	RM	RM	RM
Other operating expenses	(549,617)	(11,625,515)	(281,068)	(1,993,571)
Add: Overprovision for liquidated and ascertained damages	2,576,401	-	-	-
Add: Fair value gain on re-measurement of loan and receivables	340,636	-	-	-
	2,367,420	(11,625,515)	(281,068)	(1,993,571)

25. Profit/(Loss) from Operations

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Auditors' remuneration				
Statutory audit				
- current year	198,270	167,025	24,000	22,000
- (over)/under provision in prior year	(17,630)	5,000	2,000	-
Impairment loss of other receivables	-	1,741,267	-	1,741,267
Bad debts written off	426,238	-	-	-
Depreciation of property, plant and equipment	313,077	393,088	136,170	188,014
Equipment rental	57,871	81,146	8,132	70,816

25. Profit/(Loss) from Operations (Cont'd)

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Lease rental	55,045	154,450	-	-
Overprovision for liquidated and ascertained damages	(2,576,401)	(38,624)	-	-
Property, plant and equipment written off	-	649	-	649
Provision for liquidated and ascertained damages	937,637	2,730,573	-	-
Rental of premises	504,730	530,900	63,153	452,400
Rental of machineries	-	863,691	-	-
Rental of computers	-	396,868	7,354	386,076
Rental of trucks	2,727,604	3,726,920	-	-
Write back of impairment loss of inventories	-	(479,520)	-	-
Write-down in value of inventory	-	6,845	-	-
Gain on disposal of property, plant and equipment	(190,497)	-	(86,999)	-
Gain on initial measurement of financial liabilities	-	(949,402)	-	-
Fair value gain/(loss) on re-measurement of:				
- loan and receivables	(340,636)	-	-	-
- financial liabilities	232,951	-	-	-
Interest income	(635,807)	(228,169)	(105,288)	(94,671)
Rental income	(1,244,650)	(2,725,728)	-	-

26. Finance Costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expenses on:				
Term loans	9,656,666	8,811,190	-	-
Hire purchase	7,677	19,954	995	4,150
Bank overdrafts	1,007	21,944	-	-
Banker acceptances	50,214	77,054	-	-
Loss on initial measurement of financial assets	-	507,588	-	-
Others	24,098	7,613	-	-
	9,739,662	9,445,343	995	4,150
Less: Finance costs capitalised: Inventories-Property under development (Note 9(b))	(9,656,666)	(8,794,808)	-	-
	82,996	650,535	995	4,150

27. Taxation

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Tax expenses for the financial year:				
- Current tax provision	18,183,530	2,630,195	-	3,239,929
- Under/(Over) provision in prior years	74,575	1,440,336	(3,087,971)	51,068
	18,258,105	4,070,561	(3,087,971)	3,290,997
Deferred tax:				
- Relating to origination and reversal of temporary differences	(1,724,150)	(2,659,531)	(12,954)	52,626
- Over provision in prior years	551,178	523,416	-	-
	(1,172,972)	(2,136,115)	(12,954)	52,626
	17,085,133	1,934,446	(3,100,925)	3,343,623

Income tax is calculated at the statutory rate of 25% (2011: 25%) on chargeable income of the estimated assessable profit for the financial year. 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 2012 RM	Group Restated 2011 RM	Company 2012 RM	Company 2011 RM
Profit/(Loss) before taxation	33,812,026	(20,442,147)	19,239,551	17,635,982
Taxation at statutory tax rate of 25% (2011: 25%)	8,453,007	(5,110,537)	4,809,888	4,408,996
Income not subject to tax	-	-	(5,070,000)	(1,254,500)
Expenses not deductible for tax purposes	37,580	500,016	216,931	700,311
Under/(Over) provision of current taxation in respect of prior years	74,575	1,440,366	(3,087,971)	51,068
Over provision of deferred taxation in prior year	551,718	523,416	-	-
Group relief	-	-	30,227	(562,252)
Effect arising from IC 15 adoption	7,968,253	4,581,185	-	-
Tax expense for the financial year	17,085,133	1,934,446	(3,100,925)	3,343,623

28. Earnings Per Share

(a) Basic earnings/(loss) per share

The earnings/(loss) per share has been calculated based on the consolidated profit after taxation attributable to shareholders of the Company of RM16,776,204 (2011: consolidated loss RM20,562,396 for the Group and the weighted average number of ordinary shares in issue during the financial year of 332,889,940 (2011: 274,258,551).

(b) Fully diluted earnings/(loss) per share

Fully diluted earnings/(loss) per share has been calculated based on the consolidated profit/(loss) after taxation for the financial year attributable to shareholders of the Company and the adjusted weighted average number of ordinary shares issued and issuable during the financial year.

	Group 2012 RM	Restated 2011 RM
Net profit/(loss) for the financial year attributable to shareholders of the Company	16,776,204	(20,562,396)
Weighted number of ordinary shares issued	332,889,940	274,258,551
Adjusted for :		
Shares deemed to have been issued at fair value for prior to full exercise of warrants	-	33,218,478
Fully diluted weighted average number of shares	332,889,940	307,477,029
Diluted earnings/(loss) per share (sen)	5.04	(6.69)

29. Dividends

	Group/Company 2012 RM	2011 RM
Final dividend paid in respect of financial year ended 31 December 2010:		
- 1 sen per share single tier exempt dividend	-	2,485,884
Final dividend paid in respect of financial year ended 31 December 2011:		
- 1.5 sen per share single tier exempt dividend	4,993,349	-
	4,993,349	2,485,884

30. Purchase of Property, Plant and Equipment

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Aggregate cost (Note 3)	179,759	730,625	25,012	27,593
Less: Hire purchase financing	(130,000)	(48,000)	-	-
Less: Contra of debts	-	(558,220)	-	-
Cash payments	49,759	124,405	25,012	27,593

31. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group/Company 2012 RM	Group/Company 2011 RM
Company's Directors		
- Salaries and other emoluments	934,577	1,153,935
- EPF	105,648	108,816
- Socso	1,631	1,786
- Bonus	147,365	99,000
- Fees and meeting allowances	285,733	239,717
- Estimated money value of benefits-in-kind	67,800	61,446

Key management personnel comprise Directors of the Group and of the Company, who have authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly.

32. Staff Information

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Staff costs (excluding Directors) comprise:				
- charged to statements of comprehensive income	5,135,008	9,089,503	868,751	2,590,888
- capitalised in amount owing by customers on contracts (Note 11)	2,753,794	1,454,421	-	-
Total staff costs for the financial year	7,888,802	10,543,924	868,751	2,590,888

Included in staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM618,667 and RM93,210 (2011: RM1,020,205 and RM262,420) respectively.

