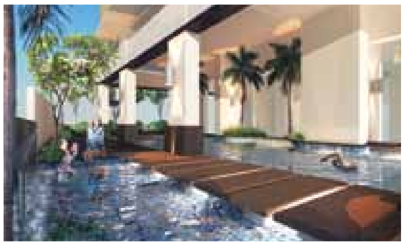
MAGNA PRIMA BERHAD

(369519-P)



POSITION FOR THE FUTURE

Annual Report **2013**


The Istana
Melbourne

CONTENTS

GROUP STRUCTURE

MAGNA PRIMA BERHAD
(369519-P)

PROPERTY DEVELOPMENT

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

CONSTRUCTION & ENGINEERING

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

PROPERTY MANAGEMENT

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

TRADING

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

CORPORATE INFORMATION

Board of Directors

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Group Managing 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

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Ong Ah Leng

Sazali bin Saad

COMPANY SECRETARY

Yuen Yoke Ping
(MAICSA 7014044)

REGISTERED OFFICE

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

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel : 603-7841 8000
Fax : 603-7841 8151/52

AUDITORS

Messrs Morison Anuarul Azizan Chew
(AF 001977)
Chartered Accountants

SOLICITORS

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

PRINCIPAL BANKERS

Malaysia Building Society Berhad
Affin Investment Bank Berhad
OCBC Bank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

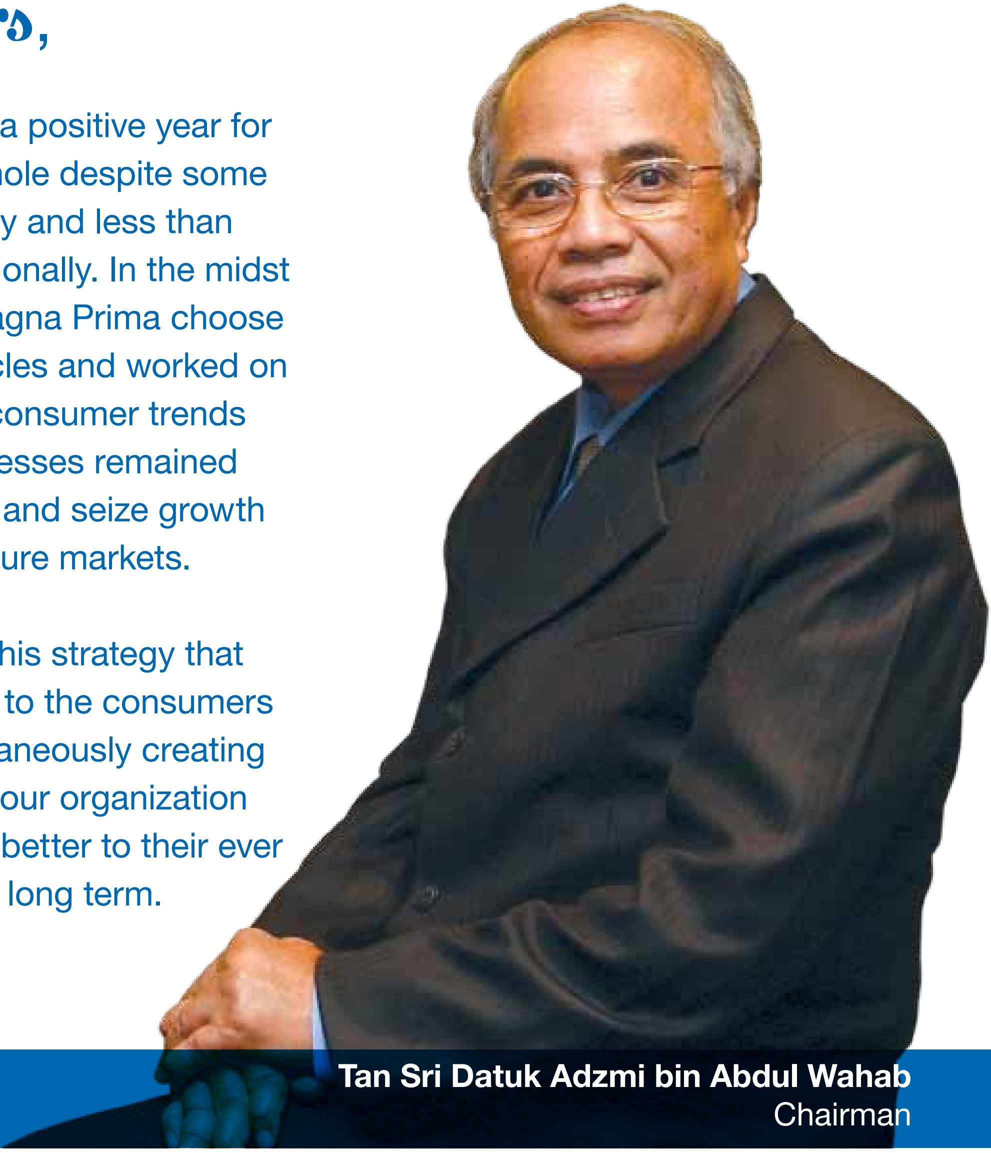
Bursa Malaysia Securities Berhad
Main Board
Listed since 16 January 1997
Bursa's Code: 7617


Boulevard Service Apartment
Jalan Kuching

Dear Shareholders,

Looking back at 2013, it was a positive year for the property industry as a whole despite some economic uncertainties locally and less than robust market conditions regionally. In the midst of these conditions, we at Magna Prima choose to look beyond economic cycles and worked on improving our monitoring of consumer trends to ensure that our core businesses remained stable and were able to seek and seize growth opportunities in new and mature markets.

I strongly believe that it was this strategy that was key in bringing us closer to the consumers in the short term while simultaneously creating more agility and efficiency in our organization thereby enabling us to adapt better to their ever changing needs in the mid to long term.



Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

OVERVIEW OF THE PROPERTY MARKET

Demand for properties in upcoming areas / hotspots throughout Kuala Lumpur and Selangor remained steady throughout 2013. In Q3 2013, Malaysia´s national house price index rose by 10.1% year-on-year, with Kuala Lumpur's house price index rising sharply to an average of RM620,758 followed by Sabah and by Selangor, with average prices of RM413,187and RM405,826 according to a report released by the Ministry of Finance's Valuation and Property Services Department (JPPH).

Overall, the number of property transactions dropped for the first time since 2009, albeit by an insignificant 0.7%. This was mainly attributed to fewer transactions in the commercial (offices and retail shops), agricultural and industrial sub-sectors, by about 5% on average. This was countered by an increase in transactions in development land and homes.

At the same time, developers on the other hand continued to face industry-wide challenges, including higher labour costs stemming from a persistent shortage of skilled labour and inconsistent supply and rising cost of building materials. These factors led to continued pressure on margins.

Nevertheless, challenges always come with opportunities to innovate and increase operational and management efficiency. Another positive factor is that fundamental demand for properties in Malaysia remained high throughout 2013 and developers were able to adapt products and prices to seize this opportunity to boost sales.

RM19.3 million

the Group posted a profit before tax

KEY FINANCIAL HIGHLIGHTS

Our property development business continues to be Magna Prima's main focus, accounting for approximately 92% of the Group's earnings while our construction and trading activities yielded the remaining approximately 7%.

For the year ended 31 December 2013, the Group posted a profit before tax of RM19.3 million compared to RM33.8 million in corresponding 2012 period. This came on the back of a declining revenue, which slid to RM135.9 million from RM196.5 million previously. The diminished figures are attributed to smaller scale developments being handed over during the period under review compared to FY12.

Earnings and revenue also continue to be slanted to some extent due to the impact of the adoption of MFRS 118 Accounting Standards whereby revenue is only recognised at the time of delivery of vacant possession rather than on a percentage of completion basis.

Despite this, we believe our portfolio of assets is much stronger than a year before although it will take time to show. The long term prospects of our two core markets, i.e. Malaysia and Australia, both have strong economic fundamentals and steady consumer demand.

PROPOSED DIVIDENDS

The Board of Directors has recommended a final single tier exempt dividend of 1 sen per share for the financial year ended 2013. This will be paid on a date to be announced later.

CORPORATE DEVELOPMENTS

On 12 September 2013, the Group's wholly owned subsidiary, Crossborder Team (M) Sdn Bhd announced the completion of the acquisition of all 36 sub-divided commercial leasehold lots along Jalan Klang Lama in Petaling Jaya, Selangor. The purchase price of RM23,027,100.00 has been fully paid and the relevant issue documents of title were presented to the land office. The said registration is complete and titles are under the name of Crossborder Team (M) Sdn Bhd thus, marking the completion of the acquisition.

REVIEW OF OPERATIONS

Alam D'16, Shah Alam, Selangor

This 17-acre development consisting of 177-units of double storey link homes in Shah Alam came to a full circle when it was granted the Certificate of Practical Completion in January 2013 thereby enabling owners and other occupiers to take vacant possession more than one year ahead of schedule.

Seri Jalil, Bukit Jalil, Selangor

The year 2013 also marked the handing over of Seri Jalil, a sought after mid to high end residential development in the mature township of Bukit Jalil. Necessary inspections were conducted and local authorities granted Seri Jalil its Certificate of Practical Completion in October 2013.

Alam D'16
Shah Alam

CHAIRMAN'S STATEMENT

Boulevard Business Park @ Jalan Kuching, Kuala Lumpur

Construction on the multi-facetted Boulevard Business Park development continues to progress on schedule with more than 28% completed during the financial year under review. Phase 1 consisting of 376 units of shop offices of which 282 units have been sold while 76 of the 345 units of Serviced Apartments launched in February 2013 have been purchased as part of Phase 2. Total sales value recorded in 2013 exceeded RM300 million. All works on this hybrid development is expected to be completed during the first quarter of 2015.

Magna Ecocity, Shah Alam, Selangor

The Group was successful in obtaining a conditional Development Order for our proposed RM1.4 billion integrated development in January 2014 as anticipated. We continue to take advantage of our competitive advantage in this segment and target to launch the first phase comprising of shop offices by end 2014 with construction works expected to commence shortly thereafter.

Desa Mentari, Petaling Jaya, Selangor

This recently acquired 1.76-acre parcel of commercial land off Jalan Klang Lama and fronting the busy Damansara-Puchong Expressway is earmarked to feature 36 units of 3-storey shop offices with a gross development value of RM68 million. The Group's latest commercial development is slated to be launched during the second quarter of 2014 and is expected to be completed between 18 to 24 months once construction commences.

