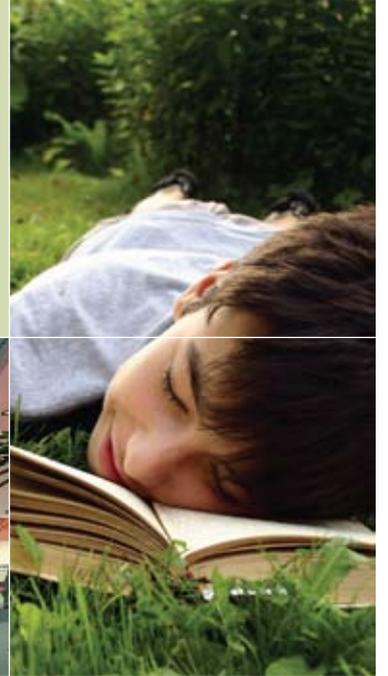
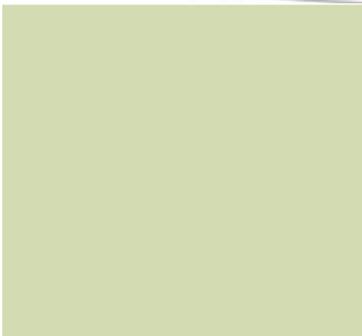




**MAGNA PRIMA BERHAD**  
(369519-P)



**DELIVERING** Quality  
Creating **VALUE**





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Datuk Adzmi bin Abdul Wahab**

*Independent Non-Executive Director, Chairman*

**Dato' Mohamad Rizal bin Abdullah**

*Executive Director*

**Loo Kent Choong**

*Chief Operating Officer*

**Dato' Dr. Manjit Singh a/I Harban Singh**

*Independent Non-Executive Director*

**Datuk Lye Ek Seang**

*Non-Independent Non-Executive Director*

**Dato' Rahadian Mahmud bin Mohammad Khalil**

*Independent Non-Executive Director*

**Ong Ah Leng**

*Independent Non-Executive Director*

**Sazali bin Saad**

*Independent Non-Executive Director*

**Oh Aik Teong Michael**

*Independent Non-Executive Director*

**Ong Chiow Hock**

*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Ong Ah Leng (Chairman)**

Dato' Dr. Manjit Singh a/I Harban Singh

Sazali bin Saad

## NOMINATION COMMITTEE

**Oh Aik Teong Michael (Chairman)**

Dato' Dr. Manjit Singh a/I Harban Singh

Ong Ah Leng

## REMUNERATION COMMITTEE

**Dato' Dr. Manjit Singh a/I Harban Singh  
(Chairman)**

Ong Ah Leng

Sazali bin Saad

## COMPANY SECRETARY

**Yuen Yoke Ping**

(MAICSA 7014044)

## REGISTERED OFFICE

Lot No. C-G11 & C-G12, Block C,

Jalan Persiaran Surian, Palm Spring @ Damansara,  
47810 Kota Damansara, Petaling Jaya, Selangor

Tel: +603-7801 5505

Fax: +603-7801 5270

Website: [www.magnaprima.com.my](http://www.magnaprima.com.my)

## SHARE REGISTRAR

**Symphony Share Registrars Sdn Bhd (378993-D)**

Level 26, Menara Multi-Purpose,

Capital Square,

No. 8, Jalan Munshi Abdullah,

50100 Kuala Lumpur

Tel: +603-2721 2222

Fax: +603-2721 2531

## AUDITORS

**Anuarul Azizan Chew & Co.**

*Chartered Accountants*

## SOLICITORS

**Ringo Low & Associates**

**Messrs Ng & Ong**

**Yip Kum Fook & Associates**

**Messrs Wong Kian Khong**

**Manjit Singh Sachdev, Mohammad Radzi & Partners**

## PRINCIPAL BANKERS

**Kuwait Finance House (Malaysia) Berhad**

**Malayan Banking Berhad**

**OCBC Bank (M) Berhad**

**RHB Bank Berhad**

## STOCK EXCHANGE LISTING

**Bursa Malaysia Securities Berhad**

Second Board

Listed since 16 January 1997

Bursa's Code: 7617

# CHAIRMAN'S STATEMENT

## Dear Valued Shareholders,

**On behalf of the Board of Directors,  
I am pleased to present the Annual  
Report and Audited Financial  
Statements of Magna Prima Berhad  
Group for the financial year ended 31  
December 2008 (FY08).**



### PROPERTY MARKET OVERVIEW

The year under review was a challenging one, with the property development and construction sectors facing pressure from negative market forces such as weaker property demand and spiraling building material costs. A volatile stock market, political uncertainties and unemployment concerns worsened the downward trajectory of the market despite incentives offered by the government in the last two years. Such subdued conditions is a result of the depth and severity of the global financial crisis being far broader and more acute than earlier anticipated, with several regional economies having slipped into recession. Being an integral part of the global economy, it is only inevitable that Malaysia too feels the impact of the global economic slowdown.

### REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, the Group posted a 1.53% increase in net profit to RM27.28 million from RM26.87 million in the previous financial year despite the bearish stance of the property sector. The increase is attributed to higher margins for Magna Ville, The Avare and the turnkey project of Dataran Otomobil in Shah Alam.

Revenue decreased by 19% from RM344.44 million for the previous financial year to RM280.63 million for the current financial year, due to the substantial completion

of both sales and construction works for our flagship project, The Avare. Revenue for FY08 was driven largely by contributions from our Dataran Otomobil project.

RM179.8 million, or 64.1%, of the Group's revenue was contributed by the property development division while 29.3% or RM82.33 million was contributed by the construction arm and 6.3% by our trading division.

The Group's year end net profit of RM27.28 million represents basic earnings per share of 50.72 sen and a return on equity of 24%.

### CORPORATE DEVELOPMENTS

On 18 January 2008, the Company acquired the entire issued and paid up share capital of the following Companies, with an authorized share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and a paid up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00:

- Dealhall (M) Sdn Bhd (now known as Magna City Shah Alam Sdn Bhd)
- Everhall (M) Sdn Bhd
- Prima Awan (M) Sdn Bhd

On 2 April 2008, the Company entered into a Conditional Share Sale Agreement with Contamaju Sdn Bhd. and Infocast Sdn. Bhd. to acquire 675,000 ordinary shares

# CHAIRMAN'S STATEMENT (cont'd)

of RM1.00 each, representing 90% equity interest in Pembinaan Contamaju-Infocast Sdn Bhd. for a cash consideration of RM1,286,246. The acquisition was completed on 13 August 2008.

On 9 April 2008, the Company acquired the entire issued and paid up share capital of Build Horse (M) Sdn Bhd (now known as Magna Mix Sdn Bhd with an authorized share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and a paid up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00.

On 16 April 2008, the Company subscribed 200,000 ordinary shares of RM1.00 each, representing 99.99% equity interest in Kontrakmal 1 (M) Sdn Bhd, for a cash consideration of RM200,000.

On 13 November 2008, the Company acquired the entire issued and paid up share capital of Magna City Development Sdn Bhd comprising 2,600,000 ordinary shares of RM1.00 each from MPB's wholly owned subsidiary, Magna Prima Construction Sdn Bhd for a cash consideration of RM2,600,000.

On 22 December 2008, the Company acquired the entire issued and paid up share capital of the following companies, with an authorized share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and a paid up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00 each:

- Monetary Icon (M) Sdn Bhd
- Permata Juang (M) Sdn Bhd

On 31 December 2008, the Company acquired the entire issued and paid up share capital of 33 Sentral Park Sdn Bhd comprising 2 ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00.

On 2 March 2009, the Company announced that Permata Juang (M) Sdn Bhd, a wholly-owned subsidiary of Magna Prima Berhad had entered into a sale and purchase agreement with Bukit Jalil Development Sdn Bhd to acquire a 10.86 acre parcel of freehold land held under Lot 38476 in the Mukim of Petaling, Kuala Lumpur a total cash consideration of RM19,408,371.

Twinicon (M) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Lai Meng Girls' School Association to

acquire all the pieces of land held under Geran 4628, 4629, 4630, 4631 and 4632, Lots 124, 125, 126, 127 and 128 all in Section 44, Town and district of Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 2.62 acres on 23 March 2009.

## REVIEW OF PROPERTY DEVELOPMENT DIVISION

Metro Prima, a joint-venture development, with Dewan Bandaraya Kuala Lumpur (DBKL), was started in 1996 and completed during the financial year ended 31 December 2008. The last phase of the Metro Prima development was handed over to the purchasers on June 2008. In total, the Metro Prima Development in Kepong generated a Gross Development Value of RM780 million for the Group.

Magna Prima's flagship luxury condominium project, The Avare was completed in end 2008. The Temporary Certificate of Fitness and the Vacant Possession certification were obtained in January and February 2009 respectively.

The on-going project of Magna Ville in Selayang comprising 1,074 units of condominiums was 54% completed by 31 December 2008 and was one of the Group's main revenue and earnings driver. Construction works on Magna Ville is targeted to complete by the fourth quarter of 2009.

Another project in progress is U1 Shah Alam, a mixed 3 in 1 development comprising 378 units of apartments, 13 units of shops and 53 units of first of its kind SOHO units in Shah Alam. It was launched in May 2008, and construction commenced in July 2008. As of 31 December 2008, rate of construction has reached 10.46%.



# CHAIRMAN'S STATEMENT (cont'd)

Following on the heels on our on-going projects is Magna City, a 3-in-1 integrated commercial and residential development consisting of 85 units of 5-storey shop office, 800 units of service apartment, a 250 room 3-star hotel block and 2 levels basement car park. This development encompasses 10.23 acres and the soft launch is targeted for July 2009. This project with an expected total Gross Development Value of RM533 million is expected to be completed by 2012.

Other projects in the pipeline are One Jalil @ Bukit Jalil with an estimated Gross Development Value of RM81 million. This landed residential development will encompass 10.86 acres of land in the elite township of Bandar Bukit Jalil. A total of 102 units of houses comprising 81 super-link terrace houses (23' x 80') and 24 units of semi-detached homes (45' x 90') will be constructed based on the guarded community concept. Construction is expected to commence by mid 2009 and is targeted for completion by mid 2011.

Moving forward into 2012, Magna Prima targets to undertake a signature high-rise project along Jalan Ampang in Kuala Lumpur. Sitting on a 2.62 acre prime piece of land, this project will comprise one 50-storey Class A office building, one 38-storey exclusive service apartment tower and a 2-level retail podium which has 3 levels of basement parking. The Gross Development Value of this project is estimated at RM1.3 billion.

## REVIEW OF CONSTRUCTION DIVISION

The financial year ended 31 December 2008 will be remembered as a year of turmoil for the construction industry which was faced with an unprecedented escalation in prices of building materials.

To strengthen the Group's construction division, an acquisition was made of a medium size construction company with a proven track record. The company acquired was Pembinaan Contamaju-Infocast Sdn Bhd, a general contractor with strength and expertise in infrastructure works. While boosting our construction abilities, the acquisition also stands us in good stead to participate in public tenders for infrastructure works. This synergistic move also gives the Group an edge over most other developers when it comes to control of costs, time and works sequencing as construction projects undertaken are built by construction subsidiaries within the Group. 'In-house' construction also enables us to retain the construction profit within the Group, thus enhancing the Group's performance as a whole.

The award winning project, The Avare, was completed in December 2008. Through the use of Industrialised Building System on the tower, the remaining of the sub-structure works and the structural work on the tower block were completed in a record time of fourteen months, which otherwise could have taken twenty three months using the conventional method.

The construction division took over the construction of Magna Ville in Selayang in December 2007, with only the foundation work being completed on one of the apartment block and partially on the second block, by the previous contractor. With the use of Industrialised Building System a rate of progress of seven floors per month was able to be achieved on the apartment blocks. As of end of January 2009, two blocks have been structurally completed with the third and final block 90% completed structurally.



# CHAIRMAN'S STATEMENT (cont'd)

Re-engineering of the foundation system and retaining wall has also helped to cut down costs and time. The foundation system adopted for the third block was driven pre cast concrete spun piles instead of bored pile foundation system adopted on the two initial blocks by the previous turnkey contractor. Another cost efficient and safe method involves the use of driven pre cast reinforced concrete soldier piles and laggings for constructing the retaining walls instead of the conventional cast in-site reinforced concrete retaining wall.

In Shah Alam, the construction division is building U1 which comprises two adjoining 15-storey high blocks of apartment, housing a total of 374 units, sitting on top of a 7-storey high podium (elevated car park), one level of basement and one block of 15-storey office, situated at Section U1, Shah Alam.

Again, value engineering has been undertaken on this project by reducing the size of the proposed pre cast concrete spun piles. In view of the current soft property market for office space, works sequencing has been reviewed and the works on the office block have been deferred to a later start date in order to better manage project cash flow.

Externally, through our new subsidiary company, Pembinaan Contamaju-Infocast Sdn Bhd, we also successfully completed the Sandakan Water Supply Phase II Project and the Sunggala Sewage Treatment Plant. The company is also involved in the development of Riverview Kemensah which comprises 9 units of bungalows and 78 units of semi-detached homes for a total subcontract value of RM44 million. As the subcontractor, Pembinaan Contamaju-Infocast Sdn Bhd has been tasked to construct the houses and carry out hardscape and water reticulation works. To date, 84% of building works has been completed while more than 95% of other works has been finished.

The construction division is optimistic that with the strategies adopted, we would be able to weather the current global economic downturn and position ourselves to reap gains in the next upturn. On the flip side, the current gloomy economy also presents opportunities for construction works to be subcontracted out at more competitive rates and for sourcing of materials at competitive prices.

## REVIEW OF TRADING DIVISION

During the financial year under review, the Group acquired a ready-mixed concrete business called Build Horse (M) Sdn. Bhd., which was subsequently renamed Magna Mix Sdn. Bhd., as part of our venture into the trading business. Apart from supplying ready-mixed material to our in-house construction division, Magna Mix also supplies materials to external customers.

At present, Magna Mix has batching plants located in Section 15 of Shah Alam, Selayang and Sg Buloh, which have a combined capacity of 60 m<sup>3</sup> per hour. Plans are also in the pipeline to establish an additional plant adjacent to our existing one in Shah Alam and new ones in Bukit Jalil and Jalan Kuching. In addition to increasing our production volume, our plant and machinery, information technology systems will also be upgraded to further improve the quality of products and services provided. As a member of the National Ready-Mixed Concrete Association Malaysia, Magna Mix also aims to drive its sales through ISO Certification and to secure higher trade financing lines to support its business expansion plans.

## MARKET OUTLOOK & PROSPECTS

The Malaysian property sector is expected to be subdued this year given the cautious stance adopted by property investors in the light of the global financial turmoil. However, prices and demand for landed properties in choice locations of Klang Valley that command good capital appreciation potential still remain healthy.