33. Significant Related Parties Transactions

The Directors are of the opinion that all the following transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Company	
	2012 RM	2011 RM
Dividend received from a subsidiary company:		
Dunia Epik Sdn. Bhd.	20,280,000	5,018,000
Commitment payment received/receivable from a subsidiary company, Embassy Court Sdn. Bhd. for gross development value entitlement	-	14,234,056
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	350,000	98,302
Dunia Epik Sdn. Bhd.	150,000	3,108,218
Embassy Court Sdn. Bhd.	500	266,045
Magna Prima Construction Sdn. Bhd.	350,000	49,663
MPrima (Shah Alam) Sdn. Bhd.	150,000	36,327
Monetary Icon (M) Sdn. Bhd.	150,000	2,281,637
Magna Shah Alam Sdn. Bhd.	150,000	947,364
Magna Mix Sdn. Bhd.	150,000	382,744
Pembinaan Contamaju-Infocast Sdn. Bhd.	40,000	50,358
Crossborder Team (M) Sdn. Bhd.	150,000	33,630
Ibsul Development (Sel) Sdn. Bhd.	150,000	276,206
Permata Juang (M) Sdn. Bhd.	150,000	88,422
Magna City Development Sdn. Bhd.	150,000	35,972
Magna Prima Development Sdn. Bhd.	350,000	
Amanabina Sdn. Bhd.	500	-
Magna Ecocity Sdn. Bhd.	500	-
Magna City Shah Alam Sdn. Bhd.	500	-
Winicon (M) Sdn. Bhd.	500	-
Twinicon (M) Sdn. Bhd.	500	-
33 Sentral Park Sdn. Bhd.	150,000	-
Everhall (M) Sdn. Bhd.	500	-
Magna Park (Mentakab) Sdn. Bhd.	500	-
Kontrakmal 1 (M) Sdn. Bhd.	500	-
Prima Awan (M) Sdn. Bhd.	500	-
Magna Prima Australia Pty Ltd	350,000	-
	2,945,000	7,654,888

33. Significant Related Parties Transactions (Cont'd)

	Company 2012 RM	2011 RM
Overprovision of management fee from subsidiary companies in prior years:		
Magna Park Sdn. Bhd.	-	(314,926)
Embassy Court Sdn. Bhd.	(18,946)	(129,696)
Magna Shah Alam Sdn. Bhd.	(64,254)	(4,149)
MPrima (Shah Alam) Sdn. Bhd.	-	(172,901)
Dunia Epik Sdn. Bhd.	(221,850)	(58,832)
Magna Prima Construction Sdn. Bhd.	(6,418)	(247,105)
Magna Mix Sdn. Bhd.	(31,188)	(48,681)
Magna City Development Sdn. Bhd.	(12,569)	-
Pembinaan Contamaju-Infocast Sdn. Bhd.	(21)	-
Monetary Icon (M) Sdn. Bhd.	(180,534)	-
Ibsul Development (Sel) Sdn. Bhd.	(57,119)	-
Permata Juang (M) Sdn. Bhd.	(30,869)	-
	(623,768)	(976,290)

34. Contingent Assets and Contingent Liabilities

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Contingent Assets				
Settlement by defendant in a litigation matter by way of 4,088,000 ordinary shares at par value of RM0.25 per share:				
- at market value	3,066,000	3,352,160	-	-
- at par value	(1,022,000)	(1,022,000)	-	-
Inflow of economic benefit which is probable but not virtually certain	2,044,000	2,330,160	-	-
Contingent Liabilities				
Guarantees given to financial institutions for facilities granted to subsidiary companies:				
- Secured on assets of subsidiary companies	-	-	428,556,772	132,844,742
Guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:				
- Unsecured	-	-	25,930,000	25,300,000
Limit of guarantees	-	-	454,486,772	158,144,742
Amount utilised by subsidiary companies	-	-	173,283,312	136,743,649

35. Segmental Reporting

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

The reportable business segments of the Group comprise the following:-

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

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

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

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

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive 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 Group's Executive Directors.

The accounting policies of the segments are consistent with the accounting policies of the Group.

The main business segments of the Group comprise the following:

2012	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Total RM
Revenue					
Total revenue	174,164,558	164,680,747	22,585,231	23,748,395	385,178,931
Inter-segment revenue	-	(162,730,981)	(3,392,969)	(22,601,232)	(188,725,182)
Total segment revenue	174,164,558	1,949,766	19,192,262	1,147,163	196,453,749

35. Segmental Reporting (Cont'd)

2012	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Non-reportable segments RM	Inter-segment eliminations RM	Total RM
Results							
Segment profit/(loss)	16,246,786	55,944,433	(574,314)	19,246,671	(62,092)	(56,989,458)	33,812,026
Included in the segment profit/(loss) is:-							
Interest income	516,328	7,087	-	111,411	981	-	635,807
Assets							
Segment assets	856,847,557	188,103,325	15,082,810	342,630,550	13,313,253	(625,215,085)	790,762,410
Liabilities							
Segment liabilities	689,852,440	138,249,961	12,492,004	176,208,039	12,956,536	(405,700,807)	624,058,173

Restated 2011	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Total RM
Revenue					
Total revenue	56,302,599	103,722,681	28,852,891	12,655,461	201,533,632
Inter-segment revenue	-	(105,127,212)	(893,949)	(12,049,119)	(118,070,280)
Total segment revenue	56,302,599	(1,404,531)	27,958,942	606,342	83,463,352

Restated 2011	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Non-reportable segments RM	Inter-segment eliminations RM	Total RM
Results							
Segment profit/(loss)	(21,284,655)	10,295,448	(791)	3,544,431	(16,757)	(12,979,823)	(20,442,147)
Included in the segment profit/(loss) is:-							
Interest income	133,498	-	-	94,671	-	-	228,169
Assets							
Segment assets	688,224,068	148,974,600	13,451,269	301,057,926	33,272,462	(599,675,889)	585,304,436
Liabilities							
Segment liabilities	664,808,694	118,568,220	10,409,180	162,071,125	20,124,422	(516.077,188)	459,904,453

35. Segmental Reporting (Cont'd)

Reconciliation of reportable segment revenue, profit and loss, assets and liabilities and other material items are as follows:-

	2012 RM	2011 RM
Total profit/(loss) for segments	33,812,026	(20,442,147)
Adjustment for taxation	(17,085,133)	(1,934,446)
Consolidated profit/(loss) before tax	16,726,893	(22,376,593)

There were no major customers with revenue equal or more than 10% of the Group's revenue for the financial year ended 31 December 2012 (2011: RM Nil).

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
2012			
Revenue	196,453,749	-	196,453,749
Non-current assets	161,441,878	-	161,441,878
Restated			
2011			
Revenue	83,463,352	-	83,463,352
Non-current assets	66,218,389	96,898,666	163,117,055

36. Commitments

	Group	
	2012 RM	2011 RM
Approved and contracted for:		
Contractual obligation for development project	139,245,494	124,181,104

37. Financial Instruments

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risk. The Group operates within guidelines that are approved by the Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Foreign currency exchange risk

The Company is exposed to foreign currency risk on inter-company loans and advances that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily Australian Dollars. The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

The net unhedged financial asset of the Company that is not denominated in its functional currency is as follows:

	Company	
	2012 RM	2011 RM
Amount owing by subsidiary companies		
Denominated in Australian Dollar	14,439,653	102,760,898

Currency risk sensitivity analysis

The following table shows the sensitivity of the Company's profit net of tax to a reasonably possible change in Australian Dollar "AUD" exchange rate against the functional currency of the Company, with all other variables remain constant.