Boulevard Business Park
Jalan Kuching

Seri Jalil
Bukit Jalil

Jalan Ampang, Iconic Towers, Kuala Lumpur City Centre

2014 marks a significant milestone for the Group as we envision taking possession of our crown jewel – 2.62 acres of prime real estate in the heart of Kuala Lumpur's Golden Triangle. The Lai Meng Girl's school which occupied the space will commence operations at its new campus in Bukit Jalil in time for its mid-term session in April.

On the planning front, our application for a Development Order was granted in December 2013 and the Group has been granted a plot ratio of 1:12 by the Kuala Lumpur City Council due to the relatively big size of the parcel of land.

We are on course to commence construction in 2015 of two 60-storey towers with a Gross Development Value (GDV) of RM1.8 billion. The towers will comprise of serviced apartments, a hotel and offices, with Green Building Index elements incorporated into the designs.

The Istana, Melbourne, Australia

Construction on the Group's maiden overseas venture continues to progress well with more than 45% of building works completed by the end of FY13. Sales of 240 units have been recorded with an approximate sales value of AUD138,368,072.

CORPORATE SOCIAL RESPONSIBILITY

Magna Prima continued to be positive presence in local communities by extending financial assistance to alleviate the burden flood victims in the state of Pahang among others. Dire assistance was needed to help repair severe damage in flood hit districts and to help clean homes and provide basic necessities to locals.

The Group also aided in raising funds for the medical costs of life saving pediatric heart surgery in addition to extending its support to events deemed to provide excellent avenues to bring people closer together while engaging in sports.

LOOKING FORWARD

The Group is cautiously optimistic for 2014 as the property market outlook is expected to remain positive. We foresee an increase in demand for properties from genuine buyers buying for their own occupation or for long-term investments and therefore not affected by the RPGT nor the cessation of the developer's interest bearing scheme (DIBS). We hope that the introduction of such measures will instead reduce speculation while simultaneously increasing demand in a property market perceived to be unaffordable to most quarters.

Ripple effects from the implementation of additional initiatives such as the mass rapid transit system and the construction of new highways to ease bottlenecks and increase connectivity, a steadily growing affluent younger population, relatively low mortgage rates and the government's aim to increase the population of Greater KL to 10 million by 2020, will also continue to create demand for properties in 2014 and beyond.

As the property market grows and evolves, Magna Prima will continue to roll out more sought after products in "hot locations" and according to consumer affordability while concurrently exploring opportunities for future growth.


The Istana
Melbourne

APPRECIATION

Dato' Rahadian Mahmud bin Mohammad Khalil was redesignated to Group Managing Director on 14 April 2014, stepping up from his current role as Chief Executive Officer of Magna Prima Berhad. This senior leadership appointment was effective immediately and better reflects Dato' Rahadian Mahmud's management and new strategic endeavours to grow the business and steer the Group forward in the coming years.

The demise of Executive Director, Dato' Mohamad Rizal bin Abdullah was announced on 17 November 2013. He was a familiar face to many employees and business associates, and had joined the Board in 2006 following an extensive career in the construction industry. The Board recognised the outstanding contribution of late Dato' Mohamad Rizal Bin Abdullah to Magna Prima Group during his tenure as Executive Director.

I would like to take this opportunity to specifically thank Dato' Rahadian Mahmud for taking over the additional responsibility of the Construction Division without hesitation in light of the untimely demise of Dato' Mohammad Rizal bin Abdullah. Dato' Rahadian's thorough understanding of the business has enabled him to hit the ground running and while creating a strong forward momentum from which the Group is certain to benefit from in the future.

On behalf of the Board of Directors and the Management of Magna Prima, I would also like to thank our customers, vendors and associates for their sustained trust in us, our shareholders and bankers for supporting us and of course our talented employees for their commitment in giving the best they have in ideas and energy to Magna Prima in 2013.

Tan Sri Datuk Adzmi Bin Abdul Wahab
Chairman

Boulevard Business Park
Jalan Kuching

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIALS

As at the end of 2013, Magna Prima had in its possession RM928.5mil in total assets, including RM179.8mil worth of land held for property development purposes and RM53.6mil in investment properties.

Despite weaker earnings in 2013, Management remains optimistic for the Group's outlook in the coming year based on our current and upcoming roster of projects. We anticipate net profits in 2014 to be boosted by contributions on full recognition from our Seri Jalil residential project and The Istana project.

We are also certain of higher sales contributions from our hybrid development along Jalan Kuching dubbed the Boulevard Business Park. The expected completion of our Australian residential venture, The Istana, will further help lift the Group's earnings for the financial year ending 31 December 2014.

Economic Conditions and Industry Challenges

In general, compared to 2013, we expect 2014 to be a challenging year due to a number of new policies aimed at regulating the property industry. Among the likely major hurdles moving forward will be the effects of the changes to the Real Property Gains Tax (RPGT) thresholds and the more stringent lending requirements.

In addition to this, the combined effect of Bank Negara's ruling that financial assessments be made on borrowers' net income rather than gross income as previously practiced. As a result, the buyers are unable to commit their purchases until they get clearance from banks that they will be offered the loan applied for.

Other challenges affecting the industry will stem from another ruling from Bank Negara which prohibits financial institutions from granting end-financing facilities to individuals or non-individuals for the purchase of property offered under interest capitalisation schemes (ICS), which includes the developer interest-bearing scheme (DIBS). Financial institutions are also barred from granting bridging facilities to finance a property development that offers ICS.

Those who purchased properties under Developer Interest Bearing Schemes (DIBS) and were hoping to sell their properties at a higher price within a short period of time but are likely to face difficulties in doing so in 2014 as properties become more illiquid and as buyers adopt a wait-and-see attitude during the first half of 2014.

Other industry challenges stem from the launching of PR1MA projects in the Klang Valley which pose a concern to us as the middle income group these projects are aimed at is one of the key demographic groups Magna Prima also engages with. In addition to homes being offered at a 20% - 30% discounted rate, applicants deemed eligible for this scheme are also offered 100% financing and an additional 5% to cover the cost of insurance and legal fees for the Sales and Purchase agreement. Stamp duty is exempted.

Key Opportunities

Despite the economic challenges, the rapid growth of an urban high-middle income class and the ever present high income households are anticipated to continue to support demand for high end properties in 2014. Other income groups will also continue to play a role in ensuring the residential property segment remains firm in the mid-range residential properties segment in the Greater KL vicinity. This is in line with private developers' and Government measures taken to meet rising demand for affordable housing by low- and middle-income earners, which Magna Prima is a keen supporter of.

Many other opportunities also await us in 2014. The Group has already begun undertaking efforts to better understand property purchasing characteristics Millennials, as we foresee this group being among our key target market groups moving forward.

Born between the early 1980s to the early 2000s, research into this future force to reckon with have shown that this younger, educated generation of professionals place a high degree of importance on the convenience of assessing their workplace from home, the affordability element as well as the quality of basic education available in a given neighborhood. Entertainment and access to public transportation are other factors which rank high in their pursuit of a higher quality lifestyle.

The Group will take advantage of this opportunity by continuously reassessing our marketing strategies to best reach out to this segment of the population, while simultaneously ensuring that we plan and launch suitable products and tailor affordability accordingly. This will enable us to boost sales and ensure that we remain relevant and profitable in this ever changing environment.

Industry surveys have also indicated that demand for properties is expected to see an increase in the second-half of 2014 as buyers are anticipated to be interested to buy properties before the implementation of the GST on 1 April , 2015, in expectation of higher new property prices due to higher costs resulting from the implementation of the said tax. Therefore, Management anticipates a surge in sales by the end on 2014 as buyers rush to lock in SPAs before the perceived April deadline.

BOARD OF DIRECTORS

FROM LEFT to RIGHT

Ong Ah Leng
Independent Non-Executive Director

Dato' Rahadian Mahmud bin Mohammad Khalil
Group Managing Director

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

Choh Kim Chiew
Executive Director

Sazali bin Saad
Independent Non-Executive Director

PROFILE OF DIRECTORS

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

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 71, was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

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

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

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

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

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

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

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

PROFILE OF DIRECTORS

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Group Managing Director

Dato' Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 40, was appointed to the Board on 16 July 2007 as Independent Non-Executive Director. On 12 May 2011, there is a change in capacity in his directorship to Executive Director. On 12 April 2012, Dato' was redesignated to Chief Executive Officer and continues to be an Executive Director of the Group. Dato' was redesignated to Group Managing Director on 14 April 2014 and continues to be an Executive Director of the Group.

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.

CHOH KIM CHIEW
Executive Director

Choh Kim Chiew, a Malaysian aged 38, 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 (FCCA) 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.

PROFILE OF DIRECTORS

ONG AH LENG
Independent Non-Executive Director

Ong Ah Leng, a Malaysian, aged 58, 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, Nomination, ESOS and Tender Committees. He is a member of Remuneration Committee.

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

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

From 1993 to 1994, he held the position of Corporate & 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 41, 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2013.

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	√			
Choh Kim Chiew	√			
Ong Ah Leng	√	√	√	√
Sazali bin Saad	√	√	√	√

^ Redesignated from Chief Executive Officer to Group Managing Director effective from 14 April 2014.

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 Group Managing Director (GMD) 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 GMD in the Group.

The GMD together with the Executive Director 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 GMD 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 Six (6) times during the year ended 31 December 2013.

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

	Total meetings attended	%
Tan Sri Datuk Adzmi bin Abdul Wahab	6/6	100.00
Dato' Rahadian Mahmud bin Mohammad Khalil	6/6	100.00
Choh Kim Chiew	6/6	100.00
Ong Ah Leng	6/6	100.00
Sazali bin Saad	6/6	100.00

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

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 2013. A directors' training conducted by AAC Training Resources Sdn Bhd was held on 15 November 2013 and the topic was Budget Highlight & GST. 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 24 to 25 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 2013, 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 assessment of the Board was based on specific criteria, covering areas such as overall business performance, Board governance and Board composition.

The specific criteria for assessment of individual 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 2013, two (2) 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 2013, the Remuneration Committee reviewed the remuneration package and promotion of key management, ie, executive directors and senior management of the Group.

The Remuneration Committee has three (3) members comprising exclusively Independent Non Executive Directors. During the financial year ended 31 December 2013, two(2) 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	996,260.70	-	996,260.70
Bonus	213,000.00	-	213,000.00
Fees	-	162,000.00	162,000.00
Meeting Allowance	-	29,000.00	29,000.00
Benefit-in-kind	53,525.00	12,000.00	65,525.00
Total	1,262,785.70	203,000.00	1,465,785.70

Range of Remuneration (RM)	Number of Directors Executive	Number of Directors Non-Executive
Up to 200,000	-	3
RM 200,001 – RM 400,000	1	-
RM 400,001 – RM 600,000	1	-
RM 600,001 – RM 800,000	1	-
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 three (3) members comprising one (1) Independent Non Executive Director and two (2) 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.