For Magna Prima Berhad, the Board of Directors view this time as an opportunity to forge ahead with measured optimism and caution. We will continue to execute our business strategy of focusing on launching landed



# CHAIRMAN'S STATEMENT (cont'd)

properties in strategic locations, implementing savvy sales and marketing strategies and managing our construction costs and timeline to generate required cash flows for landbank replenishment.

In order to face the many challenges ahead, we have set out to clearly define the Group's mission, vision and guiding values and also to chart the strategic business plans for the Group.

Our vision is "To Be the Best in Quality and Value" and we aim to achieve this vision by "Continuously Exceeding Customer Expectations Through a Constructive Culture to Enhance Shareholder Value" as stated in our mission statement. We believe that by creating a corporate culture that fosters organizational success and individual growth, we will better understand one other and this in turn will guide us in the same direction as we grow our company and create value for all our stakeholders, both internal and external. To achieve our vision and mission, a detailed roadmap of affirmative action plans and strategies were outlined to ensure that we emerge triumphant during these challenging yet exciting times.

Overall, I believe that the Group is well poised to take advantage of new growth opportunities as we move forward and while holding steadfast to our vision of providing the best in quality and value and our mission of enhancing shareholder value.

## INDUSTRY AWARDS

The Group's commitment to offering exemplary returns on investment to shareholders was recognized when we were awarded with the KPMG Shareholder Value Award under the General Construction Category in August 2008.

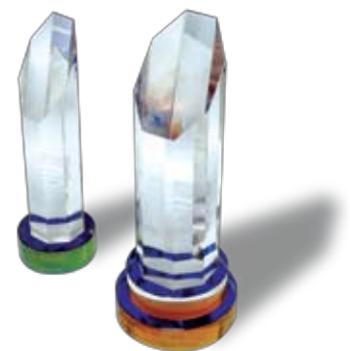
The KPMG Shareholder Value Award came on the heels of another prestigious award that placed the Group among an elite few. In July 2008, the Group was honored by winning the CNBC Asia Pacific Property Award in the Best High-Rise Development category for our flagship project, The Avare.

## PROPOSED DIVIDEND

I am pleased to announce that the Board of Directors has proposed final single tier exempt dividend of 5 sen per share for the financial year ended 2008.



CNBC Award



KPMG Shareholder Value Award



# CHAIRMAN'S STATEMENT (cont'd)

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedicated service and commitment towards the Group in the past year which has been instrumental in our success.

On 30 April 2009, the Group announced the resignation of Datuk Lee Kian Seng as the Group Managing Director of the Company, and on 14 May 2009, the resignation of Mr. Lim Ching Choy as Chief Executive Officer, was announced. During their tenure, they led the development and progressive implementation of a plan to have Magna Prima Berhad focus on its core businesses, a strategy which the Board of Directors and the Company are committed to continuing. On behalf of the Board, I would like to record my sincere gratitude to Datuk Lee and Mr. Lim for their valuable contributions over the past years and wish them the very best in all their future undertakings.

My heartfelt appreciation also goes out to our shareholders, valued customers, business associates and government authorities for their confidence and support, especially during these challenging times and we look forward to your continued support.

I would also like to thank my fellow colleagues on the Board for their counsel and invaluable dedication towards the Group.

## TAN SRI DATUK ADZMI BIN ABDUL WAHAB

*Independent Non-Executive Director, Chairman*



# CORPORATE SOCIAL RESPONSIBILITY

During the financial year under review, the Group adopted a series of Corporate Social Responsibility (CSR) policies as a guideline for future practices. The purpose of the Group's CSR policies is to ensure that a framework is in place, and that it is understood by employees at all business units and subsidiaries. To begin with, three core areas will be focused on, namely the workplace, environment and community.

## For the Workplace

The activities undertaken during the financial year under review were put in place to align with the Group's philosophy of being a caring employer. Substantial resources were dedicated to the training and development of employees to enhance skills and competencies while simultaneously preparing employees for upward career path progression within the Group.

In 2008, employees attended 47 training programmes addressing areas such as technical skills and soft skills which were held either in-house and via public programmes. The technical skills training programs focused on enhancing competencies in the construction and property industry.

Soft skills training programs were aimed at equipping heads of departments and line managers with skills to manage their staffs' work performance. To keep abreast with the current developments in the industry, employees were also encouraged to participate in external public seminars and conferences.

As part of our commitment to our employees, we also practise high standards of occupational safety practices by conducting regular occupational safety awareness programmes for our employees.

## For the Environment

Here at Magna Prima Berhad, we recognize that we have a responsibility towards promoting environmental protection and sustainability, and as a first step, employees were encouraged to maximize efficiency opportunities and minimize environmental impact through our working practices, particularly in areas such as better energy management, paper usage and waste reduction.



## For the Community

We have also always been committed to a policy of social responsibility in striving for the betterment of society by continuously contributing to the welfare, development and progress of the community.

During the year under review, the Group made donations to selected charities in an effort to help improve the lives of the less fortunate through its community welfare programme. Among the recipients was the Malaysian Association For the Terminally Ill, an organization that actively raises funds for the terminally ill who lack financial means for treatment, for those who require medical equipment and for talks and counseling sessions with patients plagued by chronic illnesses.

The employees of Magna Prima Berhad also took the lead in organizing a blood donation campaign in aid of the National Blood Bank. In November 2008, more than 40 employees gathered at our head office in Petaling Jaya to donate blood in response to an appeal made by the National Blood Bank.

In the spirit of spreading the Lunar New Year holiday cheer, the company's Sports Club organized a donation drive in aid of a children's orphanage called House of Joy. Boxes of foodstuff, clothes, personal items and household ware were generously contributed by employees, in addition to the traditional "ang paws" being given out to the children.

# BOARD OF DIRECTORS



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



**Dato' Mohamad Rizal bin Abdullah**  
*Executive Director*



**Loo Kent Choong**  
*Executive Director / Chief Operating Officer*



**Dato' Dr. Manjit Singh a/l Harban Singh**  
*Independent Non-Executive Director*



**Datuk Lye Ek Seang**  
*Non-Independent Non-Executive Director*



**Dato' Rahadian Mahmud bin Mohammad Khalil**  
*Independent Non-Executive Director*



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



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



**Oh Aik Teong Michael**  
*Independent Non-Executive Director*



**Ong Chiow Hock**  
*Independent Non-Executive Director*



# PROFILE OF DIRECTORS

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 66, was appointed to the Board of Directors of the Company on 2 May 2006 as an Independent Non-Executive Director, Chairman.

Tan Sri Datuk Adzmi bin Abdul Wahab, is the chairman and director of a number of companies involved in automotive, IT, broadbands, property development, construction and franchise businesses. He is also Advisor to the Malaysian Franchise Association.

Tan Sri Datuk Adzmi was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. During his tenure, EON successfully diversified into a conglomerate with interests in automotive, banking, financial services, investments, properties and general trading. During his tenure, 1.3 million cars valued at RM53.0 billion were sold. Annual revenue increased from RM2.3 billion in 1992 to RM7.4 billion in 2002. Total assets increased from RM980 million in 1992 to RM32.0 billion in 2002. Profit before tax increased from RM184 million in 1992 to RM920 million in 2002. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times and Most PR Savvy CEO by Institute of Public Relations Malaysia (IPRM). During his tenure, EON won numerous management and international advertising awards including the World Rally Car (N Category) and Franchisor of Year Awards.

Tan Sri Datuk Adzmi also served as Chairman of the Malaysian Franchise Association (MFA) from 1994 to July 2005. He was the first Chairman of the Asia Pacific Franchise Confederation in 1998-1999. He was Co-Chairman of World Franchise Council (WFC) and Asia Pacific Franchise Confederation (APFC) meetings in Kuala Lumpur 1998 and 2003. WFC is a confederation of franchise association from 38 countries all over the world and APFC is a confederation of franchise associations for 11 countries in Asia Pacific region.

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, Malaysia and a 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 following areas of Central Procurement and Contract Management in Ministry of Finance; Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department).



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

He was Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985.

He served PROTON from 1985 to 1992 and his last position in PROTON, leading car manufacturer in Malaysia was 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.

He has wide experience of over 20 years serving as chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution and component), property development, telecommunication, general trading, life insurance and franchise businesses.

His working experiences in property development included being a director of Hicom Properties Sdn Bhd (1983-1996), development of the 2000-acre Hicom industrial estate into a mixed development including industrial, residential and commercial; Director of Hicom Megah Sdn Bhd (1995-2005), development of Tekka Mall in Singapore; Chairman of EON Properties Sdn Bhd (1992-2005), development of over 100 acres of land all over the country costing over RM100 million into offices, showrooms and workshops.

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 (cont'd)



**DATO' MOHAMAD RIZAL BIN ABDULLAH**  
Executive Director

Dato' Mohamad Rizal bin Abdullah, a Malaysian, aged 59, was appointed to the Board of Directors of Magna Prima Berhad on 28 September 2006 as an Executive Director.

Dato' Mohamad Rizal graduated from Technical College in 1971 with a Diploma in Quantity Surveying and he attended the Management Programme (AIM) in 1989. He has 36 years of working experience in construction related organisations.

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

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

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

Dato' Mohamad Rizal is a member of the Tender Committee, Land Acquisition Committee and Business Development Committee.

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

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

Loo Kent Choong, a Malaysian citizen, aged 45, was appointed to the Board of Directors of Magna Prima Berhad on 8 May 2009 as Executive Director / Chief Operating Officer.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Fellow of the Australian Society of CPAs. He currently serves as a committee member in the MIA's Auditing and Accounting Committee and has served as National Accounting Corporate Report Award (NACRA) adjudicator since 1991.

He holds a Bachelor of Commerce degree specialising in Accounting & Management and also a Masters in Accounting from the University of Wollongong, New South Wales, Australia, graduating in 1987 and 1989 respectively, after completing the Flinders University, South Australia Matriculation Exam in 1983.

He began his working career in Sydney, Australia as an Assistant Accountant with an associate company of General Electric Co. Australia in 1986, and later as a Graduate Accountant with AGO Chapman & French (Chartered Accountants) in Sydney in 1987. Upon his return to Malaysia, he worked at KPMG in 1989 as a Tax Consultant. He joined PB Securities Sdn Bhd, a subsidiary of Public Bank Bhd in 1991 and was seconded to SBCI Finance Asia Ltd, a subsidiary of Swiss Bank Corporation



**LOO KENT CHOONG**  
Executive Director / Chief Operating Officer

during 1992 to 1995, as Senior Manager. He was Head of Research in Amsteel Securites Sdn Bhd and also Managing Director of Amsteel Research Sdn Bhd during 1995 to 1998, and was an Investment Advisor licenced by the Securites Commission. From 1999 to 2001, he was the General Manager - Business Development of CCM Bioscience Berhad. Since 2001, he was managing partner of Kent Loo & Associates, and is also director of several private companies in property investment, leasing and factoring businesses.

He has no family relationship with any of the directors and/or major shareholders of the Company. Loo Kent Choong does not have any conflict of interest with the Company and has no conviction for any offences within the past 10 years.

## PROFILE OF DIRECTORS (cont'd)



Dato' Dr. Manjit Singh a/l Harban Singh, a Malaysian, aged 59 years, was appointed to the Board on 5 December 2005 as an Independent Non-Executive Director and re-designated to Non-Independent Non-Executive Director. He graduated from Lincoln's Inn London in 1975 and has been in private practice since that year.

He is also a Trademark Agent and a registered Industrial Design Agent as well as a Commissioner for Oaths.

Dato' Dr. Manjit specialises in Corporate Law and his forte includes Company Listing, Restructuring, Mergers

and Takeovers, and Corporate Finance and Security Law with special emphasis on Contracts and legal documentations. In litigation work, his concentration is on Civil and Criminal Law, Banking and Property, and Insolvency.

Dato' Dr. Manjit has acquired over the years vast knowledge of various types of mixed development projects and gives a meaningful effective contribution to the Company.

Being an experienced lawyer who is exposed to the diverse fields of law, Dato' Dr. Manjit is sought after as Legal Advisor and Lecturer in his areas of expertise.

Dato' Dr. Manjit is a member of the Nomination Committee and Chairman of the Remuneration Committee. Dato' also sits in the ESOS Committee and Land Acquisition Committee

Dato' Dr. Manjit has no family relationship with any of the directors and / or major shareholders of the Company.

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

Datuk Lye Ek Seang, a Malaysian, aged 44 years old, attained a B.SC (Hons), majoring in Mathematics from University of Malaya.

He was appointed to the Board of Magna Prima Berhad on 16 July 2007 as an Independent Non-Executive Director and re-designated to Non-Independent Non-Executive Director on 2 March 2009.

Datuk Lye Ek Seang is the Deputy Chairman of Ho Hup Construction Company Berhad.

He is also an Independent Non-Executive Director of Minetech Resources Berhad.

Datuk Lye Ek Seang holds various directorships in media and television production companies and is the founder of Systemvation Sdn Bhd & VL Film Productions Sdn Bhd. VL Film Productions Sdn Bhd and CCTV (China Central Television) has jointly produced 3 world class drama & documentary namely Tale of Twin Cities, SEA Providence and a documentary of Melaka for the world market.

He is also founder of Malaysia's biggest decorative tiles manufacturing company, Roman Décor Sdn Bhd



(affiliated with Italian tile manufacturer, STUDIO EMME S.R.L) and an industrial brush manufacturing, MYBRUSH Industry Sdn Bhd.

Datuk Lye Ek Seang has no family relationship with any of the directors and / or major shareholders of the Company.

Datuk Lye Ek Seang 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 (cont'd)



Dato' Rahadian Mahmud bin Mohammad Khalil, a Malaysian, aged 35 was appointed to the Board as an Independent Non-Executive Director on 16 July 2007.

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 bin Mohammad Khalil is the Chairman of Per maju Industries Berhad.

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

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.

Ong Ah Leng, a Malaysian, aged 53, was appointed to the Board of Directors of Magna Prima Berhad on 1 November 2006 as an 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 Committee and ESOS Committee. He is also a member of the Nomination, Remuneration and Land Acquisition Committee.

He is an Independent Non-Executive Director of PJ Holdings Berhad.

He commenced his career as an Audit Senior in a medium-size audit practice in London from 1984 to 1985.

He was the Finance Manager of a Group listed in the New Zealand Stock Exchange from year 1987 to 1991 before his appointment as Audit Manager in 1 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 as a 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.

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.

# PROFILE OF DIRECTORS (cont'd)



Sazali bin Saad, a Malaysian, aged 37, joined the Board of Directors on 2 May 2006 as an Independent Non-Executive Director.

He is from the world of Academia, being currently a lecturer in the College of Business in University Utara Malaysia (UUM). He has been with UUM since year 2003.

Prior to this he held the position of tutor in the same establishment.

Sazali holds a degree of Bachelor of Accountancy (Hons) from UUM and a Master of Electronic Commerce from Deakin University, Melbourne.