		Company	
		2012 RM	2011 RM
AUD/RM	-strengthened 5%	721,983	5,138,045
	-weakened 5 %	(721,983)	(5,138,045)

37. Financial Instruments (Cont'd)

(b) Interest Rate Risk

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

Exposure to interest rate risk

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

	Group	
	2012 RM	2011 RM
Floating rate instruments		
Financial liabilities:-		
Bank borrowings	169,561,881	131,537,343

Interest rate risk sensitivity analysis

A change of 25 basis points ("bp") in interest rates at the end of the reporting period would have increase/decrease on profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Profit after taxation	
Group	25bp increase RM	25bp decrease RM
Bank borrowings	(423,905)	423,905

(c) Credit risk

Exposure to credit risk

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

Credit risk concentration profile

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

37. Financial Instruments (Cont'd)

(d) Liquidity and Cash Flow Risks

The Group seeks to achieve a flexible and cost effective borrowing structure to ensure that the projected net borrowing needs are covered by available committed facilities. Debt maturities are structured in such a way to ensure that the amount of debt maturing in any one year is within the Group's ability to repay and/or refinance.

The Group also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

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

	On demand or within one year RM	Two to five years RM	Total RM
Financial liabilities:-			
Trade and other payables	160,528,805	8,252,575	168,781,380
Hire purchase payables	73,889	138,734	212,623
Bank borrowings	12,614,062	156,947,819	169,561,881
Taxation	20,751,301	-	20,751,301
	193,968,057	165,339,128	359,307,185

(e) Market Risk

Market risk is the risk that changes in market price (other than interest rates) that will affect the Group's financial position and cash flows.

The Group has no significant exposure to other market risk.

(f) Fair Value of Financial Instruments

The aggregate fair values of financial asset and liabilities of the Group as at 31 December 2012 are as follows:-

	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial asset				
Non-current asset				
Trade receivables	2,465,101	2,465,101	4,725,692	4,725,692

37. Financial Instruments (Cont'd)

(f) Fair Value of Financial Instruments (Cont'd)

	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liabilities				
Non-current liabilities				
Trade payables	8,252,575	8,252,575	5,686,669	5,686,669
Bank borrowings	156,947,819	156,947,819	100,125,000	100,125,000
Hire purchase payables	138,734	116,923	145,255	125,743
Company				
Financial liability				
Non-current liability				
Hire purchase payable	-	-	32,823	16,919

(i) The carrying amounts of cash and cash equivalents, current portion of trade and other receivables, inter-company loans and advances, current portion of trade and other payables, short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.

(ii) The carrying amount of long term bank borrowing carried on the statement of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.

(iii) The fair value of long term hire purchase payables carried on the statement of financial position are estimated using valuation technique under the hierarchy level 3 mentioned below whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

(iv) The fair value of long term trade receivables and long term trade payables are estimated using valuation technique under the hierarchy level 3 mentioned below whereby the expected future cash flows are discounted at market incremental lending rate for similar types of lending at the reporting date.

(v) The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

37. Financial Instruments (Cont'd)

Interest rates used to determined fair value:-

	2012 % p.a.	2011 % p.a.
Trade payables	7.80	7.80
Trade receivables	7.80	7.80
Hire purchase payables	3.48	3.48

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.

	2012 RM	Restated 2011 RM
Total interest bearing borrowings	169,774,504	131,893,376
Less: Cash and cash equivalents	(9,635,982)	(13,186,258)
Net borrowings	160,138,522	118,707,118
Equity attributable to owners of the Company	156,075,244	124,268,579
Gearing ratio	1.03	0.96

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

39. Significant Event

On 17 December 2012, the Company announced that Crossborder Team (M) Sdn Bhd, its wholly-owned subsidiary entered into a conditional sale and purchase agreement with Tropicana Desa Mentari Sdn Bhd to acquire all 36 sub-divided leasehold lots measuring in aggregate approximately 76,757 square feet at Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan for a total consideration of RM23,027,100. The sale and purchase agreement is currently pending the fulfilment of the conditions precedent therein.

40. Material Litigation

(i) A police report was lodged on 23 October 2000 stating that a sum of RM22,100,000 as detailed below was withdrawn from the bank accounts of two subsidiary companies on 16 October 2000.

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

The withdrawal of the abovesaid sum of RM22,100,000 was made by a former director of holding company ("MPB") who was also a director of both the Company and the abovesaid related companies in collaboration with various other parties.

On 1 November 2000, MPC, together with the Company and DE as joint Plaintiffs (collectively known as "Plaintiffs"), instituted a civil suit no.: D6-22-2039-2000 ("1st Suit") in the High Court of Kuala Lumpur ("Court") against Top Green Entity Sdn. Bhd. ("Top Green") and six other individuals namely Lim Kee Peng, Chiang Yee Hong, Tang Chee Meng, Goh Hock Choy, Ser Cheng Chong and Goh Chiang Fein for amongst others, the recovery of the abovesaid sum of RM22,100,000. On 13 February 2001, the Plaintiffs entered judgement against Top Green.

The Plaintiffs, on 22 April 2002, instituted a new suit no.: D3-22-488-2002 ("2nd Suit") in Court for amongst others, the recovery of the abovesaid sum of RM22,100,000 against Chiang Yee Hong, a former director of the Company and DE.

On 13 November 2003, the Plaintiffs successfully entered judgement against Chiang Yee Hong.

In 2005, the Plaintiffs added CIMB Bank Berhad (formerly known as Bumiputra-Commerce Bank Berhad), Tan Chow Poo, Chok Chew Lan, Tsunami Capital Sdn. Bhd. and Schwab & Co. Sdn. Bhd. as defendants to the 1st Suit.

The abovesaid amount of RM22,100,000 has been written off in full in the year 2000 because the prospect of recovery of the said sum cannot be ascertained and will however be recognised as income when and to the extent there is such recovery.

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

Settlement agreement (SA) dated 10 September 2008 has been signed between the MPC, the Company and DE and Tang Chee Meng, the 4th Defendant for the purpose of transferring the said shares. As at 13 May 2009, 953,000 shares belonging to the 4th Defendant has been transferred to the Company to hold in trust on behalf of MPC and DE.

The Plaintiffs filed "Notice of Discontinuance" against Mr. Tang Chee Meng who was the 4th Defendant in the suit on 16 June 2009.

On 29 June 2009, the Plaintiffs withdrew the suit against the 8th, 9th, 10th, 13th, and 15th Defendants.

The dates of trial were fixed on 4 February 2010 and 5 February 2010 during the case management on 14 October 2009.

On 5 February 2010, the Plaintiffs has discontinued the suit against CIMB Bank Berhad (the 11th Defendant).

40. Material Litigation (Cont'd)

On 5 February 2010, the Court has fixed the trial dates on 24 March 2010 to 26 March 2010 and 5 April 2010.