STATEMENT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Financial Reporting

In its financial reporting via quarterly announcements of results, annual financial statements and annual report presentations including the Chairman's Statement and Review of Operations, the Board 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 2013 without the presence of the management.

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 2013.

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 2013 was RM2,187.50.

Variation in results

There was no material variances between the audited results for the financial year ended 31 December 2013 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 2013 or entered into since the end of the previous financial year.

THE AUDIT COMMITTEE

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

Members

Members of the Audit Committee during the financial year ended 31 December 2013 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

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	5/5	100
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director	5/5	100
Sazali bin Saad	Independent Non-Executive Director	5/5	100

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 2013

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 2013 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 2013 was RM104,713.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

The Group has established procedures of internal control that takes into account the guidelines to Directors as set out in the "Statement on Risk Management & Internal Control – Guidelines for Directors" for the year under review. These procedures, which are subject to regular review by the Board, provide an on-going process for identifying, evaluating and managing significant risks faced by the Group that may affect the achievement of its business objectives.

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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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.

At a meeting held on 28 April 2014, the Board obtained assurance from the Group Managing Director and Executive Director (Finance) that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

This Statement is made in accordance with the resolution of the Board dated 28 April 2014.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal Activities

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

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

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

Financial Results

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	17,922,106	58,922,563
Non-controlling interests	(2,960,310)	-
	14,961,796	58,922,563

Dividends

Since the end of the previous financial year, the Company paid a final single tier tax exempt dividend of 1.5 sen per ordinary share of RM0.25 each amounting to RM4,993,349 in respect of the financial year 2012 on 26 August 2013.

The Directors have recommended a final single tier tax exempt dividend of 1.0 sen per ordinary share of RM0.25 each amounting to RM3,328,899 in respect of financial year 2013. The proposed dividend is subject to approval by the shareholders 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 2014.

Reserves and Provisions

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

Issue of Shares and Debentures

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' REPORT

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
Ong Ah Leng
Sazali bin Saad
Choh Kim Chiew
Dato' Mohamad Rizal bin Abdullah (demised on 17.11.2013)

Directors' Interests

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

	No. of ordinary shares of RM0.25 each			
	At 1.1.2013	**Acquired**	**Disposed**	**At 31.12.2013**
Magna Prima Berhad				
Dato' Rahadian Mahmud bin Mohammad Khalil	8,400,000	-	-	8,400,000

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares, options over shares and debentures of its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 29 and Note 37 to the financial statements.

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

Other Statutory Information

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

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

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

Other Statutory Information (continued)

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

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

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

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

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

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

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

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

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

(e) In the opinion of the Directors:

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

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, except as disclosed in Note 37 to the financial statements.

Auditors

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

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL **CHOH KIM CHIEW**

KUALA LUMPUR
28 April 2014

STATEMENT BY DIRECTORS

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

We, DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL and CHOH KIM CHIEW, 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 36 to 82 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL **CHOH KIM CHIEW**

KUALA LUMPUR
28 April 2014

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 36 to 82 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 28 April 2014)

CHOH KIM CHIEW

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 82.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 40 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is 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

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/14 (J/PH)
Partner of Firm

KUALA LUMPUR
28 April 2014

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2013

	Note	Group 2013 RM	Group 2012 RM Restated	Company 2013 RM	Company 2012 RM
Non-Current Assets					
Property, plant and equipment	3	1,440,958	1,623,380	367,411	489,103
Investment in subsidiary companies	4	-	-	157,670,309	151,670,311
Investment properties	5	48,043,500	-	-	-
Land held for property development	6	179,802,174	154,084,251	-	-
Goodwill on consolidation	7	3,269,146	3,269,146	-	-
Deferred tax assets	8	14,489,108	6,507,900	-	12,954
Trade receivables	9	5,062,300	2,465,101	-	-
		252,107,186	167,949,778	158,037,720	152,172,368
Current Assets					
Inventories	10	438,261,487	445,750,850	-	-
Non-current assets held-for-sale	11	-	5,187,540	-	-
Amount owing by customers on contracts	12	2,355,695	593,164	-	-
Trade receivables	9	24,542,985	58,767,265	-	-
Other receivables	13	125,225,024	102,558,127	681,680	1,273,491
Amount owing by subsidiary companies	14	-	-	221,461,721	159,339,658
Tax recoverable		1,254,144	319,704	-	-
Cash held under Housing Development Accounts	15	3,049,596	2,820,833	-	-
Fixed deposits with licensed banks	16	27,187,733	5,220,639	28,437	35,318
Cash and bank balances		18,710,543	1,594,510	646,360	436,604
		640,587,207	622,812,632	222,818,198	161,085,071
Current Liabilities					
Trade payables	17	98,639,363	118,335,434	-	-
Other payables	18	42,085,678	42,193,371	66,908	100,559
Deferred revenue	19	269,610,026	264,706,400	-	-
Amount owing to subsidiary companies	14	-	-	150,198,199	156,949,608
Borrowings	20	39,342,063	12,687,951	18,486,556	-
Current tax liabilities		20,644,332	20,751,301	1,967,769	-
		470,321,462	458,674,457	170,719,432	157,050,167
Net current assets		170,265,745	164,138,175	52,098,766	4,034,904
		422,372,931	332,087,953	210,136,486	156,207,272
Financed By:					
Share capital	21	83,222,485	83,222,485	83,222,485	83,222,485
Reserves	22	77,653,437	72,852,759	126,869,413	72,940,199
Equity attributable to owners of the Company		160,875,922	156,075,244	210,091,898	156,162,684
Non-controlling interests		7,668,683	10,628,993	-	-
Total equity		168,544,605	166,704,237	210,091,898	156,162,684
Non-Current Liabilities					
Trade payables	17	6,848,633	8,252,575	-	-
Borrowings	20	246,935,105	157,086,553	-	-
Deferred tax liability	8	44,588	44,588	44,588	44,588
		253,828,326	165,383,716	44,588	44,588
		422,372,931	332,087,953	210,136,486	156,207,272

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM Restated	Company 2013 RM	Company 2012 RM
Revenue	23	135,901,701	196,453,749	32,845,000	22,601,232
Cost of sales		(98,338,642)	(149,319,236)	-	-
Gross profit		37,563,059	47,134,513	32,845,000	22,601,232
Other operating income		4,636,017	5,049,783	31,407,708	192,337
Marketing and promotion expenses		(1,922,712)	(4,077,669)	-	-
Administration expenses		(10,460,638)	(13,661,988)	(3,095,332)	(3,271,955)
Other operating expenses		(10,347,409)	(316,666)	(118,906)	(281,068)
Profit from operations	24	19,468,317	34,127,973	61,038,470	19,240,546
Finance costs	25	(207,707)	(315,947)	-	(995)
Profit before taxation		19,260,610	33,812,026	61,038,470	19,239,551
Taxation	26	(4,298,814)	(17,085,133)	(2,115,907)	3,100,925
Profit for the financial year		14,961,796	16,726,893	58,922,563	22,340,476
Other comprehensive expense:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(8,128,079)	(429,290)	-	-
Total comprehensive income for the financial year		6,833,717	16,297,603	58,922,563	22,340,476
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		17,922,106	16,776,204	58,922,563	22,340,476
Non-controlling interests		(2,960,310)	(49,311)	-	-
		14,961,796	16,726,893	58,922,563	22,340,476
Total comprehensive income/(expense) attributable to:					
Owners of the Company		9,794,027	16,346,914	58,922,563	22,340,476
Non-controlling interests		(2,960,310)	(49,311)	-	-
		6,833,717	16,297,603	58,922,563	22,340,476
Earnings per share attributable to owners of the Company:					
Basic and diluted (sen)	27	5.38	5.04		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2013

Group	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Retained Profits RM	Sub- Total RM	Non-Controlling Interests RM	Total Equity RM
		Attributable to Owners of the Company							
		Non-distributable				Distributable			
At 1 January 2013		83,222,485	35,565,970	(289,922)	19,706,095	17,870,616	156,075,244	10,628,993	166,704,237
Profit for the financial year		-	-	-	-	17,922,106	17,922,106	(2,960,310)	14,961,796
Other comprehensive expense:									
Exchange differences arising from translation of foreign operations		-	-	(8,128,079)	-	-	(8,128,079)	-	(8,128,079)
Total comprehensive (expense)/income		-	-	(8,128,079)	-	17,922,106	9,794,027	(2,960,310)	6,833,717
Dividend paid	28	-	-	-	-	(4,993,349)	(4,993,349)	-	(4,993,349)
At 31 December 2013		83,222,485	35,565,970	(8,418,001)	19,706,095	30,799,373	160,875,922	7,668,683	168,544,605
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 IC 15 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
Profit for the financial year		-	-	-	-	16,776,204	16,776,204	(49,311)	16,726,893
Other comprehensive expense:									
Exchange differences arising from translation of foreign operations		-	-	(429,290)	-	-	(429,290)	-	(429,290)
Total comprehensive (expense)/income		-	-	(429,290)	-	16,776,204	16,346,914	(49,311)	16,297,603
Dividend paid	28	-	-	-	-	(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

The accompanying notes form an integral part of the financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

		Non-distributable		Distributable	
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Retained Profits RM**	**Total Equity RM**
At 1 January 2013		83,222,485	35,565,970	37,374,229	156,162,684
Profit/Total comprehensive income for the financial year		-	-	58,922,563	58,922,563
Dividend paid	28	-	-	(4,993,349)	(4,993,349)
At 31 December 2013		83,222,485	35,565,970	91,303,443	210,091,898
At 1 January 2012		83,222,485	35,565,970	20,027,102	138,815,557
Profit/Total comprehensive income for the financial year		-	-	22,340,476	22,340,476
Dividend paid	28	-	-	(4,993,349)	(4,993,349)
At 31 December 2012		83,222,485	35,565,970	37,374,229	156,162,384