During his years of studies 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 earlier from 1996 –1999, he had held the position of Finance Executive, then promoted to Finance Manager. Sazali was overall in charge in 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 provides generously wherever he serves.

Sazali is a member of the Audit Committee and Remuneration Committee of the Company.

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.

Oh Aik Teong Michael, a Malaysian, aged 50, was appointed to the Board of Directors of Magna Prima Berhad on 1 December 2008 as an Independent Non-Executive Director.

Oh Aik Teong Michael is the Chairman of Nomination Committee.

He obtained a Bachelor of Engineering (Chemical) from University Malaya. He began his working career in 1982 by joining MECOMB Malaysia Sdn Bhd, a subsidiary of Sime Darby Berhad as Sales and Project Engineer.

He joined Exxon Chemicals (M) Sdn Bhd from 1983 to 1992 holding various positions the last being a General Manager of Malaysian Energy Chemicals Sdn Bhd (a subsidiary of Exxon Chemical (M) Sdn Bhd).

He was with ChemQuest Sdn Bhd from 1992 to 2004 where he held the post of General Manager (Business Development) followed by Managing Director. He left ChemQuest Sdn Bhd to pursue his own business.

He was an Independent Non-Executive Director of Loh



& Loh Corporation Berhad from year 2006 to 2008.

Oh Aik Teong Michael has no family relationship with any of the directors and / or major shareholders of the Company.

He 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 (cont'd)

Ong Chiow Hock, a Malaysian, aged 54, was appointed to the Board of Directors of Magna Prima Berhad on 8 May 2009 as an Independent Non-Executive Director.

He obtained a Bachelor of Applied Science (Honours) Majoring in Polymer Science from Universiti Sains Malaysia.

He began his working career in 1978 with Adhesives Malaysia Sdn Bhd as Project / Production Executive.

He then joined Harrisons & Crosfield's (M) Sdn Bhd from 1980 to 1993 as Sale Executive before being promoted to Sales Manager for Industrial Chemical division. He left the company in July 1993 to start his own company importing chemicals from USA and Europe for local sales in Malaysia.

He moved on to GME Chemicals (M) Sdn Bhd as General Manager / Director in August 1993 with impressive yearly organic growth with a final turnover of RM106 million for year end closing July 2007 before selling to Warwick International UK in 2007 (manufacturer of bleach activator in UK for use in detergent industry).

Ong Chiow Hock is currently working as a Managing Director / Director for GME Chemicals (M) Sdn Bhd, a



**ONG CHIEW HOCK**  
*Independent Non-Executive Director*

wholly owned subsidiary of Warwick International UK and reports directly to President of Marketing (based in UK) who also looks after the distributive arms of Warwick International in Europe.

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

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



# GROUP STRUCTURE



**MAGNA PRIMA BERHAD**  
(369519-P)



# 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 ("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 confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 December 2008.

## 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, legal, financial, corporate and management skills. The Board is responsible for the overall management of the Group and in ensuring that the Group is managed with integrity, transparency and accountability.

The Board entails to review and adopt strategic plans for the Group, set direction, oversee and manage the conduct of the business. Key matters such as approval of annual and quarterly results, acquisitions and disposals, capital expenditures, budgets, material contracts and business engagements, succession planning for top management are reserved for the Board.

The Board is assisted by various Committees including the Management Committee, which oversees the day-to-day operations of the Group including review of monthly performance, budgets, capital investment proposals and many other operating issues arising out of the ordinary course of business.

The Board has delegated specific responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. Other committees such as ESOS Committee, Tender Committee and Land Acquisition Committee are set up for specific purposes. Reports of proceedings and outcome of various Committee meetings are submitted to the Board.

The composition of the Board is as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Tan Sri Datuk Adzmi bin Abdul Wahab	■			
* Datuk Lee Kian Seng	■			
# Lim Ching Choy	■			
Dato' Mohamad Rizal bin Abdullah	■			
** Dato' Dr. Manjit Singh a/I Harban Singh	■	■	■	■
*** Datuk Lye Ek Seang	■	■	■	
Dato' Rahadian Mahmud bin Mohammad Khalil	■			
Ong Ah Leng	■	■	■	■
**** Sazali bin Saad	■	■		■
***** Oh Aik Teong Michael	■		■	
^ Loo Kent Choong	■			
^^ Ong Chiow Hock	■			

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

- \* Resigned as Group Managing Director effective 30 April 2009
- \*\* Redesignated as Nomination Committee Member effective 3 March 2009
- \*\*\* Redesignated as Non-Independent Non-Executive Director effective 2 March 2009  
Resigned as Audit Committee Member effective 2 March 2009
- \*\*\*\* Appointed as Audit Committee Member effective 2 March 2009
- \*\*\*\*\* Appointed as Independent Non-Executive Director effective 1 December 2008  
Appointed as Chairman of Nomination Committee effective 3 March 2009
- ^ Appointed as Chief Operating Officer effective 8 May 2009
- ^^ Appointed as Independent Non-Executive Director effective 8 May 2009
- # Resigned as Chief Executive Officer effective 14 May 2009

## Board meetings

The Board met a total of five times during the year ended 31 December 2008.

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

	Total meetings attended	%
Tan Sri Datuk Adzmi bin Abdul Wahab	5/5	100
Datuk Lee Kian Seng	4/5	80
Lim Ching Choy	5/5	100
Dato' Mohamad Rizal bin Abdullah	4/5	80
Dato' Dr. Manjit Singh a/I Harban Singh	4/5	80
Datuk Lye Ek Seang	5/5	100
Dato' Rahadian Mahmud bin Mohammad Khalil	5/5	100
Ong Ah Leng	5/5	100
Sazali bin Saad	5/5	100
*Oh Aik Teong Michael	-	-

\* appointed as Independent Non-Executive Director on 1 December 2008

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

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## 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. Minutes of every Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting.

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

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's expense, if required.

## Directors' Training

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 2008. A directors' training conducted by Epsilon Advisory Services Sdn Bhd was held on 6 March 2008 and the topic was Updates on Corporate Law Changes. The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

## Appointment and Re-election to the Board

Appointments to the Board are made based on the recommendation of the Nomination and Remuneration committee. 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 and can 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, terms of reference and activities for the year under review are stated in pages 24 – 28 of the Annual Report.

## THE NOMINATION COMMITTEE

The Board has established a Nomination Committee, which has the primary responsibility to assess the suitability of proposed Board members and to recommend such appointments to the Board. The objective of the establishment of this committee is to ensure independent assessment of appointments to the Board. The Committee is also

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

responsible for annual assessment of the skills mix and experience possessed by Board members to ensure effectiveness of the Board, the committees of the Board and the contribution of individual Directors.

The Nomination Committee has three members comprising three Independent Non Executive Directors. During the financial year ended 31 December 2008, one meeting was 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.

The Remuneration Committee has three members comprising exclusively Independent Non Executive Directors. During the financial year ended 31 December 2008, one meeting was held.

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

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salaries	1,536,000	-	1,536,000
Bonus	735,000	-	735,000
Fees	-	191,000	191,000
Meeting Allowance	-	33,000	33,000
Benefits-in-kind	212,366	24,000	236,366
EPF	281,790	-	281,790
SOCSO	1,240	-	1,240
Total	2,766,396	248,000	3,014,396

Range of Remuneration (RM)	Number of Directors Executive	Number of Directors Non-Executive
Up to 50,000	-	6
RM 50,001 – RM 100,000	-	1
RM 650,001 – RM 700,000	1	-
RM 950,001 – RM 1,000,000	1	-
RM 1,000,001 – RM 1,050,000	1	-

## 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 members comprising two Independent Non Executive Directors and the Financial Controller.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## 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) objectives 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 the Annual General Meeting, shareholders are given a briefing on the performance and major activities of the Group during the financial year under review, whereby the shareholders have opportunity to enquire and comment on the Company's performance and operations.

## 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 of Directors 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

Through the Audit Committee of the Board, the Group has established transparent and appropriate relationship with the Group's auditors, both internal and external. The Audit Committee also meets the external auditors at least once a year without the presence of the management.

# ADDITIONAL COMPLIANCE INFORMATION

**PURSUANT TO PARAGRAPH 9.25 OF THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA  
SECURITIES BERHAD**

## **Share Buy Backs**

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

## **Option, Warrant and Convertible Securities**

During the financial year, the Company has not undertaken any Option, Warrant and Convertible Securities exercise.

## **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 2008 was RM3,000.

## **Variation in results**

There were no material variances between the audited results for the financial year ended 31 December 2008 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 2008 or entered into since the end of the previous financial year.

## **Revaluation of Landed Properties**

The Company does not have a revaluation policy for its properties.

# THE AUDIT COMMITTEE

The Audit Committee was established on 13 January 1997 to act as committee of the Board of Directors. 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 2008 are as follows:

Members	Status
Ong Ah Leng (Chairman)	Independent Non-Executive Director
Dato' Dr. Manjit Singh a/l Harban Singh	Independent Non-Executive Director
* Datuk Lye Ek Seang	Independent Non-Executive Director
** Sazali bin Saad	Independent Non-Executive Director

\* Resigned as Audit Committee Member effective 2 March 2009

\*\* Appointed as Audit Committee Member effective 2 March 2009

## Meetings

The Audit Committee convened five meetings during the financial year. The meetings were appropriately structured through the use of agendas 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
Dato' Dr. Manjit Singh a/l Harban Singh	Independent Non-Executive Director	4/5	80
* Datuk Lye Ek Seang	Independent Non-Executive Director	5/5	100
** Sazali bin Saad	Independent Non-Executive Director	-	-

\* Resigned as Audit Committee Member effective 2 March 2009

\*\* Appointed as Audit Committee Member effective 2 March 2009

Representatives of the external auditors as well as Internal Auditor also attended the meetings upon invitation.

# THE AUDIT COMMITTEE (cont'd)



## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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 of Directors
- Reviewed and sought management explanation on the major issues as per the Management Letters from the external auditor
- Reported to the Board on its activities and significant findings and results

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The major activities conducted by Internal Audit Department for the year ended 31 December 2008 for the Group are summarized 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
- 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.
- Conduct visits to the project sites and provided appropriate recommendations.

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## 1. COMPOSITION

The audit committee shall be appointed by the Board of Directors and shall consist of at least 3 or a maximum of 5 directors. All members of the Audit Committee are non-executive directors, and the members are independent of senior management and operational functions and unencumbered by any relationship that might, in the opinion of the Board of Directors, be considered to be conflict of interest.

All members of the Audit Committee including the Chairman shall hold office only as long as they serve as Directors of the Company. The members of the Audit Committee shall elect a Chairman from among their members who is not an executive director or employee of the Company or any related corporation. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith.

## COMMITTEE MEMBERS

- a) Ong Ah Leng (Chairman)
- b) Dato' Dr Manjit Singh a/l Harban Singh
- c) Datuk Lye Ek Seang (Resigned as Audit Committee Member effective 2 March 2009)
- d) Szali bin Saad (Appointed as Audit Committee Member effective 2 March 2009)

## 2. OBJECTIVES

The primary objectives of the Audit Committee are to: -

- Maintain a direct line of communication between the Board, external auditors, management and internal auditors through regularly scheduled meetings.
- Avail to the external and internal auditor private and confidential audiences at any time they desire with or without prior knowledge of management.
- Review existing practice and recommend to Management to formalize an ethics code for all executives and staff of the Group.

## 3. AUTHORITY

The committee is authorized by the Board to:

- Investigate any activity within its terms of reference.
- Obtain resources, which are reasonably required to enable performance of its duties.
- Have free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- Maintain direct communication channels with the external auditors and the internal audit department.
- Procure the service of external independent professional advisors when deemed necessary.
- Convene meetings with the external auditors, the internal auditors or both without the attendance of the management, other directors and employees, whenever deemed necessary.

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

## 4. MEETINGS

The Audit Committee shall meet at least five times a year. Additional meetings may be called at the Chairman's discretion. The Committee has the discretion to invite relevant personnel including external auditors and other advisors, if deemed necessary. The quorum for each meeting shall be two members.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also members of the Board. The Committee Chairman shall report to the Board on activities of the Committee.

## 5. SECRETARY

The Company Secretary shall be the secretary of the Committee and be responsible for drawing up agendas in consultation with the Chairman. The agenda, together with the relevant documentation shall be circulated to the Committee members, one week prior to each meeting. The Secretary shall be responsible for recording attendance, keeping minutes of meetings and circulating minutes of meetings to the Committee members and members of the Board of Directors.

## 6. 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 Malaysia Securities Berhad (BMSB) and other regulatory and legal requirements
- Discuss with the external auditor, 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 the 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

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)



- 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

# STATEMENT OF INTERNAL CONTROL

The Board of Directors is pleased to submit herewith the Statement on Internal Control of the Group. The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Guided by the Statement of Internal Control: Guidance for Directors of Public Listed Companies, the Board is pleased to present the Statement on Internal Control of the Group pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad.

## Board's Responsibility

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

The Board acknowledges that it is responsible for the Group's system of internal control to safeguard shareholders' investments and the Group's assets and for the continuing review of its adequacy and integrity in accordance with S167A of the Companies Act, 1965.

For the financial year under review, the Group had in place a system of internal control 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.

It must be noted however, the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

## CONTROL ENVIRONMENT AND STRUCTURE

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

- Management Committee comprising all executive members of the Board that schedules weekly meetings with the management staff of each business unit of the Group to closely monitor among other things, operational, project implementation, new business prospects, human resource and financial issues and to identify risks and control issues that may require further action.
- 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 all non-executive and independent directors, 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 once a year.

# STATEMENT OF INTERNAL CONTROL (cont'd)

- 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 their findings 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 formalised 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 formalised 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 formalising 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.

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. This complies with the provisions recommended in the Bursa Malaysia's Statement of Internal Control: Guidance for Directors of Public Listed Companies.

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

This Statement is made in accordance with the resolution of the Board dated 23 April 2009.

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*FORM OF PROXY*

## FINANCIAL STATEMENTS

# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

## 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 5 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
Net profit for the financial year	27,281,447	3,784,138
Attributable to:		
Equity holders of the Company	26,887,725	-
Minority interests	393,722	-
	27,281,447	3,784,138

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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 Group and of the Company for the current financial year.

## Dividends

The Company paid a first and final dividend of 1 sen per share less taxation at 26% franked dividend and 6 sen per share single tier exempt dividend amounting to RM3,603,153 in respect of previous financial year on 12 August 2008.

A proposed final single tier exempt dividend of 5 sen per share amounting to RM2,672,962 has been recommended for the current financial year subject to shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this 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 2009.