On 24 March 2010, the 5th Defendant filed an application to strike out the Plantiff's Writ and Statement of Claim ("Striking Out Application"). The Court has fixed the Striking Out Application hearing on 30 April 2010. The Court also has vacated the trial dates on 25 March 2010 to 26 March 2010 and 5 April 2010. The case management was held on 29 March 2011 before Judicial Commissioner for both parties to fix the trial date. On 29 March 2011, the case management date fixed on 22 April 2011 before Judicial Commissioner for both parties to fix the trial date. On 26 April 2011, the Court has fixed 24 May 2011 for mention, for both parties to inform the Court as to whether there are any possibilities of mediation. The Court also fixed 5 October 2011 for both parties to exchange and file witness statements in Court, 17 October 2011 for final case management and trials on 24 October 2011 and 25 October 2011.

On 24 May 2011, the Court had been informed that both parties were agreeable to proceed with mediation and the dates was fixed on 13 September 2011 and 5 October 2011. The Court also had directed for the dates on final case management to be maintained on 17 October 2011 pending the outcome of the mediation.

On 13 September 2011, the mediation was adjourned and on 10 October 2011, the mediation was fixed on 14 October 2011 and final case management was fixed on 17 October 2011. On 13 October 2011, the solicitor of Plantiffs sent a letter to the Defendants' solicitor to inform that proposal from Defendants on mediation is not agreeable.

The trials proceeded and concluded on 24 October 2011 and 25 October 2011 with 4 witnesses testified for Plaintiffs and the 12th Defendant. The 12th Defendant filed written submission on 18 November 2011 and on 9 December 2011, the Plaintiff filed submission in reply. On 16 December 2011, the Defendants filed further reply. On 12 January 2012, the decision of J.C. Datuk Hasnah Binti Dato' Mohammed Hashim is to allow all the relief by the Plaintiffs against the 5th Defendants and assess the damages to the Plaintiffs against the 12th Defendants. The 12th Defendants had on 10 February 2012 appealed to the Court of Appeal against the High Court decision dated 12 January 2012 pending of hearing or dismissal of the same.

The Case Management fixed on 25 April 2012, 12 June 2012 and 16 July 2012 for the Plaintiff's assessment of damages application against the 12th Defendant. The Court has fixed the Hearing of the 12th Defendant's application of stay and appeal against the High Court decision dated 12 January 2012 on 7 August 2012 and 12 November 2012 respectively. Meanwhile, the Plaintiff's assessment of damages has been fixed for Mention on 19 November 2012 pending the outcome of the 12th Defendant's appeal.

On 12 November 2012, the Court of Appeal has dismissed the 12th Defendant's appeal with costs. Thereafter, the Plaintiff's assessment of damages application has been postponed to 27 November 2012. Further Case Management has been fixed on 3 January 2013 and 9 January 2013 pending the filing of the 12th Defendant's Bundle of Documents. The Court has fixed the matter for Mention on 20 February 2013 to enable the 12th Defendant to update the Court as to whether he will be self represented or appoint a new solicitor to act on his behalf for the Plaintiff's assessment of damages.

Case management has been fixed on 14 March 2013 to provide the 12th Defendant with an opportunity to attend the said case management and to appoint a solicitor. On 14 March 2013, the Court has fixed a further case management to 27 March 2013 and instructed the Plaintiff's to file an Affidavit of Service of Notice to the 12th Defendant.

Subsequently, the 12th Defendant has discharged his solicitor and the Court has instructed the Plaintiffs to file affidavit and written submission for assessment of damages on or before 15 May 2013. This matter has been fixed for continued hearing on 29 May 2013.

40. Material Litigation (Cont'd)

(ii) On 11 June 2008, Bina BMK Sdn. Bhd. ("BMK"), a subcontractor for the Plaza Prima Kepong project brought the arbitration matter for a claim amounting to RM34,520,882 for issues such as, among others, wrongful determination of contract, claim for the balance sum due for works done, claim for the materials left on site and damages against Magna Park Sdn Bhd ("MPK"). MPK denied the above and has brought about a counter claim against BMK for RM6,803,438.

On 5 May 2009, the documents were filed and exchanged by both parties and the mutual exchange of revised witness statements was conducted. The hearing was proceeded before the Arbitrator on 10 February 2010 and additional dates up to July 2010 has been fixed. The trial dates were fixed from 18 to 28 October 2011 and 15 December 2011. The hearing dates were fixed on 17, 18, 23, 24, 27 February 2011 and 22 March 2011. However, the case is pending for new dates from the Court.

This matter has been fixed for continued hearing on 24 April 2012.

The Arbitrator has fixed the matter for continued trial on 31 July 2012 and 1 August 2012. On 31 July 2012, the Arbitrator directed that BMK to prepare draft notes of proceeding by 15 August 2012 and MPK to comment on the said draft by 12 September 2012. BMK is to report to the Arbitrator on the said draft by 19 September 2012. In the event there is no dispute on the said draft notes of proceeding, both parties are to submit their respective written submission eight (8) weeks from the date of agreed notes of proceeding. Thereafter, parties are to submit their respective written submission in reply four (4) weeks from the date of written submission. MPK has filed their written submission in reply on 19 February 2013. The Arbitrator has informed that he will deliver his award/decision within six (6) weeks from 19 February 2013. As at todate, the case is still pending for the Arbitrator award/decision.

(iii) On 25 March 2008, MPK filed a suit against MH Projects Sdn Bhd, who was the main contractor in the Alor Setar Hospital project for fees due and owing with regards to works done and completed at an amount of RM2,179,038, with statutory interest and costs. The final certificate of account has not been agreed upon and the claim was based on the penultimate certificate. MPK's application for summary judgement was dismissed and the matter is pending setting down for trial. Preliminary issues for this matter are currently being attended to. The case management was fixed on 11 March 2010 and further adjourned to 30 April 2010. The case was further adjourned to 29 June 2010 and the case management was fixed on 30 September 2010. The case management was adjourned to 10 December 2010. The final date for case management was fixed on 28 March 2011 and later fixed on 6 April 2011.

On 3 May 2011, the case management was fixed for hearing on 16 May 2011, however after several adjournments, the matter has been fixed for mediation on 7 December 2011 before the judge. On 27 December 2011, the case management date vacated from 28 December 2011 to 9 January 2012. On 9 January 2012, the case management was fixed to 7 March 2012 pending settlement. On 13 March 2012, the case management was further fixed to 28 May 2012 to enable MPK to file the documents. The trial dates have been fixed to 8 and 9 November 2012.

The matter has been fixed for further Case Management on 29 June 2012, 30 July 2012 and 4 September 2012. On 2 August 2012, MH Projects Sdn Bhd has been wound-up vide a Winding-Up Order dated 5 June 2012. On 4 September 2012, the Court has adjourned the matter to 4 October 2012 for Case Management and later further Case Management has been fixed on 30 October 2012 and 6 December 2012 to enable MPK to file the Proof of Debt Form. The Proof of Debt Form has been filed on 17 December 2012 and the Court has fixed the Case Management's dates on 29 January 2013, 21 February 2013, 26 February 2013, 8 March 2013 and 29 March 2013.