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM Restated	2013 RM	2012 RM
Cash flows from operating activities					
Profit before taxation		19,260,610	33,812,026	61,038,470	19,239,551
Adjustment for:					
Depreciation of property, plant and equipment	3	308,171	313,077	121,692	136,170
Depreciation of investment properties	5	80,634	-	-	-
Impairment loss of trade receivables	9	2,545,279	-	-	-
Bad debts written off		-	426,238	-	-
Loss on initial measurement of loan and receivables		541,036	-	-	-
Provision for liquidated and ascertained damages		32,677	937,637	-	-
Overprovision for liquidated and ascertained damages		(498,078)	(2,576,401)	-	-
Net gain on disposal of property, plant and equipment		-	(190,499)	-	(86,999)
Unrealised foreign exchange loss		2,685,304	-	-	-
Finance expense		207,707	315,947	-	995
Finance income		(818,849)	(976,443)	(7,636)	(105,288)
Dividend income		-	-	(29,900,000)	(20,280,000)
Operating profit/(loss) before working capital changes		24,344,491	32,061,582	31,252,526	(1,095,571)
(Increase)/Decrease in working capital					
Land held for property development		(26,739,183)	24,093,725	-	-
Inventories		(2,945,622)	(161,124,527)	-	-
Amount owing by/to customers on contracts		(1,762,531)	21,819,677	-	-
Trade receivables		28,707,718	(13,299,398)	-	-
Other receivables		(24,008,743)	(41,390,649)	591,811	569,087
Amount owing by/to subsidiary Companies		-	-	(39,037,766)	103,184,704
Trade payables		(21,238,980)	11,448,953	-	-
Other payables		(2,327,596)	26,511,217	(33,651)	(101,489)
Deferred revenue		4,903,626	76,371,968	-	-
Cash (used in)/generated from Operations		(21,066,820)	(23,507,452)	(7,227,080)	102,556,731
Taxation paid		(4,221,782)	(4,805,814)	(135,184)	(151,958)
Interest received		651,897	635,807	7,636	105,288
Interest paid		(11,853,662)	(8,771,337)	-	(995)
Net cash (used in)/generated from operating activities		(36,490,367)	(36,448,796)	(7,354,628)	102,509,066
Cash flows from investing activities					
Purchase of property, plant and equipment		(125,749)	(49,759)	-	(25,012)
Purchase of investment properties		(41,581,398)	-	-	-
Subscription of additional shares in existing subsidiary companies		-	-	(5,999,998)	(99,460,077)
Net proceeds from disposal of property, plant and equipment		-	190,500	-	87,000
Net cash (used in)/generated from investing activities		(41,707,147)	140,741	(5,999,998)	(99,398,089)

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM Restated	Company 2013 RM	Company 2012 RM
Cash flows from financing activities					
Dividend paid	28	(4,993,349)	(4,993,349)	(4,993,349)	(4,993,349)
Repayment of finance lease		(73,889)	(273,410)	-	(70,609)
Repayment of borrowings		(29,907,799)	(61,645,268)	-	-
Fixed deposits pledged to licensed banks		(21,973,975)	(3,354,739)	-	-
Drawdown from borrowings		145,737,764	99,669,806	18,550,850	-
Net cash generated from/(used in) financing activities		88,788,752	29,403,040	13,557,501	(5,063,958)
Net increase/(decrease) in cash and cash equivalents		10,591,238	(6,905,015)	202,875	(1,952,981)
Cash and cash equivalents at beginning of the financial year		4,456,784	11,361,799	471,922	2,424,903
Effect of exchange rate changes		6,682,885	-	-	-
Cash and cash equivalents at end of the financial year		21,730,907	4,456,784	674,797	471,922
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		18,710,543	1,594,510	646,360	436,604
Cash held under Housing Development Accounts	15	3,049,596	2,820,833	-	-
Fixed deposits with licensed banks	16	27,187,733	5,220,639	28,437	35,318
Bank overdrafts	20	(63,792)	-	-	-
		48,884,080	9,635,982	674,797	471,922
Less: Fixed deposits pledged with licensed banks	16	(27,153,173)	(5,179,198)	-	-
		21,730,907	4,456,784	674,797	471,922

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors dated 28 April 2014.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the significant accounting policies below and in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

Accounting standards, amendments to accounting standards and interpretations that are effective for the Group and the Company's financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10, "Consolidated Financial Statements"
- MFRS 11 "Joint arrangements"
- MFRS 12, "Disclosures of Interests in Other Entities"
- MFRS 13, "Fair Value Measurement"
- The revised MFRS 127, "Separate Financial Statements"
- The revised MFRS 128, "Investments in Associates and Joint Ventures"
- Amendments to MFRS 101 "Presentation of items of other comprehensive income"
- Amendment to MFRS 119, "Employee benefits"
- Amendment to MFRS 7, "Financial Instruments: Disclosures"
- Amendments to MFRS 10, 11 & 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
- Annual improvements 2009 – 2011 Cycle
- IC Interpretation 20 "Stripping costs in the production phase of a surface mine"

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the Group and the Company.

The Group has decided to early adopt the amendments to MFRS 136 "Impairment of assets" which removed certain disclosures relating to the recoverable amount of CGUs which had been included in MFRS 136 by the adoption of MFRS 13.

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

(a) Basis of Preparation (continued)

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

Financial year beginning on/after 1 January 2014

Amendments to MFRS 132 Financial Instruments: Presentation

These amendments clarifies the meaning of "currently has a legally enforceable right of set-off" that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business and is not contingent on a future event. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

IC Interpretation 21 Levies

This Interpretation provides guidance that accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

Financial year beginning on/after 1 January 2015

MFRS 9 Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified into two measurement categories: those measured as at fair value and those measured at amortised cost at initial recognition. This classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the instrument. The Standard retains most of the MFRS 139 requirements for financial liabilities. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch.

The impact of MFRS 9 is still being assessed. Aside from the above mentioned, the adoption of the accounting Standards, amendments to accounting standards and interpretations are not expected to have a material impact to the financial statements of the Group and the Company.

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

- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment Entities"

(b) Functional and presentation currency

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

(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.

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

(c) Significant accounting estimates and judgements (continued)

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

(i) Revenue recognition of construction contracts

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

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

(ii) Depreciation of property, plant and equipment

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

(iii) Income taxes

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

(iv) Deferred tax asset

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

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

(v) Contingent liabilities

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

(vi) 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.

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

(c) Significant accounting estimates and judgements (continued)

(vii) 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.

(viii) 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.

(ix) 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.

(x) Impairment of goodwill

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

(d) Basis of consolidation for subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

(d) Basis of consolidation for subsidiaries (continued)

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

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

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

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

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

(e) Investments in subsidiaries

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

(f) Goodwill on consolidation

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

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

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

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Depreciation

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

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

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

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

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

(h) Investment property

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

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

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

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

(h) Investment property (continued)

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

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

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

(i) Leases

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

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

(j) Impairment of non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Cash and cash equivalents

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

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

(l) Construction contracts

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

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

(m) Land held for property development

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

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

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

(n) Inventories

<u>Properties under development</u>

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

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

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

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

<u>Finished goods</u>

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

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

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

(o) Contingent assets and contingent liabilities

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

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

(p) Deferred revenue

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

(q) Borrowing costs

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

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

(r) Provisions for liabilities

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

(s) Foreign currencies

(i) Foreign currency transactions and balances

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

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

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

(s) Foreign currencies (continued)

(ii) Foreign operations

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

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

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

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

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

(t) Equity instruments

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

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

(u) Revenue recognition

Property development

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

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

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

(u) Revenue recognition (continued)

Construction contracts

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

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

Goods sold and services rendered

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

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

Rental and interest income

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

Dividend income

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

(v) Income tax

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

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

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

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

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

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

(w) Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

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

Held-to-maturity financial assets

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

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

Available-for-sale financial assets

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

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

(ii) Recognition and initial measurement

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

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

(iii) Subsequent measurement

Gains and losses

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

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

(w) Financial assets (continued)

(iii) Subsequent measurement (continued)

Gains and losses (continued)

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

(x) Financial liabilities

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

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

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

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

(y) Offsetting financial liabilities

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

(z) Employee benefits

Short-term employee benefits

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

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Company's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss in the period to which they relate.

(aa) Operating segments

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

(ab) 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
2013								
Cost								
At 1.1.2013	29,799	668,331	935,372	1,370,350	1,445,474	26,050	614,222	5,089,598
Additions	-	-	2,900	122,849	-	-	-	125,749
At 31.12.2013	29,799	668,331	938,272	1,493,199	1,445,474	26,050	614,222	5,215,347
Accumulated depreciation								
At 1.1.2013	5,553	60,158	822,520	997,336	1,228,910	7,927	343,814	3,466,218
Charge for the financial year	319	13,334	28,829	114,769	86,933	2,565	61,422	308,171
At 31.12.2013	5,872	73,492	851,349	1,112,105	1,315,843	10,492	405,236	3,774,389
Carrying amount								
At 31.12.2013	23,927	594,839	86,923	381,094	129,631	15,558	208,986	1,440,958
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

Included in the property, plant and equipment of the Group's motor vehicles under hire purchase with carrying amount of RM129,631 (2012: RM197,648).

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM	Motor Vehicle RM	Computers RM	Office renovation RM	Total RM
2013					
Cost					
At 1.1.2013/ 31.12.2013	377,618	-	322,298	614,222	1,314,138
Accumulated depreciation					
At 1.1.2013	209,149	-	272,471	343,415	825,035
Charge for the financial year	36,692	-	23,578	61,422	121,692
At 31.12.2013	245,841	-	296,049	404,837	946,727
Carrying amount					
At 31.12.2013	131,777		26,249	209,385	367,411
2012					
Cost					
At 1.1.2012	370,737	293,599	304,167	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	293,598	234,222	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

4. Investment in Subsidiary Companies

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost:		
At 1 January	151,670,311	52,210,234
Additions during the financial year	5,999,998	99,460,077
At 31 December	157,670,309	151,670,311
Represented by:		
Ordinary shares	157,669,309	151,669,311
Redeemable preference shares	1,000	1,000
	157,670,309	151,670,311

4. Investment in Subsidiary Companies (continued)

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

Name of company	Country of incorporation	Effective ownership and voting interest (%) 2013	2012	Principal activities
Direct holding:				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	100	100	Property development
Magna Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Crossborder Team (M) Sdn. Bhd.	Malaysia	100	100	Property development
Everhall (M) Sdn. Bhd.	Malaysia	100	100	Property investment
33 Sentral Park Sdn. Bhd.	Malaysia	100	100	Property development
Twinicon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Winicon (M) Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Magna Mix Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in ready mixed concrete
Prima Awan (M) Sdn. Bhd.	Malaysia	100	100	Property management
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
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
Subsidiaries of Magna Prima Development Sdn. Bhd.				
Magna Park Sdn. Bhd.	Malaysia	91	91	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	70	70	Property development
Subsidary of Magna Prima Construction Sdn. Bhd.				
Mprima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management

4. Investment in Subsidiary Companies (continued)

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

Name of company	Country of incorporation	Effective ownership and voting interest (%) 2013	2012	Principal activities
Direct holding:				
Subsidiaries of Magna Park Sdn. Bhd				
Embassy Court Sdn. Bhd.	Malaysia	91	91	Property development
Amanabina Sdn. Bhd.	Malaysia	91	91	Property development and project management services
Subsidiary of Winicon (M) Sdn. Bhd.				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	100	100	Property development and property investment

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

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

(c) In the previous financial year, 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%.