## 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.

## DIRECTORS' REPORT (cont'd)

### Issue of Shares and Debentures

During the financial year, the paid-up share capital of the Company was increased from RM51,621,896 to RM53,459,246 by way of the issuance of 1,837,350 new ordinary shares of RM1.00 each arising from the exercise of Warrants 2006/2011 at the subscription price of RM1.30 per share in accordance with the Deed Poll dated 30 August 2005.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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

### Options Granted Over Unissued Shares

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

### Warrants

The Warrants were constituted under the Deed Poll dated 30 August 2005. The major salient terms of the Warrants are as follows:

- (i) The Warrants may be exercised at any time within a period commencing on or after 27 September 2006 when the Warrants are issued and ending at 5.00 p.m. on the date preceding the fifth (5th) anniversary of the date of issue of the Warrants ("Exercise Period").

Warrants which are not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

- (ii) The Warrants shall expire on 26 September 2011, being the date falling immediately before the fifth (5th) anniversary of the Issue Date of the Warrants.
- (iii) The exercise price shall be based on the time of exercise of the Warrants as follows:

<u>Exercise Period</u>	<u>Exercise Price</u>
From the date of issue of the Warrants until the date preceding the second anniversary	RM1.30
From the second anniversary of the date of issue of the Warrants until the expiry date	RM1.50

- (iv) Each Warrant carries the entitlement to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the Exercise Price at any time during the Exercise Period.
- (v) The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Depository.
- (vi) The Exercise Price and/or the number of Warrants in issue may from time to time be adjusted in the event of any alteration to the share capital in accordance with the terms of the Deed Poll.
- (vii) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such holders exercise the Warrants.

**DIRECTORS' REPORT** (cont'd)**Warrants (cont'd)**

The movements in the Company's Warrants are as follows:

	Entitlement for ordinary shares of RM1 each			
	At 1.1.2008	Issued	Exercised	At 31.12.2008
Numbers of unexercised Warrants	23,398,839	-	1,837,350	21,561,489

**Directors**

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

Tan Sri Datuk Adzmi bin Abdul Wahab  
Datuk Lee Kian Seng  
Lim Ching Choy

Dato' Mohamad Rizal bin Abdullah  
Dato' Dr. Manjit Singh a/l Harban Singh

Ong Ah Leng  
Sazali bin Saad

Datuk Lye Ek Seang

Dato' Rahadian Mahmud bin Mohammad Khalil

Oh Aik Teong Micheal

(appointed on 1.12.2008)

**Directors' Interests**

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

	No. of ordinary shares of RM1 each			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
<b>Magna Prima Berhad</b>				
Direct interest:				
Dato' Dr. Manjit Singh a/l Harban Singh	600,000	415,000	-	1,015,000
Datuk Lye Ek Seang	1,727,700	-	-	1,727,700
Dato' Rahadian Mahmud bin Mohammad Khalil	1,500,000	-	-	1,500,000
Ong Ah Leng	10,000	-	10,000	-
Oh Aik Teong Micheal	-	842,900	-	842,900
Dato' Mohamad Rizal bin Abdullah	-	109,000	-	109,000
Indirect interest:				
Datuk Lee Kian Seng	1,142,000	300,000	-	1,442,000
Datuk Lye Ek Seang	350,000	-	103,000	247,000

**DIRECTORS' REPORT** (cont'd)**Directors' Interests (cont'd)**

	No. of warrants of RM0.30 each			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
<b>Magna Prima Berhad</b>				
Direct interest:				
Dato' Dr. Manjit Singh a/l Harban Singh	4,492,683	-	287,550	4,205,133
Dato' Mohamad Rizal bin Abdullah	-	500,000	239,000	261,000
Indirect interest:				
Datuk Lee Kian Seng	-	200,000	200,000	-

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

**Directors' Benefits**

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

Neither during nor at the end of the financial year, was the Company or any of its subsidiary companies a party to any arrangement the object of which is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the Company's Warrants entitlements to subscribe for new ordinary shares.

**Other Statutory Information**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
  - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
  - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## DIRECTORS' REPORT (cont'd)

### Other Statutory Information (cont'd)

- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.

### Significant Events

The significant events are disclosed in Note 37 to the financial statements.

### Subsequent Events

The subsequent events after the financial year are disclosed in Note 38 to the financial statements.

### Auditors

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

Signed in accordance with a resolution of the Directors.

**LIM CHING CHOY**

KUALA LUMPUR

**DATO' MOHAMAD RIZAL BIN ABDULLAH**

## STATEMENT BY DIRECTORS

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

We, LIM CHING CHOY and DATO' MOHAMAD RIZAL BIN ABDULLAH, being two of the Directors of MAGNA PRIMA BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 41 to 86 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

**LIM CHING CHOY**

KUALA LUMPUR

**DATO' MOHAMAD RIZAL BIN ABDULLAH**

# STATUTORY DECLARATION

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

I, PHAN GAIK CHER, being the Officer primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 86 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 PHAN GAIK CHER  
at KUALA LUMPUR in the  
Federal Territory this

**PHAN GAIK CHER**

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 balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 86.

### *Directors' Responsibility for the Financial Statements*

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 standard on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements are properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

## INDEPENDENT AUDITORS REPORT

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

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

### 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.

#### **ANUARUL AZIZAN CHEW & CO**

Firm Number: AF 0791  
Chartered Accountants

#### **SATHIEA SEELEAN A/L MANICKAM**

Approved Number: 1729/05/10 (J/PH)  
Partner of Firm

KUALA LUMPUR

# BALANCE SHEETS

as at 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	3	3,790,341	3,763,125	1,139,036	1,389,871
Prepaid lease payments	4	244,573	310,627	-	60,947
Investment in subsidiary companies	5	-	-	43,062,873	33,587,126
Other investment	6	690,000	690,000	-	-
Property development costs	7	-	-	-	-
Goodwill on consolidation	8	-	-	-	-
Deferred tax asset	22	6,828,100	6,242,000	-	-
		11,553,014	11,005,752	44,201,909	35,037,944
<b>Current Assets</b>					
Inventories	9	2,343,239	2,006,801	-	-
Property development costs	7	136,209,589	79,135,929	-	-
Amount owing by customers on contracts	10	85,818,393	57,122,485	-	-
Trade receivables	11	114,256,296	166,452,417	-	-
Other receivables	12	19,975,557	12,665,321	10,565,724	2,575,957
Amount owing by subsidiary companies	13	-	-	69,607,102	51,967,993
Tax recoverable		43,507	-	-	-
Cash held under Housing Development Accounts	14	5,926,388	11,991,167	-	-
Fixed deposits with licensed banks	15	1,842,321	-	-	-
Cash and bank balances		18,005,678	16,500,721	6,801,869	1,030,753
		384,420,968	345,874,841	86,974,695	55,574,703
<b>Current Liabilities</b>					
Amount owing to customers on contracts	10	8,483,623	6,573,816	-	-
Trade payables	16	139,181,256	138,207,876	-	-
Other payables	17	19,118,143	15,263,980	2,622,831	1,729,174
Amount owing to subsidiary companies	13	-	-	49,383,154	10,883,282
Hire purchase payables	18	639,374	296,316	32,544	105,552
Bank borrowings	19	39,629,746	30,983,177	-	838,104
Taxation		35,881,456	27,301,755	440,023	668,241
		242,933,598	218,626,920	52,478,552	14,224,353
Net current assets		141,487,370	127,247,921	34,496,143	41,350,350
		153,040,384	138,253,673	78,698,052	76,388,294
<b>Financed By:</b>					
Share capital	20	53,459,246	51,621,896	53,459,246	51,621,896
Reserves	21	60,819,908	36,984,130	25,053,280	24,321,089
Equity attributable to equity holders of the parent		114,279,154	88,606,026	78,512,526	75,942,985
Minority interests		2,993,750	2,457,112	-	-
Total equity		117,272,904	91,063,138	78,512,526	75,942,985
<b>Non-Current Liabilities</b>					
Hire purchase payables	18	1,338,260	1,176,884	140,938	400,721
Bank borrowings	19	34,359,918	45,943,465	-	-
Deferred taxation	22	69,302	70,186	44,588	44,588
		35,767,480	47,190,535	185,526	445,309
		153,040,384	138,253,673	78,698,052	76,388,294

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

# INCOME STATEMENTS

for the financial year ended 31 December 2008

	Note	Group		Company	
		2008 RM	Restated 2007 RM	2008 RM	2007 RM
Revenue	23	280,631,818	344,438,784	13,287,020	16,492,878
Cost of sales		(205,921,829)	(286,328,044)	-	-
Gross profit		74,709,989	58,110,740	13,287,020	16,492,878
Other operating income		1,834,351	558,329	229,544	99,210
Marketing and promotion expenses		(12,670,076)	(8,328,414)	-	-
Administration expenses		(18,709,044)	(11,661,900)	(9,187,202)	(8,115,752)
Other operating expenses		(7,241,402)	(829,411)	(348,366)	(188,722)
Profit from operations	24	37,923,818	37,849,344	3,980,996	8,287,614
Finance costs	25	(444,020)	(214,917)	(27,403)	(99,629)
Profit before taxation		37,479,798	37,634,427	3,953,593	8,187,985
Taxation	26	(10,198,351)	(10,764,626)	(169,455)	(1,830,566)
Net profit for the financial year		27,281,447	26,869,801	3,784,138	6,357,419
Net profit for the financial year attributable to:					
Equity holders of the parent		26,887,725	26,580,804		
Minority interests		393,722	288,997		
		27,281,447	26,869,801		
Earnings per share attributable to equity holders of the parent:					
Basic (sen)	27(a)	50.72	51.59		
Diluted (sen)	27(b)	40.85	42.93		

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

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2008

Group	Note	Attributable to Equity Holders of the Parent						Total RM	Minority Interests RM	Total Equity RM
		Non-distributable			Distributable					
		Share Capital RM	Share Premium RM	Warrants Reserve RM	Capital Reserve RM	(Accumulated Losses)/ Retained Profits RM	Total RM			
At 1 January 2007		51,477,446	9,388,308	7,019,652	29,994	(6,065,078)	61,850,322	2,168,115	64,018,437	
Issuance of shares pursuant to the exercise of ESOS		144,450	30,450	-	-	-	174,900	-	174,900	
Net profit for the financial year		-	-	-	-	26,580,804	26,580,804	288,997	26,869,801	
At 31 December 2007		51,621,896	9,418,758	7,019,652	29,994	20,515,726	88,606,026	2,457,112	91,063,138	
At 1 January 2008		51,621,896	9,418,758	7,019,652	29,994	20,515,726	88,606,026	2,457,112	91,063,138	
Issuance of shares pursuant to the exercise of Warrants 2006/2011		1,837,350	1,102,411	(551,205)	-	-	2,388,556	-	2,388,556	
Acquisition of subsidiary company		-	-	-	-	-	-	142,916	142,916	
Net profit for the financial year		-	-	-	-	26,887,725	26,887,725	393,722	27,281,447	
Dividend paid	28	-	-	-	-	(3,603,153)	(3,603,153)	-	(3,603,153)	
At 31 December 2008		53,459,246	10,521,169	6,468,447	29,994	43,800,298	114,279,154	2,993,750	117,272,904	

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

## STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2008 (cont'd)

Company	Note	Non-distributable			Distributable	Total Equity RM
		Share Capital RM	Warrants Reserve RM	Share Premium RM	Retained Profits RM	
At 1 January 2007		51,477,446	7,019,652	9,388,308	1,525,260	69,410,666
Issuance of shares pursuant to the exercise of ESOS		144,450	-	30,450	-	174,900
Net profit for the financial year		-	-	-	6,357,419	6,357,419
At 31 December 2007		51,621,896	7,019,652	9,418,758	7,882,679	75,942,985
At 1 January 2008		51,621,896	7,019,652	9,418,758	7,882,679	75,942,985
Issuance of shares pursuant to the exercise of Warrants 2006/2011		1,837,350	(551,205)	1,102,411	-	2,388,556
Net profit for the financial year		-	-	-	3,784,138	3,784,138
Dividend paid	28	-	-	-	(3,603,153)	(3,603,153)
At 31 December 2008		53,459,246	6,468,447	10,521,169	8,063,664	78,512,526

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

**CASH FLOW STATEMENTS**

for the financial year ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash Flows From Operating Activities</b>					
Profit before taxation		37,479,798	37,634,427	3,953,593	8,187,985
Adjustment for:					
Depreciation of property, plant and equipment		1,157,056	942,170	264,723	299,987
Amortisation of prepaid lease payments		5,834	11,755	727	6,648
Allowance for doubtful debts		1,374,933	-	-	-
Bad debts written off		143,605	-	124,479	-
Gain on disposal of property, plant and equipment		(285,486)	(105,952)	(62,708)	(97,153)
Property, plant and equipment written off		706,191	-	11,010	-
Provision for liquidated and ascertained damages		2,886,918	-	-	-
Overprovision for liquidated and ascertained damages		(2,785,564)	-	-	-
Overprovision for foreseeable loss		(288,917)	-	-	-
Goodwill written off		113,678	46,207	-	-
Interest income		(418,903)	(69,904)	(166,836)	-
Interest expense		444,020	214,917	27,403	99,629
Dividend income		-	-	(2,600,000)	(7,466,400)
Operating profit before working capital changes		40,533,163	38,673,620	1,552,391	1,030,696
Decrease/(Increase) in working capital					
Inventories		(336,437)	-	-	-
Property development costs		(22,078,444)	10,541,662	-	-
Amount owing by/to customers on contracts		(19,767,123)	(21,923,096)	-	-
Trade receivables		58,401,572	(124,119,856)	-	-
Other receivables		(8,732,518)	(5,941,204)	(8,114,246)	(1,739,783)
Amount owing by/to subsidiary companies		-	-	20,860,763	(390,030)
Amount owing by/to director		(639,000)	-	1,000	-
Trade payables		(42,530,255)	89,638,854	-	-
Other payables		7,753,091	(2,642,146)	1,730,763	(2,677,470)
		(27,929,114)	(54,445,786)	14,478,280	(4,807,283)
Cash from/(used in) operations		12,604,049	(15,772,166)	16,030,671	(3,776,587)
Taxation paid		(5,385,403)	(656,387)	(397,674)	(8,856)
Interest received		418,903	69,904	166,836	-
Interest paid		(444,020)	(214,917)	(27,403)	(99,629)
		(5,410,520)	(801,400)	(258,241)	(108,485)
Net cash from/(used in) operating activities		7,193,529	(16,573,566)	15,772,430	(3,885,072)

**CASH FLOW STATEMENTS**

for the financial year ended 31 December 2008 (cont'd)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash Flows From Investing Activities</b>					
Purchase of property, plant and equipment	29	(709,802)	(602,027)	(487,381)	(484,892)
Investment in subsidiary companies		-	-	(9,475,747)	(2,836,128)
Acquisition of subsidiary companies	5(c)	(1,350,744)	-	-	-
Dividend received		-	-	2,600,000	5,525,136
Net proceeds from disposal of property, plant and equipment		1,188,107	1,508,800	585,410	1,500,000
Net cash (used in)/from investing activities		(872,439)	906,773	(6,777,718)	3,704,116
<b>Cash Flows From Financing Activities</b>					
Dividend paid	28	(3,603,153)	-	(3,603,153)	-
Repayment of hire purchase liabilities		(1,223,179)	(281,549)	(332,791)	(99,408)
Repayment of bank borrowings		(35,115,011)	(19,265,708)	(838,104)	-
Drawdown from bank borrowings		24,986,998	60,100,000	-	-
Issuance of shares by the Company					
- Exercise of ESOS		-	174,900	-	174,900
- Exercise of Warrant 2006/2011		2,388,556	-	2,388,556	-
Net cash (used in)/from financing activities		(12,565,789)	40,727,643	(2,385,492)	75,492
<b>Net (decrease)/increase in cash and cash equivalents</b>		(6,244,699)	25,060,850	6,609,220	(105,464)
<b>Cash and cash equivalents at beginning of the financial year</b>		26,817,882	1,757,032	192,649	298,113
<b>Cash and cash equivalents at end of the financial year</b>		20,573,183	26,817,882	6,801,869	192,649
<b>Cash and cash equivalents at end of the financial year comprises:</b>					
Cash and bank balances		18,005,678	16,500,721	6,801,869	1,030,753
Cash held under Housing Development Accounts		5,926,388	11,991,167	-	-
Fixed deposits with licensed banks		1,842,321	-	-	-
Bank overdrafts		(3,358,883)	(1,674,006)	-	(838,104)
		22,415,504	26,817,882	6,801,869	192,649
Less: Fixed deposits pledged with licensed banks		(1,842,321)	-	-	-
		20,573,183	26,817,882	6,801,869	192,649

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 5 to the financial statements.