On 29 March 2013, the Court struck out MPK's writ as the Insolvency Department has accepted the Proof of Debt Form.

40. Material Litigation (Cont'd)

(iv) A contract was executed between Bauer and Embassy Court Sdn Bhd ("Embassy") (collectively known as "the Parties") on 6 October 2006 ("the Contract"). Bauer was appointed to carry out and complete the Piling and Substructure Works to the Cadangan Pembangunan 1 Blok Kondominium 41 Tingkat (78 units) Termasuk 1 Tingkat Kemudahan Penduduk, 2 Tingkat Lower Ground and 11 Tingkat Letak Kereta dan Keperluan M & E (herein called "The Works") at Sebahagian Lot 305, Seksyen 63, Lorong Kuda, Off Jalan Tun Razak, Kuala Lumpur.

On 26 June 2008, an Arbitration matter was initiated by Bauer against Embassy, a wholly owned subsidiary of the Company ("MPB"). The two main issues are:-

(a) The existence of an agreement dated 12 September 2006 between Bauer and Embassy; and

(b) The Final Account Claim

On 3 February 2012, the Final Award given from the Arbitration exercised under Pertubuhan Akitek Malaysia ("PAM") states that Embassy is to pay the Claimant the sum of RM18,718,966.28 being outstanding sum of monies for work done in the contract together with interest. Embassy is only entitled for RM502,979.40 being remedial and uncompleted work.

On 15 February 2012, Bauer filed an application to register the Final Award in the High Court of Kuala Lumpur against Embassy.

On 2 April 2012, the registration of the Final Award by Bauer was successful.

On 23 April 2012, Embassy filed an application against Bauer to set aside the Final Award dated 3 February 2012. The setting aside application fixed for case management on 17 May 2012.

Further case management has been fixed on 4 July 2012 for parties to file respective written submission. The Court has fixed a further case management on 8 August 2012 for a Hearing to be fixed for the setting aside application. On 3 July 2012, Bauer filed an application to strike out the setting aside application and the same has been fixed for Case Management on 31 July 2012. The matter has been adjourned to 8 August 2012.

The Court has fixed a Hearing on 24 October 2012 for both parties setting aside application and the Bauer's striking out application. The matter has been adjourned to 27 December 2012 whereby the Court has dismissed Embassy's application with costs. On 22 January 2013, the Appellants filed an appeal against the High Court decision dated 27 December 2012. Thereafter, the Appellants will prepare and file the Memorandum of Appeal and Record of Appeal eight (8) weeks from 22 January 2013.

Subsequently, the Memorandum of Appeal and Record of Appeal has been filed and currently the case is pending for the Court to fix new dates.

(v) On 4 March 2011, Bauer filed an action against Embassy and MPB at the High Court of Kuala Lumpur. The two main claims by Bauer are for:-

(a) Specific performance against Embassy to produce corporate guarantee issued by MPB; and

(b) MPB to indemnify and/or to pay Bauer such monies in the event Embassy fails to pay the sum awarded by the Arbitrator.

40. Material Litigation (Cont'd)

All witnesses were called into Trials held on 16, 17 & 18 November 2011. Subsequently, the parties have filed in their respective oral and written submissions.

On 15 February 2012, Embassy and MPB was served with Bauer's application for leave to adduce the Final Award as further evidence and the matter was fixed for Hearing on 1 March 2012. On 2 May 2012, the Court has allowed the Plaintiff's application and re-open its case to call its witnesses and to adduce the Final Award as further evidence. The Court has also allowed the Defendants to re-open their case and to call their witnesses or fresh witnesses to rebut the Plaintiff's evidence but only insofar as it relates to the said Final Award. Costs are held to be costs in the cause.

During the Case Management held on 16 May 2012, the Court has allowed Plaintiff's application to adduce the final arbitration award and further case management was fixed on 30 May 2012. The Defendant's solicitors has applied for postponement for application of stay to enable the Defendants to reply to the Plaintiff's Affidavit in Reply.

Subsequently, the matter was adjourned to 14 June 2012. The hearing fixed on 14 June 2012 has been vacated as the judge will be transferred to another court. The Case Management was later fixed on 20 July 2012. The Defendants application for Stay of Proceeding was fixed for hearing on 27 July 2012 and the matter has been fixed for continued trial on 25 September 2012. However, the matter was later adjourned to 18 October 2012. The decision was fixed on 25 October 2012 as the Defendants application of Stay of Proceeding has been allowed.

Subsequently, the Case Management was later fixed on 29 November 2012. The tentative trial date was also fixed on 14 December 2012 in the event the Defendant application for leave to the Federal Court is not granted.

The trial continued on 3 January 2013 and the Court has fixed 8 February 2013 to decide on the extent of cross examination of the Arbitrator. Subsequently, the trial continued on 22 February 2013 to resume the cross-examination of the Arbitrator albeit with a restricted scope of questioning. The continued hearing was fixed on 27 February 2013 for Plaintiff's counsel to verbally apply to the Court to expunge specific parts in the Arbitrator's evidence given during cross-examination on 14 December 2012.

The written submission was further filed in Court on 25 March 2013. The decision for the case has been fixed on 30 April 2013.

41. Explanation of Transition to MFRSs

This is the first year that the Company's financial statements were prepared and presented in accordance with MFRSs. The financial statements of the Company for the year ended 31 December 2011 were prepared in accordance with FRSs and the date of transition to MFRSs was therefore, 1 January 2011.

An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 2. The transition to MFRSs has been accounted for in accordance with MFRS 1, as disclosed in Note 2 (a).

The disclosures set out below describe the transition from FRSs to MFRSs that have affected the financial position, financial performance and cash flows of the Company. The transition to MFRSs does not have any impact on the reported financial position, financial performance and cash flows of the Company except for the impact due to early adoption of IC 15.

41. Explanation of Transition to MFRSs (Cont'd)

(a) Effects of MFRSs adoption for the statement of financial position as of 1 January 2011 and 31 December 2011:

Group	1 January 2011 (date of transition) FRSs RM	Effects of transition to MFRSs RM	MFRSs RM	31 December 2011 (end of last period presented under FRSs) FRSs RM	Effects of transition to MFRSs RM	MFRSs RM
Non-Current Assets						
Property, plant and equipment	1,921,737	-	1,921,737	1,756,701	-	1,756,701
Land held for property development	76,549,247	-	76,549,247	153,365,516	-	153,365,516
Goodwill on consolidation	3,269,146	-	3,269,146	3,269,146	-	3,269,146
Deferred tax assets	3,222,380	-	3,222,380	2,876,505	2,460,990	5,337,495
Trade receivables	-	-	-	4,725,692	-	4,725,692
	84,962,510	-	84,962,510	165,993,560	2,460,990	168,454,550
Current Assets						
Inventories	9,631,413	156,343,737	165,975,150	2,771,843	273,166,139	275,937,982
Property development costs	146,318,308	(146,318,308)	-	178,070,401	(178,070,401)	-
Amount owing by customers on contracts	31,366,290	-	31,366,290	22,412,841	-	22,412,841
Trade receivables	32,862,876	15,740,716	48,603,592	43,292,876	-	43,292,876
Accrued billings	14,247,142	(14,247,142)	-	6,486,803	(6,486,803)	-
Other receivables	53,672,039	-	53,672,039	61,596,768	-	61,596,768
Tax recoverable	43,507	-	43,507	423,161	-	423,161
Cash held under Housing Development Account	4,667,997	-	4,667,997	3,984,523	-	3,984,523
Fixed deposits with licensed banks	2,114,386	-	2,114,386	3,655,530	-	3,655,530
Cash and bank balances	12,900,566	-	12,900,566	5,546,205	-	5,546,205
	307,824,524	11,519,003	319,343,527	328,240,951	88,608,935	416,849,886