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

	Magna Park Sdn. Bhd and its subsidiaries		Magna Ecocity Sdn. Bhd	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current assets	19,636	36,774	105,130,999	103,765,500
Current assets	54,078,672	54,248,106	7,967,329	18,338,805
Non-current liabilities	(1,000)	(1,000)	(70,551,289)	(70,000,000)
Current liabilities	(73,562,279)	(42,144,487)	(10,944,133)	(20,441,585)
Net assets	(19,464,971)	12,139,393	31,602,906	31,662,720
Carrying amount of NCI as at 31 December	(1,812,189)	1,130,177	9,480,872	9,498,816
Revenue	175,000	2,226,872	-	-
Loss/Total comprehensive expense during the financial year	(31,604,364)	(213,970)	(59,813)	(254,137)
Loss/Total comprehensive expense allocated to NCI during the financial year	(2,942,366)	(1,227)	(17,944)	(48,084)
Cash flows from operating activities	858,774	(328,983)	2,139	8,040,203
Cash flows from investing activities	-	-	-	(8,040,223)
Net increase/(decrease) in cash and cash equivalents	858,774	(328,983)	2,139	(20)
Ownership interest and voting rights percentage held by NCI	9%	9%	30%	30%

5. Investment Properties

	Group 2013 RM	2012 RM
Cost		
At 1 January	-	-
Additions	41,915,334	-
Transfers from non-current assets held for sale (Note 11)	5,187,540	-
Transfers from other receivables	1,021,260	
At 31 December	48,124,134	-
Accumulated depreciation		
At 1 January	-	-
Charge for the financial year	80,634	-
At 31 December	80,634	-
Carrying amount	48,043,500	-

Investment properties under construction with a carrying amount of RM41,915,334 (2012: Nil) have been pledged to secure banking facilities granted to the Group.

Included in investment properties under construction of the Group is capitalised borrowing costs of RM470,882 (2012: Nil) incurred during the financial year.

6. Land Held For Property Development

	Group			
	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
2013				
At 1 January 2013	48,479,360	100,000,000	5,604,891	154,084,251
Additions	-	23,027,100	2,690,823	25,717,923
At 31 December 2013	48,479,360	123,027,100	8,295,714	179,802,174
2012				
At 1 January 2012	139,581,489	5,187,549	8,596,487	153,365,525
Additions	-	100,000,000	3,826,200	103,826,200
Transfers to inventories (Note 10)	(91,102,129)	-	(5,796,536)	(96,898,665)
Transfers to other receivables	-	-	(1,021,260)	(1,021,260)
Transfers to non-current assets held for sale (Note 11)	-	(5,187,549)	-	(5,187,549)
At 31 December 2012	48,479,360	100,000,000	5,604,891	154,084,251

Land held for property development with a carrying amount of RM 171,506,460 (2012: RM 148,479,360) have been pledged to secure banking facilities granted to the Group.

7. Goodwill on Consolidation

	Group	
	2013	2012
	RM	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. The carrying amount of goodwill had been allocated to the property development division as an independent CGU.

The recoverable amount of CGU is determined from value-in-use calculation which uses cash flow projections derived from the latest financial budgets approved by management covering a three-year period, based on an estimated discount rate of 7.8% (2012: 7.8%).

8. Deferred taxation

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deferred tax assets	14,489,108	6,507,900	-	12,954
Deferred tax liabilities	(44,588)	(44,588)	(44,588)	(44,588)
	14,444,520	6,463,312	(44,588)	(31,634)
At 1 January	6,463,312	5,290,340	(31,634)	(44,588)
Recognised in profit or loss:				
- property, plant and equipment	(47,248)	2,567	-	-
- deferred revenue	7,039,897	1,189,682	-	-
- unutilised tax losses	(1,151,953)	755,269	(12,954)	12,954
- provisions	2,228,256	(774,546)	-	-
	8,068,952	1,172,972	(12,954)	12,954
Exchange differences	(87,744)	-	-	-
At 31 December	14,444,520	6,463,312	(44,588)	(31,634)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deferred tax assets:				
- deferred revenue	10,690,569	3,650,672	-	-
- unutilised tax losses	1,677,061	2,857,228	-	12,954
- provisions	2,168,726	-	-	-
	14,536,356	6,507,900	-	12,954
Offsetting	(47,248)	-	-	-
Net deferred tax assets	14,489,108	6,507,900	-	12,954
Deferred tax liabilities:				
- property, plant and equipment	91,836	44,588	44,588	44,588
Offsetting	(47,248)	-	-	-
Net deferred tax liabilities	44,588	44,588	44,588	44,588

8. Deferred taxation (continued)

The deductible temporary difference and unutilised tax losses (stated at gross) of the Group and the Company for which no deferred tax assets were recognised in the statements of financial position are as follows:

	Group	
	2013 RM	**2012 RM**
Deductible temporary differences	5,548,037	23,483,105
Unutilised tax losses	21,640,319	13,493,151
	27,188,356	36,976,256

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the relevant subsidiaries can utilise the benefits there from.

9. Trade Receivables

	Group	
	2013 RM	**2012 RM**
Trade receivables	19,353,967	58,216,624
Accrued billings from completed projects	3,431,344	8,268,974
Retention sum	9,395,727	-
	32,181,038	66,485,598
Less: Impairment loss	(2,575,753)	(5,253,232)
	29,605,285	61,232,366
Analysed as:		
Non-current asset	5,062,300	2,465,101
Current asset	24,542,985	58,767,265
	29,605,285	61,232,366

The ageing analysis of trade receivables are as follows:

	Group	
	2013 RM	**2012 RM**
Neither past due or impaired	15,465,740	21,184,782
1 - 90 days past due but not impaired	-	4,879,272
91 - 180 days past due but not impaired	-	21,908,045
181 days - 1 year past due but not impaired	-	3,322,146
More than 1 year past due but not impaired	6,923,099	9,938,121
	6,923,099	40,047,584
Individually impaired	1,118,998	5,253,232
Collectively impaired	8,673,201	
	32,181,038	66,485,598

The Group's trade receivables of RM 1,118,988 (2012: RM 5,253,232) were individually impaired. The individually impaired receivables mainly relate to customers from trading activities which are facing difficulties in cash flows. As at 31 December 2013, the impairment loss for these receivables is RM 1,118,988 (2012: RM 5,253,232).

The Group's trade receivables of RM 6,923,099 (2012: RM 40,047,584) that are past due at the reporting date but not impaired. These balances consist of amount owing by the end buyers who have obtained end financing to fund their purchases of the Group's properties or represent refundable stakeholders sum arising from the sales of properties which are held in trust by the end buyers' solicitors. These balances also include other independent customers for whom there is no recent history of default.

The Group's normal trade credit terms range from 30 to 120 days (2012: 30 to 120 days).

9. Trade Receivables (continued)

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

	Group 2013 RM	Group 2012 RM
At 1 January	5,253,232	5,253,232
Provision made during the financial year	2,545,279	-
Written off	(5,222,758)	-
At 31 December	2,575,753	5,253,232

10. Inventories

	Group 2013 RM	Group 2012 RM Restated
Developed properties held for sale	3,497,174	10,079,550
Properties under development	434,570,167	435,411,032
	438,067,341	445,490,582
Finished goods	194,146	260,268
	438,261,487	445,750,850

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

	Group 2013 RM	Group 2012 RM
At 1 January	10,079,550	2,558,175
Transfer from completed development	4,352,598	7,521,375
Sales of properties	(10,934,974)	-
At 31 December	3,497,174	10,079,550

The movements of properties under development are as follows:

	Group 2013 RM	Group 2012 RM Restated
Freehold land at cost	188,724,857	99,277,158
Leasehold land at cost	1,811,104	36,525,488
Planning, survey and strata titles fees	153,777	234,033
Development and construction cost	244,721,294	137,129,460
At 1 January	435,411,032	273,166,139
Reclassified from land held for property development (Note 6)		
- Freehold land at cost	-	91,102,129
- Development expenditure	-	5,796,536
	-	96,898,665
Cost incurred during the financial year		
- Acquisition of land	18,550,850	-
- Authority contributions	3,213,482	7,719,297
- Professional fees	4,445,466	6,291,597
- Building and construction	79,110,734	174,341,176
- Sales and marketing	-	456,729
- Planning, survey and strata titles fees	-	606,135
- Finance costs	5,824,418	9,647,376
- Land related cost	-	2,585,781
- Project Management fee	826,186	652,177
	111,971,136	202,300,268
Cost recognised as an expense during the financial year	(82,049,532)	(128,669,121)
Transfers to developed properties held for sale	(4,352,598)	(7,521,375)
Reclassified to other receivables	(11,686,651)	-
Translation differences	(14,723,220)	(763,544)
At 31 December	434,570,167	435,411,032

Properties under development included above with a carrying amount of RM 227,811,101 (2012: RM 301,156,721) have been pledged to secure banking facilities granted to the Group.

11. Non-Current Assets Held for Sale

	Group 2013 RM	Group 2012 RM
At 1 January	5,187,540	-
Transfers from land held for property development (Note 6)	-	5,187,540
Transfers to investment properties (Note 5)	(5,187,540)	-
At 31 December	-	5,187,540

The Group intends to hold the leasehold land above for capital appreciation as the Group is unable to secure a sale transaction that is considered highly probable. Accordingly, it has been classified as an investment property.

12. Amount Owing by Customers on Contracts

	Group 2013 RM	Group 2012 RM Restated
Contract costs	360,010,482	359,655,653
Attributable profits	48,984,484	49,587,048
	408,994,966	409,242,701
Progress billings including retention sum	(406,639,271)	(408,649,537)
	2,355,695	593,164
Represented by:		
Amount owing by customer on contracts	2,355,695	593,164

13. Other Receivables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other receivables	9,594,407	21,512,134	2,150,767	2,694,267
Deposits	36,070,278	55,275,587	272,180	157,630
Prepayments	81,301,606	27,511,673	-	162,861
	126,966,291	104,299,394	2,422,947	3,014,758
Less: Impairment loss	(1,741,267)	(1,741,267)	(1,741,267)	(1,741,267)
	125,225,024	102,558,127	681,680	1,273,491

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
At 1 January/31 December	1,741,267	1,741,267	1,741,267	1,741,267

14. Amount Owing by/(to) Subsidiary Companies

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

15. 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% (2012: 1.99% to 2.15%).

16. Fixed Deposits with Licensed Banks

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits pledged to licensed banks	27,153,173	5,179,198	-	-
Other short term deposits	34,560	41,441	28,437	35,318
	27,187,733	5,220,639	28,437	35,318

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% (2012: 1.8% to 3%) per annum and 1 to 365 days (2012: 1 to 365 days) respectively.