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965.

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

## 2. Significant Accounting Policies

### (a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia.

During the financial year, the Company has adopted the following applicable revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board that are mandatory for financial periods beginning on or after 1 July 2007 as follows:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not result in significant changes in accounting policies of the Company, or any significant impact on the financial results and the financial position of the Company.

The Group and the Company have not early adopted the following new amendment to FRSs and Issues Committee ("IC") Interpretation which are mandatory and will be effective for financial periods beginning on or after 1 July 2009 and 1 January 2010.

Mandatory for financial period beginning on or after 1 July 2009:-

FRS 8	Operating segment
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Mandatory for financial period beginning on or after 1 January 2010:-

FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**2. Significant Accounting Policies (cont'd)****(a) Basis of accounting (cont'd)****(i) FRS 7 Financial Instruments: Disclosures**

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel. The impact of applying FRS 7 on the financial statements upon first adoption as required by paragraph 30 (b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 7.44AB.

**(ii) FRS 8 Operating Segments**

This FRS requires the entity to disclose the following:

- (a) Segment information based on the information reviewed by the entity's chief decision maker.
- (b) Factor used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated).
- (c) Type of products and services from which each reportable segment derives its revenues.
- (d) The amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.
- (e) Information about the extent of its reliance on its major customers. If revenues from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues.

**(iii) FRS 139 Financial Instruments: Recognition and Measurement**

This new standard establishes the principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Company will apply this standard when it becomes effective. The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30 (b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

**(b) Functional and presentation currency**

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (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 historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet 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 set out below.

##### (i) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; or
- (b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

##### (ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy stated in Note 2(h). 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.

##### (iii) 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.

##### (iv) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (d) Basis of consolidation

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

##### (i) Subsidiary companies

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

The accounting policy on goodwill on acquisition of subsidiary companies is set out in Note 2(f). Reserve on consolidation is recognised immediately in consolidated income statement.

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the fair value of identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company.

##### (ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the consolidated income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (e) Investment in subsidiary companies

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

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

#### (f) Goodwill on consolidation

Goodwill acquired in a business combination is initially measured at cost, represents the excess of the purchase price over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(h).

Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (g) Property, plant and equipment

##### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(h).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

##### (ii) Subsequent costs

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

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**2. Significant Accounting Policies (cont'd)****(g) Property, plant and equipment (cont'd)****(iii) Depreciation**

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

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

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

The depreciable amount is determined after deducting the residual value. Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in income statements.

**(h) Impairment of assets**

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statements in the period in which it arises.

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.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (i) Other investments

Other investments are stated at cost less allowance for diminution in value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statements.

#### (j) Inventories

Inventories represent cost of unsold completed development units which is determined on a specific identification basis. The inventories are stated at the lower of cost and net realisable value.

#### (k) Receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

#### (l) Cash and cash equivalents

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

#### (m) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (n) 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 balance sheet date. The stage of completion is determined by the proportion that contract cost incurred for the work performed to date as a percent of the estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (o) 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 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(h).

Land held for property development is reclassified as current assets 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.

Where the Company or its subsidiary companies had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201, Property Development Activities.

#### (p) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

Property development costs shall be classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current assets when the development activities have commenced and expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the income statements by using the stage of completion. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on units sold are recognised as an expense in the period in which they are incurred.

When the revenue recognised in the income statements exceed billings to purchaser, the balance is shown as accrued billings under current assets and when the billings to purchaser exceed the revenue recognised in the income statement, the balance is shown as progress billings under current liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (q) Hire purchase

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as liabilities. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practical to determine; otherwise, the Group's incremental borrowing rate is used.

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

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

#### (r) Borrowing costs

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

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

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

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

#### (s) 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 balance sheet 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (t) Revenue recognition

##### (i) Property development

When property development units/properties are sold, the attributable portion of property development costs shall be recognised as an expense in the period in which the related revenue is recognised.

Revenue derived from property development activities is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs.

Any expected loss on a development project including costs to be incurred over the defects liability period shall be recognised as an expense immediately.

##### (ii) 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.

##### (iii) Goods sold and services rendered

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

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

##### (iv) Rental and interest income

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

##### (v) Dividend income

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

#### (u) Income tax

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant Accounting Policies (cont'd)

#### (u) Income tax (cont'd)

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

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

#### (v) Employee benefits

##### (i) Short term benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

##### (ii) Defined contribution plans

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

#### (w) Leases

Lease of property, plant and equipment is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to the ownership. All other leases are treated as operating lease.

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

#### (x) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, deposits, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Property, Plant and Equipment

Group	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
<b>2008</b>							
<b>Cost</b>							
At 1.1.2008	732,848	5,785,246	2,374,675	3,126,164	74,850	1,168,274	13,262,057
Acquisition of subsidiary company	-	669,000	114,741	1,572,694	-	93,583	2,450,018
Additions	-	11,300	353,027	813,000	-	180,480	1,357,807
Disposals/Write-off	(360,213)	(5,663,842)	(1,564,131)	(2,118,114)	(63,250)	(832,725)	(10,602,275)
At 31.12.2008	372,635	801,704	1,278,312	3,393,744	11,600	609,612	6,467,607
<b>Accumulated depreciation</b>							
At 1.1.2008	65,895	5,568,585	1,546,444	1,859,636	64,723	393,649	9,498,932
Acquisition of subsidiary company	-	265,800	40,099	699,181	-	69,875	1,074,955
Charge for the financial year	15,949	112,680	172,254	793,177	319	62,677	1,157,056
Disposals/Write-off	(12,008)	(5,541,315)	(1,273,777)	(1,734,591)	(63,642)	(428,344)	(9,053,677)
At 31.12.2008	69,836	405,750	485,020	1,617,403	1,400	97,857	2,677,266
<b>Carrying amount</b>							
At 31.12.2008	302,799	395,954	793,292	1,776,341	10,200	511,755	3,790,341
<b>2007</b>							
<b>Cost</b>							
At 1.1.2007	1,543,188	5,773,078	2,240,485	2,997,768	63,650	1,170,403	13,788,572
Additions	-	12,168	134,190	181,737	11,200	429,132	768,427
Disposals/Write-off	(810,340)	-	-	(53,341)	-	(431,261)	(1,294,942)
At 31.12.2007	732,848	5,785,246	2,374,675	3,126,164	74,850	1,168,274	13,262,057
<b>Accumulated depreciation</b>							
At 1.1.2007	105,017	5,459,914	1,358,689	1,442,872	61,218	391,877	8,819,587
Charge for the financial year	29,757	108,671	187,755	470,104	3,505	142,378	942,170
Disposals/Write-off	(68,879)	-	-	(53,340)	-	(140,606)	(262,825)
At 31.12.2007	65,895	5,568,585	1,546,444	1,859,636	64,723	393,649	9,498,932
<b>Carrying amount</b>							
At 31.12.2007	666,953	216,661	828,231	1,266,528	10,127	774,625	3,763,125

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**3. Property, Plant and Equipment (cont'd)**

Company	Buildings RM	Furniture, fittings and equipment RM	Computers RM	Motor vehicles RM	Office renovation RM	Total RM
<b>2008</b>						
<b>Cost</b>						
At 1.1.2008	360,213	220,279	227,860	866,659	429,132	2,104,143
Additions	-	184,831	122,070	-	180,480	487,381
Disposals/Write-off	(360,213)	(70,094)	(74,311)	(573,060)	-	(1,077,678)
At 31.12.2008	-	335,016	275,619	293,599	609,612	1,513,846
<b>Accumulated depreciation</b>						
At 1.1.2008	7,804	102,860	108,284	452,411	42,913	714,272
Charge for the financial year	4,202	26,401	41,082	138,493	54,545	264,723
Disposals/Write-off	(12,006)	(62,214)	(71,180)	(458,785)	-	(604,185)
At 31.12.2008	-	67,047	78,186	132,119	97,458	374,810
<b>Carrying amount</b>						
At 31.12.2008	-	267,969	197,433	161,480	512,154	1,139,036
<b>2007</b>						
<b>Cost</b>						
At 1.1.2007	1,170,553	192,975	199,404	866,659	431,261	2,860,852
Additions	-	27,304	28,456	-	429,132	484,892
Disposals/Write-off	(810,340)	-	-	-	(431,261)	(1,241,601)
At 31.12.2007	360,213	220,279	227,860	866,659	429,132	2,104,143
<b>Accumulated depreciation</b>						
At 1.1.2007	58,674	83,772	90,390	279,079	111,855	623,770
Charge for the financial year	18,009	19,088	17,894	173,332	71,664	299,987
Disposals/Write-off	(68,879)	-	-	-	(140,606)	(209,485)
At 31.12.2007	7,804	102,860	108,284	452,411	42,913	714,272
<b>Carrying amount</b>						
At 31.12.2007	352,409	117,419	119,576	414,248	386,219	1,389,871

Included in the property, plant and equipment of the Group and of the Company are motor vehicles under hire purchase with carrying amount of RM1,716,030 and RM161,480 (2007: RM1,238,890 and RM414,248) respectively.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 4. Prepaid Lease Payments

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Cost</b>				
At 1 January	331,496	736,666	62,297	467,467
Disposal	(62,297)	(405,170)	(62,297)	(405,170)
At 31 December	269,199	331,496	-	62,297
Accumulated amortisation				
At 1 January	20,869	43,553	1,350	29,141
Amortisation of prepaid lease payments	5,834	11,755	727	6,648
Disposal	(2,077)	(34,439)	(2,077)	(34,439)
At 31 December	24,626	20,869	-	1,350
Carrying amount				
At 31 December	244,573	310,627	-	60,947

- (i) The above prepaid lease payments consist of upfront payments made for long term leasehold lands.
- (ii) The remaining periods of the long term leasehold lands range from 80 years to 88 years.

### 5. Investment in Subsidiary Companies

- (a) Investment in subsidiary companies

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost		
- ordinary shares	43,061,873	33,586,126
- redeemable preference shares	1,000	1,000
	43,062,873	33,587,126

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Investment in Subsidiary Companies (cont'd)

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

Name of company	Country of incorporation	Equity interest		Principal activities
		2008 %	2007 %	
<b>Direct holding -</b>				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Specialist in quarrying work, civil engineering, building construction and property maintenance services
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Magna Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Magna Ecocity Sdn. Bhd.	Malaysia	100	100	Dormant
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	99.99	-	Dormant
Crossborder Team (M) Sdn. Bhd.	Malaysia	100	-	Dormant
Everhall (M) Sdn. Bhd.	Malaysia	100	-	Dormant
33 Sentral Park Sdn. Bhd.	Malaysia	100	-	Dormant
Twinicon (M) Sdn. Bhd.	Malaysia	100	-	Dormant
Winicon (M) Sdn. Bhd.	Malaysia	100	-	Dormant
Magna Mix Sdn. Bhd. (formerly known as Build Horse(M) Sdn. Bhd.)	Malaysia	100	-	Trading in raw materials for building construction
Prima Awan (M) Sdn. Bhd.	Malaysia	100	-	Property management
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	90	-	Civil engineering and building construction
Magna City Shah Alam Sdn Bhd. (formerly known as Dealhall (M) Sdn. Bhd.)	Malaysia	100	-	Dormant
Magna City Development Sdn. Bhd.	Malaysia	100	-	Property development
* Permata Juang (M) Sdn. Bhd .	Malaysia	100	-	Dormant
* Monetary Icon (M) Sdn. Bhd.	Malaysia	100	-	Dormant

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**5. Investment in Subsidiary Companies (cont'd)**

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

Name of company	Country of incorporation	Equity interest		Principal activities
		2008 %	2007 %	
<b>Indirect holding -</b> Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Property development
Magna Park Sdn. Bhd.	Malaysia	91	91	Investment holding and property development
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Turnkey contractor and project management
Magna City Development Sdn. Bhd.	Malaysia	-	100	Property development
Embassy Court Sdn. Bhd.	Malaysia	100	100	Property development
Amanabina Sdn. Bhd.	Malaysia	100	55	Marketing of properties and project management services

\* The companies were newly incorporated on 8 August 2008 and no auditor has been appointed as at year end. Accordingly, the management financial statements of these subsidiaries were used in the preparation of consolidated financial statements. However, the Directors are of the opinion that these companies are dormant and their financial results are insignificant to the Group.

**(c) Acquisition of subsidiary companies**

On 2 April 2008, the Company acquired 90% equity interest representing 675,000 ordinary shares of RM1.00 each in Pembinaan Contamaju-Infocast Sdn. Bhd. for a total consideration of RM1,286,246. The said company is involved in civil engineering and building construction.

On 16 April 2008, the Company acquired 99.99% equity interest representing 200,000 ordinary shares of RM1.00 each in Kontrakmal 1 (M) Sdn. Bhd. for a total consideration of RM200,000. The said company is involved in the trading in raw materials for building construction.