41. Explanation of Transition to MFRSs (Cont'd)

(a) Effects of MFRSs adoption for the statement of financial position as of 1 January 2011 and 31 December 2011 (Cont'd):

Group	1 January 2011 (date of transition) FRSs RM	Effects of transition to MFRSs RM	MFRSs RM	31 December 2011 (end of last period presented under FRSs) FRSs RM	Effects of transition to MFRSs RM	MFRSs RM
Current Liabilities						
Trade payables	122,869,662	-	122,869,662	109,219,436	-	109,219,436
Other payables	19,872,905	-	19,872,905	17,320,918	-	17,320,918
Progress billings	-	-	-	62,326,092	(62,326,092)	-
Deferred revenue	-	15,708,498	15,708,498	-	188,334,432	188,334,432
Hire purchase payables	222,009	-	222,009	210,778	-	210,778
Bank borrowings	11,455,245	-	11,455,245	31,412,343	-	31,412,343
Taxation	17,106,062	-	17,106,062	7,402,467	-	7,402,467
	171,525,883	15,708,498	187,234,381	227,892,034	126,008,340	353,900,374
Net current assets	136,298,641	(4,189,495)	132,109,146	100,348,917	(37,399,405)	62,949,512
	221,261,151	(4,189,495)	217,071,656	266,342,477	(34,938,415)	231,404,062
Financed By:						
Share capital	61,800,896	-	61,800,896	83,222,485	-	83,222,485
Reserves	57,862,139	(4,189,495)	53,672,644	75,984,509	(34,938,415)	41,046,094
Equity attributable to owners of the Company	119,663,035	(4,189,495)	115,473,540	159,206,994	(34,938,415)	124,268,579
Non-controlling interests	2,945,601	-	2,945,601	1,131,404	-	1,131,404
Total equity	122,608,636	(4,189,495)	118,419,141	160,338,398	(34,938,415)	125,399,983
Non-Current Liabilities						
Trade payables	-	-	-	5,686,669	-	5,686,669
Hire purchase payables	309,360	-	309,360	145,255	-	145,255
Bank borrowings	98,275,000	-	98,275,000	100,125,000	-	100,125,000
Deferred tax liability	68,155	-	68,155	47,155	-	47,155
	98,652,515	-	98,652,515	106,004,079	-	106,004,079
	221,261,151	(4,189,495)	217,071,656	266,342,477	(34,938,415)	231,404,062

41. Explanation of Transition to MFRSs (Cont'd)

(b) Effects of MFRSs adoption for the statement of comprehensive income for year ended 31 December 2011 (the latest period presented under FRSs)

	FRSs RM	Effects of transition to MFRSs RM	MFRSs RM
Revenue	201,743,571	(118,280,219)	83,463,352
Cost of sales	(165,751,287)	85,070,309	(80,680,978)
Gross profit	35,992,284	(33,209,910)	2,782,374
Other operating income	5,421,742	-	5,421,742
Marketing and promotion expenses	(3,219,251)	-	(3,219,251)
Administration expenses	(13,151,262)	-	(13,151,262)
Other operating expenses	(11,625,215)	-	(11,625,215)
Profit/(Loss) from operations	13,418,298	(33,209,910)	(19,791,612)
Finance costs	(650,535)	-	(650,535
Profit/(Loss) before taxation	12,767,763	(33,209,910)	(20,442,147)
Taxation	(4,395,436)	2,460,990	(1,934,446)
Net profit/(loss)/Total comprehensive income/(loss) for the financial year	8,372,327	(30,748,920)	(22,376,593)

(c) Effects of MFRSs adoption for the statement of cash flows for year ended 31 December 2011 (the latest period presented under FRSs)

	FRSs RM	Effects of transition to MFRSs RM	MFRSs RM
Operating profit/(loss) before working capital changes	16,595,005	(33,209,910)	(16,614,905)
(Increase)/Decrease in working Capital	(59,700,532)	33,209,910	(26,490,622)
Net decrease in cash and cash equivalents	(5,956,489)	-	(5,956,489)
Cash and cash equivalents at beginning of the financial year	17,318,288	-	7,318,288
Cash and cash equivalents at end of the financial year	11,361,799	-	11,361,799

42. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 24 April 2013.

43. Realised and Unrealised Profits/Losses (Supplementary Information)

The breakdown of the retained earnings of the Group and of the Company as at 31 December into realised and unrealised amounts is as follows:

	Group 2012 RM	Group Restated 2011 RM
Total retained profits		
Realised	11,299,619	(421,092)
Unrealised loss	(1,116,354)	(507,888)
Unrealised profits	7,687,351	6,239,742
	17,870,616	5,310,762

	Company 2012 RM	Company 2011 RM
Total retained profits		
Realised	37,405,863	20,071,690
Unrealised (loss)/profit	(31,634)	(44,588)
	37,374,229	20,027,102

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 2012

Registered Owner	Location	Description and Existing Use	Tenure	Land / Built - up Area (Sq.ft.)	Age of Property / Building	Net book Value RM
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211 Mukim Mentakab, Daerah Temerloh	Semi -Detached House	Leasehold (Expiring on 2088)	3,249	21 years	96,533.20
Magna Ecocity Sdn Bhd	H.S.(D) 16667, Lot PT12, Seksyen 15, Bandar Shah Alam, District of Petaling, Selangor.	Development Land	Leasehold (Expiring on 27.09.2083)	871,200	-	103,765,500.25
33 Sentral Park Sdn Bhd	H.S (D) 16678 PT320, Mukim Kuala Lumpur, Daerah Petaling Negeri, Selangor. H.S (D) 16679 PT321, Mukim Kuala Lumpur, Daerah Petaling Negeri, Selangor.	Development Land	Freehold	302,996	-	50,318,750.90
Magna Park (Mentakab) Sdn Bhd	H.S.(D) 10059-10060, 10065-10066, 10094-10099, 10112-10113, 10115-10147, 10149-10154, Mukim Mentakab, Daerah Temerloh, Pahang.	Land held for sale	Leasehold (Expiring on 13.06.2090)	481,620.40	-	5,187,539.70
Magna Mix Sdn Bhd	H.S.(D) 26212, Lot No.9577 Mukim Damansara, Bandar Subang Jaya, District of Petaling, State of Selangor.	Serviced Apartment	Freehold	1,469	4 years	535,891.20