17. Trade Payables

	Group	
	2013 RM	2012 RM
Trade payables	92,957,922	112,754,379
Retention sum payables	12,530,074	13,833,630
	105,487,996	126,588,009
Analysed as:		
Current liabilities	98,639,363	118,335,434
Non-current liabilities	6,848,633	8,252,575
	105,487,996	126,588,009

The Group's normal trade credit terms range from 30 to 120 days (2012: 30 to 120 days).

18. Other Payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	11,684,474	8,504,808	34,908	48,544
Refundable deposits	6,907,976	1,983,434	-	-
Accruals	23,493,228	31,705,129	32,000	52,015
	42,085,678	42,193,371	66,908	100,559

19. Deferred Revenue

	Group 2013 RM	Group 2012 RM
Progress billing to-date	269,610,026	264,706,400

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

20. Borrowings

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Secured:				
Bridging loan	18,486,556	1,088,792	18,486,556	-
Term loans	261,583,805	167,511,089	-	-
Bank overdrafts	63,792	-	-	-
Banker acceptances	1,013,000	962,000	-	-
Mezzanine loan	4,991,281	-	-	-
Finance lease liabilities	138,734	212,623	-	-
	286,277,168	169,774,504	18,486,556	-
Repayable within twelve months				
Secured:				
Bridging loan	18,486,556	1,088,792	18,486,556	-
Term loans	14,750,000	10,563,270	-	-
Bank overdrafts	63,792	-	-	-
Banker acceptances	1,013,000	962,000	-	-
Mezzanine loan	4,991,281	-	-	-
Finance lease payable	37,434	73,889	-	-
	39,342,063	12,687,951	18,486,556	-
Repayable after twelve months				
Secured:				
Term loans	246,833,805	156,947,819	-	-
Finance lease payable	101,300	138,734	-	-
	246,935,105	157,086,553	-	-
	286,277,168	169,774,504	18,486,556	-

The above credit facilities obtained 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 amounting to RM485,171,700 (2012: RM195,000,000);
(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 RM222,990,000 (2012: 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 (2012: 1 to 3.5 years).

21. Share Capital

	Group/Company			
	2013		2012	
	Number of shares	Amount RM	Number of shares	Amount RM
Authorised				
Ordinary shares of RM0.25 each:				
At 1 January/31 December	400,000,000	100,000,000	400,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.25 each:				
At 1 January/31 December	332,889,940	83,222,485	332,889,940	83,222,485

22. Reserves

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable:				
Share premium	35,565,970	35,565,970	35,565,970	35,565,970
Capital reserve	19,706,095	19,706,095	-	-
Foreign currency translation reserve	(8,418,001)	(289,922)	-	-
Distributable:				
Retained profits	30,799,373	17,870,616	91,303,443	37,374,229
	77,653,437	72,852,759	126,869,413	72,940,199

(i) Capital Reserve

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

(ii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sale of development properties	125,411,838	171,935,886	-	-
Construction contracts	-	-		
- current year	13,404	1,949,766	-	-
- over recognised in prior year	(98,316)	-	-	-
Property management fee	849,948	1,147,163	-	-
Management fees				
- current year	-	-	2,945,000	2,945,000
- over provision in prior years	-	-	-	(623,768)
Dividend income	-	-	29,900,000	20,280,000
Trading and other income	9,724,827	21,420,934	-	-
	135,901,701	196,453,749	32,845,000	22,601,232

24. Profit from operations

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
		Restated		
Auditors' remuneration				
- current year	223,771	198,270	28,000	24,000
- under/(over) provision in prior year	13,885	(17,630)	4,000	2,000
Impairment loss of trade receivables	2,545,279	-	-	-
Bad debts written off	-	426,238	-	-
Depreciation of property, plant and equipment	308,171	313,077	121,692	136,170
Depreciation of investment properties	80,634	-	-	-
Equipment rental	84,656	57,871	10,716	8,132
Lease rental	-	55,045	-	-
Loss on initial measurement of loan and receivables	541,036	-	-	-
Overprovision for liquidated and ascertained damages	(498,078)	(2,576,401)	-	-
Provision for liquidated and ascertained damages	32,677	937,637	-	-
Rental of premises	560,686	504,730	71,360	63,153
Rental of computers	-	-	-	7,354
Rental of trucks	-	2,727,604	-	-
Unrealised foreign exchange loss	2,685,304	-	-	-
Gain on disposal of property, plant and equipment	-	(190,499)	-	(86,999)
Interest income	(818,849)	(976,443)	(7,636)	(105,288)
Rental income	(485,014)	(1,244,650)	-	-

25. Finance Costs

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
		Restated		
Finance costs on:				
Unwinding of trade payables	138,967	232,951	-	-
Finance lease liabilities	6,390	7,677	-	995
Bank overdrafts	2,583	1,007	-	-
Banker acceptances	57,472	50,214	-	-
Others	2,295	24,098	-	-
	207,707	315,947	-	995

26. Taxation

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current taxation:				
- Current year	10,928,117	18,183,530	2,102,953	-
- Under/(Over) provision in prior year	1,439,649	74,575	-	(3,087,971)
	12,367,766	18,258,105	2,102,953	(3,087,971)
Deferred taxation (Note 8):				
- Origination and reversal of temporary differences	(7,074,325)	(1,724,150)	12,954	(12,954)
- (Over)/Under provision in prior year	(994,627)	551,178	-	-
	(8,068,952)	(1,172,972)	12,954	(12,954)
	4,298,814	17,085,133	2,115,907	(3,100,925)

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 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit before taxation	19,260,610	33,812,026	61,038,470	19,239,551
Taxation at statutory tax rate of 25% (2012: 25%)	4,815,153	8,453,007	15,259,618	4,809,888
Effect of different tax rates in other countries	(195,064)	-	-	-
Income not subject to tax	-	-	(7,475,000)	(5,070,000)
Non-deductible expenses	1,680,678	37,580	78,069	216,931
Change in unrecognised deferred tax assets	(2,446,975)	-	-	-
Under/(Over) provision of current taxation in prior year	1,439,649	74,575	-	(3,087,971)
(Over)/Under provision of deferred taxation in prior year	(994,627)	551,718	-	-
Group relief	-	-	(5,746,780)	30,227
Effect arising from IC 15 adoption	-	7,968,253	-	-
Taxation for the financial year	4,298,814	17,085,133	2,115,907	(3,100,925)

27. Earnings Per Share

(a) Basic earnings per share

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

	Group 2013 RM	Group 2012 RM
Profit for the financial year attributable to shareholders of the Company	17,922,106	16,776,204
Weighted average number of ordinary shares issued	332,889,940	332,889,940
Basic earnings per share (sen)	5.38	5.04

(b) Fully diluted earnings per share

There are no diluted earnings per share as the Company does not have any dilutive shares as at financial year end.

28. Dividends

	Group/Company 2013 RM	Group/Company 2012 RM
Final dividend paid in respect of financial year ended 31 December 2011:		
1.5 sen per share single tier exempt dividend	-	4,993,349
Final dividend paid in respect of financial year ended 31 December 2012:		
1.5 sen per share single tier exempt dividend	4,993,349	-
	4,993,349	4,993,349

29. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group/Company 2013 RM	Group/Company 2012 RM
Company's Directors:		
Salaries and other emoluments	990,980	934,577
EPF	113,476	105,648
Socso	1,609	1,631
Bonus	213,000	147,365
Fees and meeting allowances	191,000	285,733
Estimated money value of benefits-in-kind	65,525	67,800
	1,575,590	1,542,754

30. Staff Information

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Staff costs (excluding Directors) comprise:				
- charged to profit or loss	5,210,831	5,135,008	905,392	868,751
- capitalised under Inventories -				
Properties under development (Note 10)	2,548,025	2,753,794	-	-
Total staff costs for the financial year	7,758,856	7,888,802	905,392	868,751

Included in staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM649,263 (2012: RM618,667) and RM94,329 and (2012: RM93,210) respectively.

31. Related Party Disclosures

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

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

	Company	
	2013	2012
	RM	RM
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	350,000	350,000
Dunia Epik Sdn. Bhd.	150,000	150,000
Embassy Court Sdn. Bhd.	500	500
Magna Prima Construction Sdn. Bhd.	350,000	350,000
MPrima (Shah Alam) Sdn. Bhd.	150,000	150,000
Monetary Icon (M) Sdn. Bhd.	150,000	150,000
Magna Shah Alam Sdn. Bhd.	150,000	150,000
Magna Mix Sdn. Bhd.	150,000	150,000
Pembinaan Contamaju-Infocast Sdn. Bhd.	40,000	40,000
Crossborder Team (M) Sdn. Bhd.	150,000	150,000
Ibsul Development (Sel) Sdn. Bhd.	150,000	150,000
Permata Juang (M) Sdn. Bhd.	150,000	150,000
Magna City Development Sdn. Bhd.	150,000	150,000
Magna Prima Development Sdn. Bhd.	350,000	350,000
Amanabina Sdn. Bhd.	500	500
Magna Ecocity Sdn. Bhd.	500	500
Magna City Shah Alam Sdn. Bhd.	500	500
Winicon (M) Sdn. Bhd.	500	500
Twinicon (M) Sdn. Bhd.	500	500
33 Sentral Park Sdn. Bhd.	150,000	150,000
Everhall (M) Sdn. Bhd.	500	500
Magna Park (Mentakab) Sdn. Bhd.	500	500
Kontrakmal 1 (M) Sdn. Bhd.	500	500
Prima Awan (M) Sdn. Bhd.	500	500
Magna Prima Australia Pty Ltd	350,000	350,000
	2,945,000	2,945,000
Overprovision of management fee from subsidiary companies in prior years:		
Magna Park Sdn. Bhd.	-	-
Embassy Court Sdn. Bhd.	-	(18,946)
Magna Shah Alam Sdn. Bhd.	-	(64,254)
MPrima (Shah Alam) Sdn. Bhd.	-	-
Dunia Epik Sdn. Bhd.	-	(221,850)
Magna Prima Construction Sdn. Bhd.	-	(6,418)
Magna Mix Sdn. Bhd.	-	(31,188)
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)

31. Related Party Disclosures (continued)

	Company 2013 RM	Company 2012 RM
Dividend received from a subsidiary company:		
Dunia Epik Sdn. Bhd.	29,900,000	20,280,000
Commitment payment received/receivable from a subsidiary company, Embassy Court Sdn. Bhd. for gross development value entitlement	31,400,072	-

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group. Significant related party transactions with key management personnel is disclosed in Note 29 and Note 37.