The effect of the acquisition on the financial results of the Group during the financial year are as follow:-

	<b>RM</b>
Revenue	32,990,622
Cost of sales	(33,727,191)
Gross loss	(736,569)
Other operating income	88,916
Administration expenses	(1,190,825)
Other operating expenses	(48,248)
Finance costs	(271,509)
Loss for the financial year	(2,158,235)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Investment in Subsidiary Companies (cont'd)

(c) Acquisition of subsidiary companies

The summary of effects of the acquisition on the financial position of the Group:-

	<b>RM</b>
Property, plant and equipment	779,279
Trade and other receivables	9,044,380
Amount owing by customers on contract	3,286,172
Amount owing by holding company	84,646
Amount owing by related company	127,598
Fixed deposit with licensed bank	1,842,321
Cash and bank balances	26,415
Trade and other payables	(7,030,381)
Amount owing to customers on contract	(311,236)
Amount owing to ultimate holding company	(3,028,255)
Amount owing to related company	(476,767)
Hire purchase payables	(558,785)
Bank borrowings	(4,397,883)
Taxation	(30,254)
Group net liabilities	<u>(642,750)</u>

The fair value of the assets acquired and liabilities assumed from the acquisition of subsidiary companies are as follow:-

	<b>RM</b>
Net assets acquired:	
Property, plant and equipment	1,375,063
Trade and other receivables	6,756,650
Fixed deposit with licensed bank	1,343,331
Amount due by customers on contract	7,584,182
Cash and bank balances	164,741
Trade and other payables	(8,651,971)
Amount due to customers on contract	(565,205)
Amount owing to holding company	(1,022,825)
Hire purchase payables	(1,079,612)
Bank borrowings	(4,246,552)
Taxation	(142,317)
Cash inflow on acquisition of subsidiary companies	<u>1,515,485</u>
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	<u>(164,741)</u>
Cash outflow on acquisition of subsidiary companies	<u>1,350,744</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Other Investment

	Group	
	2008 RM	2007 RM
Quoted shares in Malaysia, at cost	1,525,000	1,525,000
Less : Allowance for diminution in value	(835,000)	(835,000)
	690,000	690,000
Market value	225,000	780,000

### 7. Property Development Costs

	Group	
	2008 RM	2007 RM
<b>Non-Current</b>		
Development Costs		
At 1 January	-	25,984,933
Transferred to current portion	-	(25,984,933)
At 31 December	-	-
<b>Current</b>		
Leasehold land, at cost		
At 1 January/31 December	5,071,885	5,071,885
Development Costs		
At 1 January	456,424,605	197,348,641
Addition during the financial year	197,076,863	233,091,031
Transferred from non-current portion	-	25,984,933
Transferred from other receivables	5,827,169	-
At 31 December	659,328,637	456,424,605
Cost recognised as expense in the income statement		
At 1 January	382,360,561	138,727,867
Recognised during the financial year	145,830,372	243,632,694
At 31 December	528,190,933	382,360,561
	131,137,704	74,064,044
	136,209,589	79,135,929

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Property Development Costs (cont'd)

- (a) A subsidiary company entered into privatisation agreements with a third party (land owner) to develop a piece of leasehold land, solely at the cost of the subsidiary company and based on the agreements, the landowner is entitled to certain percentage of development profit.
- (b) The long term leasehold land of a subsidiary company with carrying amount of RM5,071,885 (2007: RM5,071,885) is yet to be registered under the name of the subsidiary company.
- (c) Included in the development costs for the financial year is finance costs amounting to RM11,129,001 (2007: RM7,329,868).

### 8. Goodwill on Consolidation

	Group	
	2008 RM	2007 RM
At 1 January	-	46,207
Addition during the financial year	113,678	-
Less: Goodwill written off	(113,678)	(46,207)
At 31 December	-	-

### 9. Inventories

	Group	
	2008 RM	2007 RM
Unsold units of completed properties	2,006,801	2,006,801
Finished goods	336,438	-
	2,343,239	2,006,801

### 10. Amount Owing by/(to) Customers on Contracts

	Group	
	2008 RM	2007 RM
Contract costs	486,050,437	175,035,360
Attributable profits	94,971,544	46,302,998
	581,021,981	221,338,358
Progress billings included retention sum	(503,687,211)	(170,789,689)
	77,334,770	50,548,669
Represented by:		
Amount owing by customer on contracts	85,818,393	57,122,485
Amount owing to customer on contracts	(8,483,623)	(6,573,816)
	77,334,770	50,548,669
Retention sums included in progress billings	19,625,532	9,372,244

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 10. Amount Owing by/(to) Customers on Contracts (cont'd)

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

		Group	
	Note	2008 RM	2007 RM
Hire of machineries		3,686,293	-
Staff costs capitalised	32	1,181,223	653,055

### 11. Trade Receivables

		Group	
		2008 RM	2007 RM
Trade receivables		36,158,472	64,234,512
Accrued billings in respect of property development costs		72,666,365	102,217,905
Retention sum receivables		5,645,723	-
		114,470,560	166,452,417
Less: Allowance for doubtful debts		(214,264)	-
		114,256,296	166,452,417

The Group's normal trade credit terms range from 30 to 120 days (2007: 30 to 120 days).

### 12. Other Receivables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	8,297,052	5,125,552	435,940	2,284,502
Deposits	9,993,547	7,187,495	9,001,070	113,700
Prepayments	2,845,627	428,108	1,128,714	253,589
	21,136,226	12,741,155	10,565,724	2,651,791
Less: Allowance for doubtful debts	(1,160,669)	(75,834)	-	(75,834)
	19,975,557	12,665,321	10,565,724	2,575,957

### 13. Amount Owing by/to Subsidiary Companies

These represent unsecured interest free advances with no fixed term of repayment.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**14. Cash Held Under Housing Development Accounts**

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act 1966.

The interest earned on the above ranges from 1.99% to 2.15% (2007: 1.81% to 2.66%).

**15. Fixed Deposit with a Licensed Bank**

The fixed deposit has been pledged to bank for bank overdrafts and bank guarantee facilities granted to the Company.

**16. Trade Payables**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Trade payables	107,011,746	138,207,876
Progress billings in respect of property development costs	22,058,132	-
Retention sum payables	10,111,378	-
	139,181,256	138,207,876

The Group's normal trade credit terms range from 30 to 120 days (2007: 30 to 120 days).

**17. Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	6,417,763	10,109,585	74,991	292,989
Refundable deposits	4,664,890	1,920,994	-	-
Accruals	8,035,490	3,233,401	2,547,840	1,436,185
	19,118,143	15,263,980	2,622,831	1,729,174

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 18. Hire Purchase Payables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
(a) Future minimum payments				
Repayable within one year	740,172	363,840	39,507	129,324
Repayable between one and five years	1,414,812	1,292,620	154,735	438,663
	2,154,984	1,656,460	194,242	567,987
Less: Finance charges	(177,350)	(183,260)	(20,760)	(61,714)
	1,977,634	1,473,200	173,482	506,273
(b) Present value representing hire purchase liabilities				
Repayable within one year	639,374	296,316	32,544	105,552
Repayable between one and five years	1,338,260	1,176,884	140,938	400,721
	1,977,634	1,473,200	173,482	506,273
Analysed as:				
Repayable within twelve months	639,374	296,316	32,544	105,552
Repayable after twelve months	1,338,260	1,176,884	140,938	400,721
	1,977,634	1,473,200	173,482	506,273

The hire purchase bear interest at the balance sheet date at rates between 2.42% to 8% (2007: 4.80% to 6.28%) per annum.

### 19. Bank Borrowings

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured:				
Bridging loan	13,257,190	-	-	-
Term loans	52,988,591	75,252,636	-	-
Bank overdrafts	3,358,883	1,674,006	-	838,104
Banker acceptance	4,385,000	-	-	-
	73,989,664	76,926,642	-	838,104
Repayable within twelve months				
Secured:				
Bridging loan	9,735,349	-	-	-
Term loans	22,150,514	29,309,171	-	-
Bank overdrafts	3,358,883	1,674,006	-	838,104
Banker acceptance	4,385,000	-	-	-
	39,629,746	30,983,177	-	838,104

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**19. Bank Borrowings (cont'd)**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Repayable after twelve months				
Secured:				
Bridging loan	3,521,841	-	-	-
Term loans	30,838,077	45,943,465	-	-
	34,359,918	45,943,465	-	-
	73,989,664	76,926,642	-	838,104
Maturity of borrowings:				
Within one year	39,629,746	30,983,177	-	838,104
Between one and two years	24,390,154	20,224,545	-	-
Between two and five years	9,969,764	25,718,920	-	-
	73,989,664	76,926,642	-	838,104

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

- Assignment of surplus fund in the Housing Development Account for the related projects;
- Assignment of Project Account for development of the related projects;
- Facility Agreement for the total borrowings which amounts to RM97,912,000 (2007:RM97,912,000);
- Fixed charge and Private Caveat on certain parcels of the projects' development leasehold land;
- A registered Debenture covering a first fixed and floating charge for RM61,600,000 (2007: RM61,600,000) on all current and future assets of certain subsidiary companies; and
- A pledge of fixed deposits of the Group.

The Group's bank overdrafts are secured by a corporate guarantee by the Company.

The Group's term loans are repayable by monthly instalments over 1 to 3.5 years (2007: 1 to 3.5 years).

The Group's interest rates range from 1.5% to 4.5% (2007: 1.5% to 4.5%) above the financial institutions' base lending rates and base funding rates per annum.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 20. Share Capital

	Group/Company	
	2008	2007
	RM	RM
Ordinary shares of RM1 each:		
Authorised	100,000,000	100,000,000
<b>Issued and fully paid</b>		
At 1 January	51,621,896	51,477,446
Issuance of shares		
- Exercise of ESOS	-	144,450
- Exercise of Warrants 2006/2011	1,837,350	-
At 31 December	53,459,246	51,621,896

During the financial year, the paid-up share capital of the Company was increased from RM51,621,896 to RM53,459,246 by way of the issuance of 1,837,350 new ordinary shares of RM1.00 each arising from the exercise of Warrants 2006/2011 at the subscription price of RM1.30 per share in accordance with the Deed Poll dated 30 August 2005.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

### 21. Reserves

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
<b>Non-distributable:</b>				
Share premium	10,521,169	9,418,758	10,521,169	9,418,758
Capital reserve	29,994	29,994	-	-
Warrants	6,468,447	7,019,652	6,468,447	7,019,652
Distributable:				
Retained profits	43,800,298	20,515,726	8,063,664	7,882,679
	60,819,908	36,984,130	25,053,280	24,321,089

### 22. Deferred Taxation

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
At 1 January	(6,171,814)	73,500	44,588	40,559
Recognised in income statements	(697,514)	(6,249,296)	-	47
Under provision in prior financial year	110,530	3,982	-	3,982
At 31 December	(6,758,798)	(6,171,814)	44,588	44,588

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 22. Deferred Taxation (cont'd)

Represented by:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax liabilities	69,302	70,186	44,588	44,588
Deferred tax asset	(6,828,100)	(6,242,000)	-	-
	(6,758,798)	(6,171,814)	44,588	44,588

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances	
	2008 RM	2007 RM
At 1 January	70,186	73,500
Recognised in income statement	(884)	(7,296)
Under provision in prior financial year	-	3,982
At 31 December	69,302	70,186

Deferred tax asset of the Group:

	Tax losses	
	2008 RM	2007 RM
At 1 January	6,242,000	-
Recognised in income statement	586,100	6,242,000
At 31 December	6,828,100	6,242,000

Deferred tax liabilities of the Company:

	Accelerated capital allowances	
	2008 RM	2007 RM
At 1 January	44,588	40,559
Recognised in income statement	-	47
Under provision in prior financial year	-	3,982
At 31 December	44,588	44,588

The recognition of the deferred tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the management budget, which shows that it is probable that the deferred tax asset would be recognised in future years.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**23. Revenue**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of development properties	179,891,757	253,666,018	-	-
Sale of completed properties	-	1,469,200	-	-
Value of construction and quarrying works	82,045,899	88,651,151	-	-
Hire of plant	-	26,500	-	-
Property management fee	857,668	-	-	-
Management fee received/receivable from subsidiary companies	-	-	10,687,020	9,026,478
Dividend income	-	-	2,600,000	7,466,400
Trading and other income	17,555,214	625,915	-	-
Others	281,280	-	-	-
	<b>280,631,818</b>	<b>344,438,784</b>	<b>13,287,020</b>	<b>16,492,878</b>

**24. Profit from Operations**

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Auditors' remuneration				
- Current year	155,000	134,000	22,000	22,000
- Over provision in prior year	-	(4,000)	-	-
Depreciation of property, plant and equipment	1,157,056	942,170	264,723	299,987
Amortisation of prepaid lease payments	5,834	11,755	727	6,648
Allowance for doubtful debts	1,374,933	-	-	-
Bad debts written off	143,605	-	124,479	-
Goodwill written off	113,678	46,207	-	-
Gain on disposal of property, plant and equipment	(285,486)	(105,952)	(62,708)	(97,153)
Property, plant and equipment written off	706,191	-	11,010	-
Provision for liquidated and ascertained damages	2,886,918	-	-	-
Overprovision for liquidated and ascertained damages	(2,785,564)	-	-	-
Overprovision for foreseeable loss	(288,917)	-	-	-
Office rental	15,682	-	-	-
Equipment rental	367,569	267	59,960	-
Lease rental	108,000	50,712	-	50,712
Rental of premises	471,800	701,801	454,000	402,000
Rental of machineries	1,080,174	3,631,279	-	-
Rental of computers	403,466	-	373,880	-
Rental of hall for road shows	441,609	-	-	-
Rental of trucks	3,342,265	-	-	-
Interest income	(418,903)	(69,904)	(166,836)	-
Rental income	(33,345)	(3,730)	-	-
Rental income from unsold completed properties	(6,500)	(4,550)	-	-

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**25. Finance Costs**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Finance costs on:				
Term loans	10,568,538	7,013,903	-	-
Bridging loan	345,061	-	-	-
Hire purchase	134,328	79,263	21,910	29,917
Bank overdrafts	407,252	422,747	5,493	69,712
Bill payables	107,909	-	-	-
Others	9,933	28,872	-	-
	11,573,021	7,544,785	27,403	99,629
Less: Finance costs capitalised: property development costs (Note 7(c))	(11,129,001)	(7,329,868)	-	-
	444,020	214,917	27,403	99,629

**26. Taxation**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax expenses for the financial year:				
- Current tax provision	10,407,344	18,517,518	169,455	2,139,278
- Under/(Over) provision in prior financial years	377,991	(1,507,578)	-	(312,741)
	10,785,335	17,009,940	169,455	1,826,537
Deferred tax:				
- Relating to origination and reversal of temporary differences	(697,514)	(6,249,296)	-	47
- Under provision in prior financial year	110,530	3,982	-	3,982
	(586,984)	(6,245,314)	-	4,029
	10,198,351	10,764,626	169,455	1,830,566

Income tax is calculated at the statutory rate of 26% (2007:27%) on chargeable income of the estimated assessable profit for the financial year. Effective year of assessment 2009, the statutory tax rate will be reduced to 25% which has been reflected accordingly in the computation of deferred taxation for the current financial year.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**26. Taxation (cont'd)**

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 the Company is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation	37,479,798	37,634,427	3,953,593	8,187,985
Taxation at statutory tax rate of 26% (2007: 27%)	9,744,747	10,161,295	1,027,934	2,210,756
Income not subject to tax	(793,583)	(178,892)	(1,040,958)	(156,326)
Expenses not deductible for tax purposes	2,838,819	2,566,531	182,479	84,895
Deferred tax assets not recognised	529,609	332,315	-	-
Reversal of deferred tax assets not recognised	22,716	-	-	-
Deferred tax assets on prior tax benefits now recognised	(1,220,100)	-	-	-
Utilisation of previously unrecognised income tax benefit	(1,412,378)	(613,027)	-	-
Under/(Over) provision of current taxation in respect of prior years	377,991	(1,507,578)	-	(312,741)
Under provision of deferred taxation in respect of prior year	110,530	3,982	-	3,982
Tax expense for the financial year	10,198,351	10,764,626	169,455	1,830,566

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2008 RM	2007 RM
Unutilised capital allowances	731,954	2,573,429
Unabsorbed tax losses	7,973,278	20,560,677
Accelerated capital allowances	(448,678)	(1,044,646)
	8,256,554	22,089,460

**27. Earnings Per Share**

## (a) Basic earnings per share

The earnings per share has been calculated based on the consolidated profit after taxation of RM26,887,725 (2007: RM26,580,804) for the Group and the weighted average number of ordinary shares in issue during the financial year of 53,015,073 (2007: 51,523,547).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 27. Earnings Per Share (cont'd)

(b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the consolidated profit after taxation for the financial year attributable to equity holders of the parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial year.