Authorised Share Capital	:	RM 100,000,000
Issued and Fully Paid-up Share Capital	:	RM 83,222,485
Class of Shares	:	Ordinary Shares of RM 0.25 each
Voting Rights	:	One (1) for each ordinary shares held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHAREHOLDINGS
Less Than 100	7	0.49	244	0
100 to 1,000	67	4.68	47,940	0.01
1,001 to 10,000	871	60.87	4,709,680	1.42
10,001 to 100,000	378	26.41	12,393,776	3.72
100,001 to less than 5%	104	7.27	188,480,476	56.62
5% and above	4	0.28	127,257,824	38.23
TOTAL	**1,431**	**100.00**	**332,889,940**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 15 APRIL 2013

No.	Names	No. of shares held			
		Direct	%	Indirect	%
1	Muafakat Kekal Sdn Bhd	33,000,000	9.91	-	-
2	Fantastic Realty Sdn Bhd	83,631,824	25.12	-	-
3	Chun Mei Ngor	22,953,300	6.89	-	-
4	Chun Yee Ying	18,626,000	5.60	-	-
5	Lee Hing Lee	-	-	# 83,631,824	25.12

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

ANALYSIS OF **SHAREHOLDINGS**
AS AT 15 APRIL 2013

THIRTY LARGEST SHAREHOLDERS AS AT 15 APRIL 2013

No.	Names	Shareholdings	%
1	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Fantastic Realty Sdn Bhd	50,000,000	15.02
2	Fantastic Realty Sdn Bhd	33,631,824	10.10
3	M&A Nominee (Tempatan) Sdn Bhd for Muafakat Kekal Sdn Bhd	25,000,000	7.51
4	Chun Yee Ying	18,626,000	5.60
5	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor (M02)	10,762,400	3.23
6	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Manjit Singh a/l Harban Singh	9,821,232	2.95
7	Lee Equity Holdings Sdn Bhd	9,511,600	2.86
8	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rahadian Mahmud bin Mohammad Khalil	8,400,000	2.52
9	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Fatt Thai (E-KPG)	8,090,800	2.43
10	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Seong Hen (MGN-CSH0008M)	8,005,000	2.40
11	Muafakat Kekal Sdn Bhd	8,000,000	2.40
12	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kong Meng (E-KPG)	7,743,100	2.33
13	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching (473650)	6,558,000	1.97
14	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	6,000,000	1.80
15	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Equity Holdings Sdn Bhd	5,950,000	1.79
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Hwa (E-KPG)	5,236,100	1.57
17	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	5,132,000	1.54
18	Chun Mei Ngor	5,000,000	1.50
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Sew Hong (E-KPG)	4,898,700	1.47
20	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Pee Leong	4,555,400	1.37
21	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Citibank NA, Singapore (Julius Baer)	4,000,000	1.20
22	Lee Kung Meng	3,895,000	1.17

THIRTY LARGEST SHAREHOLDERS AS AT 15 APRIL 2013

No.	Names	Shareholdings	%
23	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account-Ambank (M) Berhad for Chun Mei Ngor (SMART)	3,818,400	1.15
24	Magna Prima Berhad	3,812,000	1.15
25	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Kim Leng	3,620,800	1.09
26	Lee Kung Wah	3,496,200	1.05
27	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor	3,372,500	1.01
28	M&A Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kung Wah (M&A)	3,240,000	0.97
29	Leow Ya Seng	3,100,000	0.93
30	Lee Kung Wah	3,000,000	0.90

DIRECTORS' SHAREHOLDINGS AS AT 15 APRIL 2013

Names	Direct	%	Indirect	%
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	-	-	-	-
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	*8,400,000	2.52	-	-
DATO' MOHAMAD RIZAL BIN ABDULLAH	*270,000	0.08	-	-
CHOH KIM CHIEW	-	-	-	-
ONG AH LENG	-	-	-	-
SAZALI BIN SAAD	-	-	-	-

* Includes shares held through nominee companies

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting ("AGM") of Magna Prima Berhad ("Magna Prima") will be held at Ideal Convention Centre, Jalan PS 8/3, Taman Prima Selayang, 68100 Selangor Darul Ehsan on Thursday, 30 May 2013 at 10:00 a.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final single tier exempt dividend of 1.5 sen per share **Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association: -

   YBhg Dato' Rahadian Mahmud bin Mohammad Khalil **Resolution 3**
   YBhg Dato' Mohamad Rizal bin Abdullah **Resolution 4**

4. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2012. **Resolution 5**

5. To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2013 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 ordinary resolutions: -

6. Reappointment of YBhg Tan Sri Datuk Adzmi bin Abdul Wahab as Independent Non-Executive Director, Chairman of the Company pursuant to Section 129(6) of the Companies Act, 1965 **Resolution 7**

   "THAT YBhg Tan Sri Datuk Adzmi bin Abdul Wahab, aged 70 years be and is hereby reappointed as Independent Non-Executive Director, Chairman of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965."

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

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

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

   "THAT subject to the provisions under the Act, the Memorandum and Articles of Association of Magna Prima, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.25 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any time and an amount not exceeding the total retained profits and/or share premium account based on the audited financial statements for the financial year ended 31 December 2012 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 2014, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
   (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
   (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first,

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

By order of the Board

YUEN YOKE PING (MAICSA 7014044)
Company Secretary
Petaling Jaya
7 May 2013

Notes:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
6. Depositors who appear in the Record of Depositors as at 24 May 2013 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business:

7. The Ordinary Resolution 8, 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 30 May 2012. The Company has not issued any new share pursuant to Section 132D of the Act which was approved at the Seventeenth AGM held on 30 May 2012 and which will lapse at the conclusion of the forthcoming Eighteenth 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.

8. The Ordinary Resolution 9, 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 9 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.

Profile

Name	:	YBhg Tan Sri Datuk Adzmi bin Abdul Wahab
Age	:	70
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director, Chairman
Education	:	- Bachelor of Arts (Honours) degree in Economics - Post Graduate Diploma in Public Administration from the University of Malaya - Master of Business Administration from University of Southern California, USA
Working experience	:	1967 - 1982 - Malaysian Administrative and Diplomatic Service 1982 - 1985 - HICOM Berhad - Manager 1985 - 1992 - Proton - Director/ Corporate General Manager November 1992 - May 2005 - Edaran Otomobil Nasional Berhad (EON) - Managing Director 1994 - July 2005 - Malaysian Franchise Association (MFA) - Chairman 1998 - 1999 - Asia Pacific Franchise Confederation - Chairman

YBhg Tan Sri Datuk Adzmi bin Abdul Wahab also hold directorships in Lebtech Berhad, Grand Flo Solutions Berhad and Dataprep Berhad.

YBhg Tan Sri Datuk Adzmi bin Abdul Wahab has no family relationship with any of the directors and / or major shareholders of the Company.

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

* 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 30 May 2012, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting ("AGM").

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

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

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

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

Based on the issued and paid-up share capital of Magna Prima as at 15 April 2013 of RM83,222,485 comprising 332,889,940 Magna Prima shares a total of 33,288,994 Magna Prima shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming no options are granted under the Company's existing Employees Share Option Scheme (ESOS).