32. Contingent Liabilities

	Group 2013 RM	Group 2012 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	517,920,600	428,556,772
Guarantees given to trade payables for credit facilities of subsidiary companies		
- Unsecured	25,300,000	25,930,000
Limit of guarantees	543,220,600	454,486,772
Amount utilised by subsidiary companies	288,107,185	173,283,312

33. 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.

33. Segmental Reporting (continued)

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 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 Executive Directors.

2013	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Non -reportable segments RM	Inter -segment eliminations RM	Total RM
Revenue							
External revenue	125,411,838	(84,912)	9,724,827	849,948	-	-	135,901,701
Inter-segment revenue	-	26,433,299	2,392,667	33,117,087	-	(61,943,053)	-
Total revenue	125,411,838	26,348,387	12,117,494	33,967,035	-	(61,943,053)	135,901,701
Results							
Finance income	730,528	32,765	46,512	9,044	-	-	818,849
Finance cost	(421)	(139,291)	(62,350)	(5,645)	-	-	(207,707)
Depreciation	(31,724)	(33,748)	(75,891)	(166,808)	(80,634)	-	(388,805)
Impairment of trade Receivables	-	(901,192)	(1,644,087)	-	-	-	(2,545,279)
Taxation	637,715	(2,695,654)	(162,650)	(2,078,225)	-	-	(4,298,814)
Segment (loss)/profit	(30,334,491)	1,022,009	(2,473,191)	58,629,764	(140,120)	(11,742,175)	14,961,796
Assets							
Segment assets	973,931,182	153,058,884	11,543,095	422,026,036	60,301,726	(728,166,530)	892,694,393
Liabilities							
Segment liabilities	(845,688,559)	(132,083,508)	(11,425,483)	(201,967,110)	(54,085,131)	521,100,003	(724,149,788)
2012							
Revenue							
External revenue	174,164,558	1,949,766	19,192,262	1,147,163	-	-	196,453,749
Inter-segment revenue	-	162,730,981	3,392,969	22,601,232	-	(188,725,182)	-
Total revenue	174,164,558	164,680,747	22,585,231	23,748,395	-	(188,725,182)	196,453,749
Results							
Finance income	856,964	7,087	-	111,411	981	-	976,443
Finance cost	(20,655)	(239,311)	(54,986)	(995)	-	-	(315,947)
Depreciation	(32,290)	(51,809)	(92,248)	(136,730)	-	-	(313,077)
Taxation	(4,043,876)	(16,217,446)	123,032	3,053,157	-	-	(17,085,133)
Segment profit/(loss)	12,457,046	39,726,987	(451,286)	22,299,829	(316,230)	(56,989,453)	16,726,893
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

33. Segmental Reporting (continued)

Geographical segments

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

	Malaysia RM	Australia RM	Total RM
2013			
Revenue	135,901,701	-	135,901,701
Profit/(Loss) before tax	23,161,908	(3,901,298)	19,260,610
Non-current assets	232,555,778	-	232,555,778
2012			
Revenue	196,453,749	-	196,453,749
Profit/(Loss) before tax	35,175,853	(1,363,827)	33,812,026
Non-current assets	158,976,777	-	158,976,777

34. Commitments

	Group	
	2013 RM	2012 RM
Approved and contracted for:		
Contractual obligation for development project	118,521,104	139,245,494

35. Financial Instruments

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

	2013		2012	
	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM Restated	Total RM Restated
Group				
Financial assets				
Trade receivables	29,605,285	29,605,285	61,232,366	61,232,366
Other receivables	43,923,418	43,923,418	75,046,454	75,046,454
Amount owing by customers on contracts	2,355,695	2,355,695	593,164	593,164
Cash and cash equivalents (excluding bank overdrafts)	48,947,872	48,947,872	9,635,982	9,635,982
	124,832,270	124,832,270	146,507,966	146,507,966
Financial liabilities				
Trade payables	105,487,996	105,487,996	126,588,009	126,588,009
Other payables	42,085,678	42,085,678	42,193,371	42,193,371
Borrowings	286,277,168	286,277,168	169,774,504	169,774,504
	433,850,842	433,850,842	338,555,884	338,555,884

35. Financial Instruments (continued)

	2013 Loans and receivables/ other financial liabilities RM	2013 Total RM	2012 Loans and receivables/ other financial liabilities RM Restated	2012 Total RM Restated
Company				
Financial assets				
Other receivables	681,680	681,680	1,110,630	1,110,630
Amount owing by subsidiary company	221,461,721	221,461,721	159,339,658	159,339,658
Cash and cash equivalents	674,797	674,797	471,922	471,922
	222,818,198	222,818,198	160,922,210	160,922,210
Financial liabilities				
Other payables	66,908	66,908	100,559	100,559
Amount owing to subsidiary companies	150,198,199	150,198,199	156,949,608	156,949,608
Borrowings	18,486,556	18,486,556	-	-
	168,751,663	168,751,663	157,050,167	157,050,167

Financial risk management objectives and policies

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

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 9.

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

Liquidity risk

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

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

35. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
2013							
Group							
Trade payables	105,487,996	-	106,065,479	98,639,363	7,426,116	-	-
Other payables	42,085,678	-	42,085,678	42,085,678	-	-	-
Bridging loan	18,486,556	7.00	19,418,928	19,418,928	-	-	-
Term loans	261,583,805	7.10 to 7.60	309,041,016	42,153,207	164,785,231	71,900,031	30,202,547
Bank overdrafts	63,792	7.80	63,792	63,792	-	-	-
Bankder acceptances	1,013,000	4.50 to 5.50	1,024,755	1,024,755	-	-	-
Mezzanine loan	4,991,281	25.00	5,823,161	5,823,161	-	-	-
Finance lease liabilites	138,734	2.43 to 4.00	151,716	43,473	40,488	67,755	-
	433,850,842		483,674,525	209,252,357	172,251,835	71,967,786	30,202,547
Company							
Other payables	66,908	-	66,908	66,908	-	-	-
Amount owing to subsidiary companies	150,198,199	-	150,198,199	150,198,199	-	-	-
Bridging loan	18,486,556	7.00	19,418,928	19,418,928	-	-	-
	168,751,663		169,684,035	169,684,035	-	-	-
2012							
Group							
Trade payables	126,588,009	-	127,304,460	118,335,434	8,969,026	-	-
Other payables	42,193,370	-	42,193,370	42,193,370	-	-	-
Bridging loan	1,088,792	7.10 to 7.60	1,101,328	1,101,328	-	-	-
Term loans	167,511,089	7.10 to 7.60	172,673,610	34,952,338	39,298,766	98,422,506	-
Banker acceptances	962,000	4.20 to 5.50	973,294	973,294	-	-	-
Finance lease liabilites	212,623	2.43 to 4.00	234,290	82,573	43,474	108,243	-
	338,555,883		344,480,352	197,638,337	48,311,266	98,530,749	-
Company							
Other payables	100,559	-	100,559	100,559	-	-	-
Amount owing to subsidiary companies	156,949,608	-	156,949,608	156,949,608	-	-	-
	157,050,167		157,050,167	157,050,167	-	-	-

35. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Market risk

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

(a) Foreign exchange risk

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

(b) Interest Rate Risk

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

Exposure to interest rate risk

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed rate instruments				
Financial assets	30,237,329	8,041,472	28,437	35,318
Financial liabilities	(5,130,015)	(212,623)	-	-
	25,107,314	7,828,849	28,437	35,318
Floating rate instruments				
Financial liabilities	(281,147,153)	(169,561,881)	(18,486,556)	-

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

As at 31 December 2013, if interest rates of floating rate instruments had been lower by 25 basis points ("bp") with all other variables held constant, this will result in post-tax increases of RM 527,151 (2012: RM 317,929) in profit or loss.

Fair value information

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

35. Financial Instruments (continued)

Market risk (continued)

(b) Interest rate risk (continued)

Fair value information (continued)

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

- Level 1 : Quoted prices in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : Inputs for the asset or liability that is not based on observable market data.

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

2013	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
Financial assets				
Trade receivables	-	5,062,300	5,062,300	5,062,300
Financial liabilities				
Trade payables	-	6,848,633	6,848,633	6,848,633
Borrowings	261,722,539	-	261,722,539	261,722,539
	261,722,539	6,848,633	268,571,172	268,571,172

	Fair Value RM	Carrying amount RM
2012		
Financial assets		
Trade receivables	2,465,101	2,465,101
Financial liabilities		
Trade payables	8,252,575	8,252,575
Borrowings	167,511,089	167,511,089
	175,763,664	175,763,664

Level 2 fair value is estimated based on the use of observable market data where it is available. The carrying amount of long-term borrowings carried on the statement of financial position approximates the fair value due to that it is a floating rate instruments that are re-priced to market interest rate.

Level 3 fair value is estimated based on unobservable inputs. The fair value of the non-current trade receivables and trade payables is calculated based on the present value of future principal and interest cash flows, discounted at the average borrowing rate interest of 7.15% (2012: 7.80%) at the end of the reporting period.

36. 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.

	2013 RM	2012 RM
Total interest bearing borrowings	286,277,168	169,774,504
Less: Cash and cash equivalents	(48,947,872)	(9,635,982)
Net borrowings	237,329,296	160,138,522
Equity attributable to owners of the Company	160,875,922	156,075,244
Gearing ratio	1.47	1.03

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

37. Subsequent Event

On 10 January 2014, the Company has acquired 70% of the issued and paid up share capital in new subsidiary company, Pavilion Uptrend Sdn Bhd ("Pavilion Uptrend") comprising 140,000 ordinary shares of RM1.00 each fully paid up for a total cash consideration of RM140,000.

Dato' Rahadian Mahmud bin Mohammad Khalil, the Chief Executive Officer of the Company has acquired the remaining 30% of the issued and paid up share capital of Pavilion Uptrend comprising 60,000 ordinary shares of RM1.00 each fully paid up for a total cash consideration of RM60,000.

38. Material Litigation

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

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

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

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

MPB, MPC and DE (collectively known as "Plaintiffs"), instituted a Civil Suit in the High Court of Kuala Lumpur ("Court") against Top Green Entity Sdn. Bhd. ("Top Green") and fourteen (14) other individuals, for the recovery of the sum of RM22,100,000.

The above 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 be recognised as income when and to the extent there is such recovery.

38. Material Litigation (continued)

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

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

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

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

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

On 10 October 2013, the Letter of Demand was duly served on the 12th Defendant demanding for the sum of RM42,553,500 calculated as at 8 October 2013. As to date, no response have been received after serving the Letter of Demand.

(ii) Bina BMK vs Magna Prima Construction

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

The trial has been concluded on 31 July 2012. On 21 April 2014, the results of Final Award is ready to be released, pending MPC to remit the sum of RM15,000 as a top-up security deposit to Pertubuhan Akitek Malaysia ("PAM").