	Group	
	2008 RM	2007 RM
Net profit for the financial year	26,887,725	26,580,804
Weighted number of ordinary shares issued	53,015,073	51,523,547
Adjusted for :		
Assumed exercise of Warrants	12,811,096	10,400,000
Fully diluted weighted average number of shares	65,826,169	61,923,547
Diluted earnings per share (sen)	40.85	42.93

### 28. Dividends

	Group/Company	
	2008 RM	2007 RM
First and final dividend in respect of financial year ended 31 December 2007:		
- 1 sen per share less taxation of 26% franked dividend	395,598	-
- 6 sen per share single tier exempt dividend	3,207,555	-
	3,603,153	-

A proposed final single tier exempt dividend of 5 sen per share amounting to RM2,672,962 has been recommended for the current year subject to shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this 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 2009.

### 29. Purchase of Property, Plant and Equipment

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Aggregate cost	1,357,807	768,427	487,381	484,892
Less: Hire purchase financing	(648,005)	(166,400)	-	-
Cash payments	709,802	602,027	487,381	484,892

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**30. Key Management Personnel Compensation**

The key management personnel compensation is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Company's Directors				
- Salaries and other emoluments	1,675,976	1,549,560	1,675,976	1,549,560
- EPF	281,790	133,200	281,790	133,200
- Socso	1,240	1,240	1,240	1,240
- Bonus	735,000	768,000	735,000	768,000
- Fees	224,000	197,000	224,000	197,000
- Estimated money value of benefits-in-kind	96,390	99,768	96,390	99,768
Other Directors				
- Salaries and other emoluments	536,111	136,416	-	-
- EPF	77,985	21,320	-	-
- Socso	723	430	-	-
- Estimated money value of benefits-in-kind	12,852	-	-	-

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

**31. Single-Tier System and Tax Exempt Income**

Under the single-tier system which came into effect from year assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends under this system are tax exempt in the hands of shareholder.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividend under the special transitional provisions of the Finance Act, 2007.

In previous financial year, the Company has implemented the single-tier system without any transition period and has accordingly forfeited its Section 108 tax credit permanently.

During the financial year, the Company has exempt income amounting to approximately RM2,180,000 (2007 : RM2,400,000) available for distribution as tax exempt dividends to shareholders as at 31 December 2008. This tax exempt income is subject to agreement by the Inland Revenue Board.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**32. Staff Information**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Staff costs (excluding Directors) comprise:				
- charged to income statements	8,967,364	6,489,937	3,193,397	2,878,900
- capitalised in amount owing by customers on contracts (Note 10)	1,181,223	653,055	-	-
Total staff costs for the financial year	10,148,587	7,142,992	3,193,397	2,878,900

Included in staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM966,455 and RM296,836 (2007: RM538,839 and RM210,245) respectively.

**33. Significant Related Parties Transactions**

The following transactions have been entered into in the normal course of business and have been established on commercial terms:

	Company	
	2008 RM	2007 RM
Dividend received from subsidiary companies:		
Magna Prima Construction Sdn. Bhd.	-	1,966,400
MPrima (Shah Alam) Sdn. Bhd.	2,600,000	5,500,000
	2,600,000	7,466,400
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	3,232,396	1,805,295
Dunia Epik Sdn. Bhd.	803,309	1,805,295
Embassy Court Sdn. Bhd.	1,512,864	1,805,295
Magna Prima Construction Sdn. Bhd.	2,510,112	1,805,295
MPrima (Shah Alam) Sdn. Bhd.	1,644,852	-
Amanabina Sdn. Bhd.	75,000	1,805,295
Magna Shah Alam Sdn. Bhd.	60,346	-
Magna Mix Sdn. Bhd.	483,784	-
Pembinaan Contamaju-Infocast Sdn. Bhd.	364,356	-
	10,687,019	9,026,475

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**34. Contingent Liabilities**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:				
- Secured on assets of subsidiary companies	-	-	120,102,342	99,063,742
- Unsecured	-	-	1,000,000	2,000,000
Guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:				
- unsecured	-	-	14,900,000	12,000,000
Limit of guarantees	-	-	136,002,342	113,063,742
Amount utilised by subsidiary companies:	-	-	84,143,998	84,183,560
Claim made by a former Director of technical service on the Avare project against the company for constructive dismissal	400,000	400,000	-	-
	400,000	400,000	84,143,998	84,183,560

**35. Segmental Reporting**

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

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used more than one accounting period.

No segmental information is provided on a geographical basis as all the Group's activities are carried out in Malaysia.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 35. Segmental Reporting (cont'd)

The main business segments of the Group comprise the following:

2008	Construction and Engineering RM	Properties RM	Trading RM	Others RM	Consolidated RM
<b>Revenue</b>					
Total revenue	82,327,179	179,891,757	17,555,214	11,544,688	291,318,838
Intersegment revenue	-	-	-	(10,687,020)	(10,687,020)
Total segment revenue	82,327,179	179,891,757	17,555,214	857,668	280,631,818
<b>Results</b>					
Segment results	31,902,528	3,728,886	671,985	1,201,516	37,504,915
Unallocated corporate income	-	251,862	205	166,836	418,903
Profit from operations					37,923,818
Finance costs					(444,020)
Profit before taxation					37,479,798
Taxation					(10,198,351)
Profit after taxation					27,281,447
Minority Interests					(393,722)
Net profit for the financial year attributable to equity holders of the parent					26,887,725
<b>Assets</b>					
Segment assets	109,270,157	256,138,291	8,782,206	19,251,007	393,441,661
Unallocated corporate assets					2,532,321
Consolidated total assets					395,973,982
<b>Liabilities</b>					
Segment liabilities	87,193,134	148,839,317	8,533,415	3,034,920	247,600,786
Unallocated corporate liabilities					31,100,292
Consolidated total liabilities					278,701,078
<b>Other information</b>					
Capital expenditure	3,178,554	31,574	110,317	487,380	3,807,825
Depreciation and amortisation	1,900,063	67,042	5,290	265,450	2,237,845

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**35. Segmental Reporting (cont'd)**

The main business segments of the Group comprise the following:

2008	Construction and Engineering RM	Properties RM	Trading RM	Others RM	Consolidated RM
<b>Other non-cash expenses</b>					
Goodwill written off	-	-	-	113,678	113,678
Allowance for doubtful debts	732,080	642,853	-	-	1,374,933
Bad debts written off	19,126	-	-	124,479	143,605
Property, plant equipment written-off	140,743	554,438	-	11,010	706,191
Provision for liquidated ascertained damages	560,104	2,326,814	-	-	2,886,918
<b>Other non-cash income</b>					
Gain on disposal of property, plant and equipment	129,535	92,905	338	62,708	285,486
Overprovision for liquidated ascertained damages	-	2,785,564	-	-	2,785,564
Overprovision for foreseeable loss	-	288,917	-	-	288,917
<b>2007</b>					
	Construction and Engineering RM	Properties RM		Others RM	Consolidated RM
<b>Revenue</b>					
Total revenue	89,303,566	255,135,218		16,492,878	360,931,662
Intersegment revenue	-	-		(16,492,878)	(16,492,878)
Total segment revenue	89,303,566	255,135,218		-	344,438,784
<b>Results</b>					
Segment results	31,929,526	5,061,006		788,908	37,779,440
Unallocated corporate income	69,904	-		-	69,904
Profit from operations					37,849,344
Finance costs					(214,917)
Profit before taxation					37,634,427
Taxation					(10,764,626)
Profit after taxation					26,869,801
Minority Interests					(288,997)
Net profit for the financial year attributable to equity holders of the parent					26,580,804

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 35. Segmental Reporting (cont'd)

The main business segments of the Group comprise the following:

2007	Construction and Engineering RM	Properties RM	Others RM	Consolidated RM
<b>Assets</b>				
Segment assets	83,131,320	261,079,836	11,979,437	356,190,593
Unallocated corporate assets				690,000
Consolidated total assets				356,880,593
<b>Liabilities</b>				
Segment liabilities	120,894,118	40,567,912	4,825,642	166,287,672
Unallocated corporate liabilities				99,529,783
Consolidated total liabilities				265,817,455
<b>Other information</b>				
Capital expenditure	265,687	17,848	484,892	768,427
Depreciation and amortisation	490,778	155,623	307,524	953,925
<b>Other non-cash expenses</b>				
Goodwill written-off	-	-	46,207	46,207
<b>Other non-cash income</b>				
Gain on disposal of property, plant and equipment	-	8,799	97,153	105,952

### 36. Commitments

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Approved and contracted for:				
Purchase of property, plant and equipment	-	1,576,625	-	1,576,625
Contractual obligation for development project	-	60,237,400	-	-
	-	61,814,025	-	1,576,625
Approved but not contracted for:				
Contractual obligation for development project	-	57,930,444	-	-

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**37. Significant Events**

During the financial year, the following significant events took place: -

**(a) Magna Prima Berhad ("the Company")**

The Company announced on 18 January 2008 that it has acquired the entire issued and paid up capital of Magna City Shah Alam Sdn. Bhd. (formerly known as Dealhall (M) Sdn. Bhd.), Everhall (M) Sdn. Bhd. and Prima Awan (M) Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00 respectively.

On 2 April 2008, the Company announced that it has entered into a Conditional Share Sale Agreement with Contamaju Sdn. Bhd. and Infocast Sdn. Bhd. to acquire 675,000 ordinary shares of RM1.00 each, representing 90% equity interest in Pembinaan Contamaju-Infocast Sdn. Bhd. ("PCI") for a cash consideration represented by 90% of the audited Net Tangible Assets of PCI as at 29 February 2008.

On 9 April 2008, the Company announced that it has acquired the entire issued and paid up capital of Magna Mix Sdn. Bhd. (formerly known as Build Horse (M) Sdn. Bhd.) comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00.

On 16 April 2008, the Company announced that it has acquired the entire issued and paid up capital of Kontrakmal 1 (M) Sdn. Bhd. comprising 200,002 ordinary shares of RM1.00 each for a total consideration of RM200,000.

On 15 July 2008, the Company announced that it has acquired the entire issued and paid up capital of Twinicon (M) Sdn. Bhd. and Winicon (M) Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00 each respectively.

On 22 December 2008, the Company announced that it has acquired the entire issued and paid up capital of Monetary Icon (M) Sdn. Bhd. and Permata Juang (M) Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00 each respectively.

On 31 December 2008, the Company announced that it has acquired the entire issued and paid up capital of 33 Sentral Park Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00.

**(b) Magna Park Sdn. Bhd.**

On 17 March 2008, the Company announced that its subsidiary, Magna Park Sdn. Bhd. has acquired the remaining 45% equity interest, representing 11,250 ordinary shares of RM1.00 each in Amanabina Sdn. Bhd. from F3 Property Consulting Sdn. Bhd. for a cash consideration of RM1.00.

**38. Subsequent Events**

Subsequent to the financial year end, the following events took place for the Company and its subsidiary company:

**(a) Permata Juang (M) Sdn. Bhd. ("PJSB")**

On 2 March 2009, Magna Prima Berhad announced that its subsidiary, PJSB had entered into a conditional sale and purchase agreement with Bukit Jalil Development Sdn. Bhd. ("BJD"), wherein BJD shall sell and PJSB shall purchase all the parcel of freehold land held under Lot 38476 in the Mukim of Petaling, Kuala Lumpur and State of Wilayah Persekutuan for a cash consideration of RM19,408,370.57.

**(b) Twinicon (M) Sdn. Bhd.**

On 23 March 2009, Magna Prima Berhad announced that its subsidiary, Twinicon (M) Sdn. Bhd. had entered into a conditional sale and purchase agreement with Lai Meng Girls' School Association for the proposed acquisition of all pieces of land measuring an aggregate area of approximately 10,587.50 square metres held under Geran 4628, 4629, 4630, 4631 and 4632, Lots 124, 125, 126, 127 and 128 all in Section 44, Town and District of Kuala Lumpur, Negeri Wilayah Persekutuan together with the buildings erected thereon for a cash consideration of RM148,151,380.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**39. Comparative Figures**

Certain comparative figures have been reclassified where necessary to conform with the current year's presentation.

Group	As previously reported RM	Reclassification RM	As restated RM
<b>Income statement</b>			
Cost of sales	(294,615,048)	8,287,004	(286,328,044)
Marketing and promotion expenses	(41,410)	(8,287,004)	(8,328,414)

**40. Financial Instruments**

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

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

**(a) 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 the Group's borrowings and deposits. The Group does not hedge the interest rate risk.

**(b) Credit Risk**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivable are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Company is the carrying amount of the financial assets shown in the balance sheet.

**(c) Liquidity and Cash Flow Risks**

Liquidity and cash flow risks are addressed by continuous review and forward planning of cash flow by the management.