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 2014 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or

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

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

whichever occurs first.

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

The Board proposes to allocate funds up to an amount of the retained profits and/or share premium account of the Company for the purchase of its own shares subject to the compliance with Section 67A of the Companies Act, 1965 ("Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Magna Prima as at 31 December 2012, the retained profits amounted to approximately RM17,870,616 and the share premium account amounted to approximately RM35,565,970.

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

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

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

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

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

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

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

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

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

(i) to cancel the purchased shares;

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

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

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

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

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

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.

As at 15 April 2013, the public shareholding spread of the Company based on the issued and paid-up share capital of 332,889,940 Magna Prima Shares was 49.88%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

The Company did not purchase any Magna Prima shares during the financial year ended 31 December 2012.

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

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

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

4. ADVANTAGES AND DISADVANTAGES

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

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

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

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

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

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

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

4. ADVANTAGES AND DISADVANTAGES (CONT'D)

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

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

(ii) as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings and the share premium account, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on the share capital, shareholding structure, net assets, earnings and working capital of the Company are set out below based on the following scenarios:-

Minimum scenario : Assuming that no options are granted under the Company's ESOS

Maximum scenario : Assuming that all the options are granted and exercised under the Company's ESOS

5.1 Share Capital

The proforma effects of the Proposed Renewal of Share Buy-Back on the issued and paid-up share capital of the Company are set out below:-

	Minimum scenario		Maximum scenario	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Issued and paid-up share capital*	332,890	83,222	332,890	83,222
To be issued pursuant to: - Assuming full exercise under the Company's ESOS	-	-	49,933	12,483
Enlarged share capital	**332,890**	**83,222**	**382,823**	**95,705**
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(33,289)	(8,322)	(38,282)	(9,570)
Upon completion of the Proposed Renewal of Share Buy-Back	**299,601**	**74,900**	**344,541**	**86,135**

Notes:-
* As at 15 April 2013

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

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 15 April 2013:-

(i) Minimum Scenario

	As at 15 April 2013				After the Proposed Renewal of Share Buy-Back^			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	9.91	-	-	33,000	11.01	-	-
Fantastic Realty Sdn Bhd	83,632	25.12	-	-	83,632	27.91	-	-
Chun Mei Ngor	19,134	5.75	-	-	19,134	5.75	-	-
Chun Yee Ying	18,626	5.60	-	-	18,626	5.60	-	-

(ii) Maximum Scenario

	As at 15 April 2013 and assuming full exercise of the ESOS options#				After the Proposed Renewal of Share Buy-Back^			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	8.62	-	-	33,000	9.58	-	-
Fantastic Realty Sdn Bhd	83,632	21.85	-	-	83,632	24.27	-	-
Chun Mei Ngor	19,134	5.75	-	-	19,134	5.85	-	-
Chun Yee Ying	18,626	5.60	-	-	18,626	5.22	-	-

Notes:-

 # Assuming 49.933 million options were granted and exercised under the Company's ESOS

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

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

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

	As at 15 April 2013				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	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	8,400	2.52	-	-	8,400	2.52	-	-	8,400	2.52	-	-
Dato' Mohamad Rizal bin Abdullah	270	0.08	-	-	270	0.09	-	-	270	0.08	-	-
Choh Kim Chiew	-	-	-	-	-	-	-	-	-	-	-	-
Ong Ah Leng	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Based on the Register of Directors as at 15 April 2013.*

Scenario 1 : Assuming that no options are granted under the Company's ESOS and after the Proposed Renewal of Share Buy-Back

Scenario 2 : Assuming that all exercised under the Company's ESOS and after the Proposed Renewal of Share Buy-Back. The final allocation of ESOS options to the Directors of the Company has not been finalised and as such, for illustrative purposes, the effects under Scenario 2 excludes allocation of ESOS options to Directors

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

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 Section 67A of the Act and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Working capital

The implementation of the Proposed Renewal of Share Buy-Back is likely to reduce the working capital of the Group, the quantum being dependent on the number of the purchased shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

For the purchased shares retained as treasury shares as per Section 67A of the Act, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

6. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval being obtained from the shareholders of Magna Prima.

7. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("CODE")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period. However, an exemption from undertaking a mandatory offer when the company purchases its own voting shares may be granted by the Securities Commission under Practice Note 9 of the Code.

The Board takes cognisance of the requirements of the Code and will be mindful of the requirements when making any purchases of shares pursuant to the Proposed Renewal of Share Buy-Back.

8. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

9. SHARE PRICES

The monthly highest and lowest prices per share of Magna Prima shares traded on Bursa Securities for the past twelve (12) months are as follows:-

	Highest (RM)	Lowest (RM)
2012		
March	0.88	0.82
April	0.86	0.82
May	0.85	0.81
June	0.83	0.81
July	0.82	0.80
August	0.83	0.81
September	0.82	0.77
October	0.83	0.78
November	0.80	0.75
December	0.79	0.75
2013		
January	0.80	0.75
February	0.79	0.75
March	0.78	0.75
April	0.76	0.75

(Source: The Star Online)

10. DISCLAIMER STATEMENT

Bursa Securities has not perused this Statement prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

MAGNA PRIMA BERHAD
(369519-P)
(Incorporated in Malaysia)

PROXY FORM

I/We, ____

of ____

being a member / members of MAGNA PRIMA BERHAD hereby appoint ____________________

____

of ____

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of Magna Prima Berhad will be held at Ideal Convention Centre, Jalan PS 8/3, Taman Prima Selayang, 68100 Selangor Darul Ehsan on Thursday, 30 May 2013 at 10.00 a.m. and at any adjournment thereof.

	Resolution	For	Against
To receive and adopt the audited financial statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon.	1		
To declare a final single tier exempt dividend of 1.5 sen per share	2		
To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association: -			
YBhg Dato' Rahadian Mahmud bin Mohammad Khalil	3		
YBhg Dato' Mohamad Rizal bin Abdullah	4		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2012	5		
To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Board of Directors to fix their remuneration	6		
As SPECIAL BUSINESS:- To consider and, if thought fit, pass the following ordinary resolutions:			
Reappointment of YBhg Tan Sri Datuk Adzmi bin Abdul Wahab, aged 70 years, as Independent Non-Executive Director, Chairman of the Company pursuant to Section 129 (6) of the Companies Act 1965	7		
Proposed renewal of the authority for Directors to issue shares	8		
Proposed Renewal of Share Buy-Back	9		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.

NO. OF SHARES

....
Signature / Common Seal

....
Date

Notes:
1. A member of the Company 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.The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
5. Depositors who appear in the Record of Depositors as at 24 May 2013 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

MAGNA PRIMA BERHAD (369519-P)
Lot No. C-G11 & C-G12, Block C,
Jalan Persiaran Surian,
vPalm Spring @ Damansara,
47810 Kota Damansara, Petaling Jaya,
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www.magnaprima.com.my

MAGNA PRIMA BERHAD
(369519-P)

Fold here to seal

STAMP

THE COMPANY SECRETARY

MAGNA PRIMA BERHAD (369519-P)
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