(iii) Bauer (M) vs Embassy Court

A contract was executed between Bauer (M) Sdn. Bhd. ("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 for "the Avare" in Off Jalan Tun Razak, Kuala Lumpur.

On 26 June 2008, an arbitration matter was initiated by Bauer against Embassy, a wholly owned subsidiary of Magna Prima Berhad ("MPB"). The two main issues were:-

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 save as to costs given by the Arbitration exercised under Pertubuhan Akitek Malaysia ("PAM") states that Embassy is to pay Bauer the sum of RM18,718,966 being the outstanding sum of monies for works done in the contract together with interest.

On 8 March 2013, the Final Award as to costs was delivered by the Arbitrator whereby Embassy is required to pay Bauer the sum of RM1,102,589 as costs.

To enforce or execute the Final Award, Bauer initiated a judgement debtor summons to assess Embassy's financial position. On 20 September 2013, the Decision of the High Court is that Embassy has to pay RM8,389,068 together with the cost of RM1,000 to Bauer.

38. Material Litigation (continued)

(iii) Bauer (M) vs Embassy Court (continued)

On 24 September 2013, Embassy has instructed its solicitors to proceed to lodge an Appeal to the Court of Appeal against the Decision of the High Court dated on 20 September 2013 on this matter. The Notice of Appeal by Embassy has been dismissed by the Judge In Chambers with cost of RM4,000 on 2 October 2013.

On 24 March 2014, Embassy has instructed its solicitors to lodge an Appeal to the Court of Appeal in respect of the Decision of the High Court Judge and the Court of Appeal has fixed the Hearing of the Appeal on 7 May 2014.

(iv) Bauer (M) vs Embassy Court & Magna Prima Berhad

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

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

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

The full trial was concluded on 22 February 2013 and decision was delivered on 27 February 2014 in favour of Bauer to require Embassy to obtain a corporate guarantee from MPB.

Embassy filed a Notice of Appeal on 26 March 2014 and is fixed for hearing on 29 April 2014.

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

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

On 16 October 2013, this matter has been dismissed with cost of RM4,000.00 to be paid to the Defendant and another RM4,000.00 to be paid to the Interveners (Purchasers) respectively.

However, Embassy has instructed its solicitors to lodge an Appeal on this matter in relation to the Decision of the High Court on 30 December 2013 and the Court of Appeal has fixed this matter for Hearing of the Appeal on 8 April 2014, whereby the Court of Appeal has directed the Parties to change the mode of proceedings.

39. Reclassification of comparative figures

The following comparative figures of the Group have been reclassified to conform with current year presentation:

	As previously stated	**Reclassification RM**	**As restated RM**
Statement of financial position as at 31 December 2012 (Group)			
Inventory	421,103,019	24,647,831	445,750,850
Amount due from customers on Contracts	25,240,995	(24,647,831)	593,164
Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2012 (Group)			
Other operating income	2,132,746	2,917,037	5,049,783
Other operating expenses	2,367,420	(2,684,086)	(316,666)
Finance costs	(82,996)	(232,951)	(315,947)

40. 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		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings:				
- Realised	16,949,525	11,299,619	91,348,031	37,405,863
- Unrealised	13,849,848	6,570,997	(44,588)	(31,634)
	30,799,373	17,870,616	91,303,443	37,374,229
Less: Consolidation adjustments	-	-	-	-
	30,799,373	17,870,616	91,303,443	37,374,229

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 2013

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	22 years	94,042.48
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	-	105,130,998.86
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	-	50,319,050.90
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.	Investment property	Leasehold (Expiring on 13.06.2090)	481,620.40	-	6,128,165.48
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	5 years	524,727.59

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2014

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

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 to 99	9	0.50	204	0
100 to 1,000	72	4.03	48,280	0.01
1,001 to 10,000	977	54.70	5,518,480	1.66
10,001 to 100,000	586	32.81	19,519,476	5.86
100,001 to 16,644,496 *	139	7.78	180,545,676	54.24
16,644,497 and above **	3	0.17	127,257,824	38.23
TOTAL	1,786	100.00	332,889,940	100.00

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

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 23 APRIL 2014

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
6	Dato' Haji Abdul Hanif bin Abdullah	-	-	* 33,000,000	9.91

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

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

ANALYSIS OF SHAREHOLDINGS
As at 23 April 2014

THIRTY LARGEST SHAREHOLDERS
AS AT 23 APRIL 2014

No.	Names	Shareholdings	%
1	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fantastic Realty Sdn Bhd	83,631,824	25.12
2	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Muafakat Kekal Sdn Bhd	25,000,000	7.51
3	Chun Yee Ying	18,626,000	5.60
4	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor (M02)	10,762,400	3.23
5	Lee Equity Holdings Sdn Bhd	9,511,600	2.86
6	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rahadian Mahmud bin Mohammad Khalil	8,400,000	2.52
7	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Seong Hen (MGN-CSH0008M)	8,305,000	2.49
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Fatt Thai (E-KPG)	8,090,800	2.43
9	Muafakat Kekal Sdn Bhd	8,000,000	2.40
10	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Pee Leong	7,595,400	2.28
11	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kong Meng (E-KPG)	7,073,600	2.12
12	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching	6,667,700	2.00
13	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Equity Holdings Sdn Bhd	5,950,000	1.79
14	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	5,382,000	1.62
15	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Hwa (E-KPG)	5,236,100	1.57
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Sew Hong (E-KPG)	5,040,500	1.51
17	Chun Mei Ngor	5,000,000	1.50
18	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching	4,358,000	1.31
19	Lee Kung Meng	3,907,000	1.17

THIRTY LARGEST SHAREHOLDERS (CONT'D)
AS AT 23 APRIL 2014

No.	Names	Shareholdings	%
20	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Chun Mei Ngor (SMART)	3,818,400	1.15
21	Lee Kung Wah	3,552,200	1.07
22	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Kim Leng	3,400,000	1.02
23	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor	3,372,500	1.01
24	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Citibank NA, Singapore (Julius Baer)	3,180,000	0.96
25	Leow Ya Seng	3,066,000	0.92
26	Lee Kung Wah	3,000,000	0.90
27	Lee Choon Hooi	2,719,200	0.82
28	PLY Century Sdn Bhd	2,400,000	0.72
29	Ling Kiong Kok	1,807,800	0.54
30	Wong Kichin	1,782,800	0.54

DIRECTORS' SHAREHOLDINGS
AS AT 23 APRIL 2014

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	*8,400,000	2.52	-	-
Choh Kim Chiew	-	-	-	-
Ong Ah Leng	-	-	-	-
Sazali Bin Saad	-	-	-	-

* Includes shares held through nominee companies

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth 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, 5 June 2014 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 2013 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final single tier exempt dividend of 1.0 sen per share. **Resolution 2**

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

   Ong Ah Leng **Resolution 3**

4. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2013. **Resolution 4**

5. To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

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 6**

   "THAT YBhg Tan Sri Datuk Adzmi bin Abdul Wahab, aged 71 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 7**

   "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 8**

   "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 2013 allocated by the Company for the Proposed Renewal of Share Buy-Back;

NOTICE OF ANNUAL GENERAL MEETING

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 2015, 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
14 May 2014

Notes:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-10, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
6. Depositors who appear in the Record of Depositors as at 29 May 2014 shall be regarded as Member of the Company entitled to attend the Nineteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business:

7. The Ordinary Resolution 7, 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 2013. The Company has not issued any new share pursuant to Section 132D of the Act which was approved at the Eighteenth AGM held on 30 May 2013 and which will lapse at the conclusion of the forthcoming Nineteenth 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 8, 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 8 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.

SHARE BUY-BACK STATEMENT

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

1. INTRODUCTION

On 30 May 2013, 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 23 April 2014 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 2015 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 2013, the retained profits amounted to approximately RM30,799,373 and the share premium account amounted to approximately RM35,565,970.

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.

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

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

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

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

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

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

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

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

(i) to cancel the purchased shares;

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

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

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

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

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

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 23 April 2014, the public shareholding spread of the Company based on the issued and paid-up share capital of 332,889,940 Magna Prima Shares was 49.96% The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

The Company did not purchase any Magna Prima shares during the financial year ended 31 December 2013.

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

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

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

4. ADVANTAGES AND DISADVANTAGES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.1 Share Capital

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

	Minimum scenario		Maximum scenario	
	No. of shares '000	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 23 April 2014

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 23 April 2014:-

(i) Minimum Scenario

	As at 23 April 2014				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	22,953	6.90	-	-	22,953	7.66	-	-
Chun Yee Ying	18,626	5.60	-	-	18,626	6.22	-	-

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

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

(ii) Maximum Scenario

	As at 23 April 2014 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	22,953	5.99	-	-	22,953	6.66	-	-
Chun Yee Ying	18,626	4.86	-	-	18,626	5.41	-	-

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

	As at 23 April 2014				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	-	-
Choh Kim Chiew	-	-	-	-	-	-	-	-	-	-	-	-
Ong Ah Leng	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-
* Based on the Register of Directors as at 23 April 2014.

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)
2013		
May	0.96	0.73
June	0.91	0.82
July	1.21	0.80
August	1.17	0.81
September	1.15	0.87
October	1.08	1.00
November	1.42	1.05
December	1.30	1.16
2014		
January	1.27	1.04
February	1.18	0.96
March	1.07	0.96
April	1.03	0.95

(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.

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

PROXY FORM

I/We, ____ of
____

being a member / members of MAGNA PRIMA BERHAD hereby appoint ________________________
____

of ____

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Nineteenth 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, 5 June 2014 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 2013 and the Reports of the Directors and Auditors thereon.	1		
To declare a final single tier exempt dividend of 1.0 sen per share.	2		
To re-elect the following Director who retire in accordance with Article 100 of the Company's Articles of Association: -			
Ong Ah Leng	3		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2013.	4		
To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Board of Directors to fix their remuneration.	5		
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 71 years, as Independent Non-Executive Director, Chairman of the Company pursuant to Section 129(6) of the Companies Act 1965	6		
Proposed renewal of the authority for Directors to issue shares	7		
Proposed Renewal of Share Buy-Back	8		

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.

____
Signature/Common Seal

____
Date

NO. OF SHARES

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-10, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
5. Depositors who appear in the Record of Depositors as at 29 May 2014 shall be regarded as Member of the Company entitled to attend the Nineteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Fold here to seal

STAMP

THE COMPANY SECRETARY

MAGNA PRIMA BERHAD (369519-P)
Lot No. C-10, Block C,
Jalan Persiaran Surian,
Palm Spring @ Damansara,
47810 Kota Damansara, Petaling Jaya,
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www.magnaprima.com.my

Fold here to seal

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