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

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

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**40. Financial Instruments (cont'd)**

## (d) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their respective fair values except for the following:

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
<b>Financial assets</b>				
Other investment	690,000	225,000	690,000	780,000
<b>Financial liabilities</b>				
Hire purchase payables	1,338,260	1,315,000	1,176,884	875,659
Long term bank borrowings	34,359,918	29,968,168	45,943,465	40,074,465
Contingent liabilities (Note 34)	400,000	@	400,000	@
<b>Company</b>				
<b>Financial liability</b>				
Hire purchase payables	140,938	135,000	400,721	288,485

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

## (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

## (ii) Other Investment

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

## (iii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

The fair values of other financial assets and financial liabilities of the Group approximate their carrying value and the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled or received.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**41. Material Litigation**

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

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

The withdrawal of the abovesaid sum of RM22,100,000 was made by a former director of the Company who was also a director of both the abovesaid subsidiary companies in collaboration with various other parties.

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

The Plaintiffs, on 22 April 2002, instituted a new suit no.: D3-22-488-2002 ("2nd Suit") in Court for amongst others, the recovery of the abovesaid sum of RM22,100,000 against Chiang Yee Hong, a former director of MPC and DE. On 13 November 2003, the Plaintiffs successfully entered judgement against Chiang Yee Hong.

In 2004, Amsteel Equity Capital Sdn. Bhd., Konasagaran A/L Koothayan and Ee Beng Guan were added as defendants to the 1st Suit.

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

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

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

The 1<sup>st</sup> Suit is has proceeded towards trial and the case management of the same was fixed for mentioned on 12 June 2006 and thereafter 4 September 2006 which was adjourned to 31 October 2006.

The Court had on 31 October 2006 fixed the 1st Suit for final case management on 12 December 2006 to allow all parties to comply with the Court's pre-trial directions.

On 24 October 2007, the 1st Suit was called up for another pre-trial case management at which occasion the Court vacated the trial dates to facilitate a priority case during the period and reassigned the 1st Suit for further pre-trial case management on 5 May 2008. A subsequent pre-trial case management was held on 3 February 2009 and the Court has fixed the trial dates on 29 and 30 June 2009.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 41. Material Litigation (cont'd)

- (ii) In 2004, Magna Park Sdn. Bhd. awarded the project for the development of Lot 4086 under Phase 3B(1) Mukim of Batu District and State of Wilayah Persekutuan Kuala Lumpur into a mixed development project comprising 56 units of shop office, 567 units of car park bays and 397 apartments units ("the Project") to Perembun (M) Sdn. Bhd. at a contract value of RM56,361,730. Subsequently, Perembun (M) Sdn. Bhd. devolved the Project to MPC-Perembun JV which represents the joint venture between Perembun (M) Sdn. Bhd. and Magna Prima Construction Sdn. Bhd. ("MPC") at a lower contract value of RM54,861,730 and Perembun (M) Sdn. Bhd. is to be given an incentive payment.

On 15 November 2007, the Company lodged a police report on the aforesaid arrangement as the present Directors are of the opinion that this arrangement was irregular as it did not generate economic benefits to Magna Prima Group.

The matter was referred to the Court and hearing of second defendant Magna Prima Berhad's application to strike out the plaintiff's suit was fixed on 29 April 2008. On that date, the Court adjourned the hearing on this matter to 15 May 2008. There was no outcome from the hearing and the Court has not fixed any date for future hearing on this matter.

- (iii) During the financial year, Bina BMK Sdn. Bhd., a subcontractor for the Plaza Prima Kepong project claimed a sum of RM21,391,678 against Magna Prima Construction Sdn. Bhd. ("MPC") for works done for the project. The matter has been referred for arbitration. MPC has counterclaimed for defective, rejected, uncompleted and delayed works. The quantum of counterclaims is still being determined. The next hearing on this matter has been fixed on 28 May 2009. The ultimate outcome of this claim cannot presently be determined and therefore no provision for liability has been made in the financial statements.
- (iv) On 12 January 2009, a winding-up petition against Magna Park Sdn. Bhd. ("MPSB"), a subsidiary of the Company was presented via Kuala Lumpur High Court Winding Up Petition No. D 28-23-09.

N. V. Bina Sdn Bhd ("the Petitioner") is alleging that MPSB is indebted to the Petitioner for the sum of RM4,883,919.35 being balance sum due for works done by the Petitioner.

MPSB was the employer / Developer who awarded the building contract to Perembun (M) Sdn. Bhd.

Perembun (M) Sdn. Bhd. subsequently awarded the subcontract to Magna Prima Construction Sdn. Bhd. ("MPC") - Perembun JV, a joint venture formed in October 2004 between MPC and Perembun (M) Sdn. Bhd.. MPC is another subsidiary of the Company.

MPC - Perembun JV then sub-contracted the works to Bina BMK Sdn. Bhd. ("Bina BMK").

Bina BMK further sub-contracted the works to the Petitioner who carried out the works and who has now made a claim against MPSB pursuant to a letter of undertaking by MPSB to make direct payment to the Petitioner dated 1 September 2005 which letter was eventually revoked / superseded by letters of 13 October 2006 and 12 December 2006.

A section 218 notice was issued on 18 December 2008 by the Petitioner to MPSB to which MPSB has through their solicitor's letter dated 23 December 2008 denied the claim.

MPSB had instructed their solicitors to file an Affidavit in Court to oppose the petition. MPSB is confident that the amount claimed by the Petitioner is included in the amount of RM21,391,678 claimed by Bina BMK against MPC in an arbitration matter currently pending the Court hearing on 28 May 2009 as disclosed in Note 41 (iii) above.

On 2 April 2009, the winding-up petition was struck off by the Court.

### 42. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 23 April 2009.

# PROPERTIES HELD BY THE GROUP

as at 31 December 2008

Registered Owner	Location	Description and Existing Use	Tenure	Land / Built-up Area (sq.ft.)	Age of Properties / Buildings	Net Book Value RM
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211 Mukim Mentakab, Daerah Temerloh	Semi-Detached House	Leasehold (Expiring in 2088)	3,249	17 years	106,496
	Unit No. J5-03, Third Floor, PN No. 30338, Lot No. 57708, Metro Prima	A Four Storey Shop Office	Leasehold (Expiring in 2096)	1,428	4 ¼ years	109,526
	Unit No. J6-03, Third Floor, PN No. 30339, Lot No. 57709, Metro Prima	A Four Storey Shop Office	Leasehold (Expiring in 2096)	1,428	4 ¼ years	109,526
	Unit No. L5-03, Third Floor, PN No. 30356, Lot No. 57726, Metro Prima	A Four Storey Shop Office	Leasehold (Expiring in 2096)	1,428	4 ¼ years	109,526
	Unit No. L2-03, Third Floor, PN No. 30353, Lot No. 57723, Metro Prima	A Four Storey Shop Office	Leasehold (Expiring in 2096)	1,428	4 ¼ years	109,526

# ANALYSIS OF SHAREHOLDINGS (ORDINARY)

as at 30 April 2009

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Share Capital	:	RM53,459,246
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote for each ordinary share held

## Distribution schedule of shareholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	13	1.10	421	0.00
100 to 1,000	528	44.86	500,920	0.94
1,001 to 10,000	434	36.87	1,849,469	3.46
10,001 to 100,000	136	11.56	4,474,619	8.37
100,001 to less than 5%	64	5.44	37,400,250	69.96
5% and above	2	0.17	9,233,567	17.27
<b>TOTAL</b>	<b>1,177</b>	<b>100.00</b>	<b>53,459,246</b>	<b>100.00</b>

## List of substantial shareholders (ORDINARY)

AS AT 30 APRIL 2009

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	5,553,800	10.39
2	Tan Teong Han	3,679,767	6.88

## Thirty (30) largest shareholders (including substantial shareholders) (ORDINARY)

AS AT 30 APRIL 2009

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	5,553,800	10.39
2	Tan Teong Han	3,679,767	6.88
3	HSBC Nominees (Asing) Sdn Bhd (Exempt an for Credit Suisse SG BR-TST-Asing)	2,349,800	4.40
4	Lee Choon Hooi	2,347,700	4.39
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (A/C for Chua Seong Hen)	2,180,000	4.08
6	Citigroup Nominees (Asing) Sdn Bhd (Exempt an for Citibank NA, Singapore (Julius Baer)	2,166,300	4.05
7	Public Nominees (Tempatan) Sdn Bhd (A/C for Chin Boo Ying)	1,850,200	3.46

**ANALYSIS OF SHAREHOLDINGS (ORDINARY)**

as at 30 April 2009 (cont'd)

**Thirty (30) largest shareholders (including substantial shareholders) (ORDINARY) (cont'd)**  
AS AT 30 APRIL 2009

No.	Names	Shareholdings	%
8	HDM Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	1,540,500	2.88
9	Mayban Securities Nominees (Tempatan) Sdn Bhd (A/C for Rahadian Mahmud bin Mohammad Khalil)	1,500,000	2.81
10	Public Nominees (Tempatan) Sdn Bhd (A/C for Yap Fatt Thai)	1,367,800	2.56
11	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Koh Pee Leong)	1,044,200	1.95
12	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	1,000,000	1.87
13	EB Nominees (Tempatan) Sdn Bhd (A/C for Chuah Lee Hong)	1,000,000	1.87
14	Magna Prima Berhad	891,000	1.67
15	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt an for Citibank NA, Singapore (Julius Baer)	830,000	1.55
16	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Low Kim Leng)	828,400	1.55
17	Kenanga Nominees (Tempatan) Sdn Bhd (A/C for Lye Ek Seang)	786,700	1.47
18	Lee Kung Meng	758,000	1.42
19	Chun Yee Ying	613,000	1.15
20	Dato' Dr. Manjit Singh a/I Harban Singh	600,000	1.12
21	Ply Century Sdn Bhd	600,000	1.12
22	Amsec Nominees (Tempatan) Sdn Bhd (Ambank Malaysia Berhad for Chun Mei Ngor)	564,600	1.06
23	Citigroup Nominees (Asing) Sdn Bhd (UBS AG Singapore for Global Summit Finance Limited)	547,100	1.02
24	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Henry Wan)	536,600	1.00
25	Lee Kung Wah	530,000	0.99
26	Public Nominees (Tempatan) Sdn Bhd (A/C for Lee Kong Meng)	523,000	0.98
27	Leow Ya Seng	504,000	0.94
28	EB Nominees (Tempatan) Sdn Bhd (A/C for Lye Ek Seang)	500,000	0.94
29	Kong Chong Soon @ Chi Suim	492,800	0.92
30	Oh Aik Teong Michael	456,900	0.85

**ANALYSIS OF SHAREHOLDINGS (ORDINARY)**

as at 30 April 2009 (cont'd)

**List of directors' shareholdings (ORDINARY)**

AS AT 30 APRIL 2009

Name Of Directors	Direct Shareholdings	%	Indirect Shareholdings	%
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	-	-	-	-
LIM CHING CHOY	-	-	-	-
DATO' MOHAMAD RIZAL BIN ABDULLAH Registered With: -				
RHB Capital Nominee (Tempatan) Sdn Bhd	109,000	0.20	-	-
DATO' DR. MANJIT SINGH A/L HARBAN SINGH Registered With: -	600,000	1.12	-	-
Amsec Nominees (Tempatan) Sdn Bhd	415,000	0.78	-	-
DATUK LYE EK SEANG Registered With: -	439,000	0.82	-	-
Kenanga Nominees (Tempatan) Sdn Bhd	786,700	1.47	-	-
Cimsec Nominees (Tempatan) Sdn Bhd	2,000	0.00	-	-
EB Nominees (Tempatan) Sdn Bhd	500,000	0.94	-	-
*W/O VIANNIE DAMIT @ UNDIKAI	-	-	245,000	0.46
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL Registered With: -			-	-
Mayban Securities Nominees (Tempatan) Sdn Bhd	1,500,000	2.81	-	-
ONG AH LENG	-	-	-	-
SAZALI BIN SAAD	-	-	-	-
OH AIK TEONG MICHAEL Registered With: -	456,900	0.86	-	-
Citigroup Nominees (Tempatan) Sdn Bhd	386,000	0.72	-	-

Note:

\* Deemed interest through Datuk Lye's spouse

# ANALYSIS OF SHAREHOLDINGS (WARRANTS)

as at 30 April 2009

No. of Warrants Issued	:	23,398,839
No. of Warrants Exercised todate	:	1,837,350
No. of Warrants Unexercised to-date	:	21,561,489
Class of Securities	:	Warrants 2006/2011

## Distribution schedule of warrantholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less Than 100	2	2.35	100	0.0
100 to 1,000	28	32.94	22,200	0.10
1,001 to 10,000	32	37.65	118,950	0.55
10,001 to 100,000	13	15.30	659,000	3.06
100,001 to less than 5%	8	9.41	3,891,950	18.05
5% and above	2	2.35	16,869,289	78.24
<b>TOTAL</b>	<b>85</b>	<b>100.00</b>	<b>21,561,489</b>	<b>100.00</b>

## List of substantial shareholders (WARRANTS)

AS AT 30 APRIL 2009

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	12,664,156	58.74
2	Dato' Dr Manjit Singh a/l Harban Singh	4,205,133	19.50

## Thirty (30) largest shareholders (including substantial shareholders) (WARRANTS)

AS AT 30 APRIL 2009

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	12,664,156	58.74
2	Dato' Dr Manjit Singh a/l Harban Singh	4,205,133	19.50
3	HDM Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	1,075,000	4.99
4	Public Nominees (Tempatan) Sdn Bhd (A/C for Yap Fatt Thai)	654,900	3.04
5	Amsec Nominees (Tempatan) Sdn Bhd (Ambank Malaysia Berhad for Chun Mei Ngor)	550,000	2.55
6	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	483,800	2.24

**ANALYSIS OF SHAREHOLDINGS (WARRANTS)**

as at 30 April 2009 (cont'd)

**Thirty (30) largest shareholders (including substantial shareholders) (WARRANTS) (cont'd)**  
AS AT 30 APRIL 2009

No.	Names	Shareholdings	%
7	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Sew Hong)	392,950	1.82
8	Kee Lang Huan	299,800	1.39
9	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Dato' Mohamad Rizal bin Abdullah)	261,000	1.21
10	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Siew Hwa)	174,500	0.81
11	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Chua Lee Huat)	100,000	0.46
12	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Henry Wan)	88,000	0.41
13	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	81,700	0.38
14	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Low Kim Leng)	72,300	0.34
15	HLG Nominee (Tempatan) Sdn Bhd (A/C for Lo Wan Chean)	56,900	0.26
16	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Koh Soo Ya)	56,700	0.26
17	Public Nominees (Tempatan) Sdn Bhd (A/C for Lee Kong Meng)	39,800	0.18
18	Lee Wai Fong	39,600	0.18
19	Chai Youn Nyok	39,500	0.18
20	Lau Chee Ching	30,000	0.14
21	Chong Anid Lye Ling	21,500	0.10
22	Tan Giam Siew	21,000	0.10
23	SJ Sec Nominees (Tempatan) Sdn Bhd (A/C for Low Siew Moi)	12,000	0.06
24	Sai Yee @ Sia Say Yee	10,000	0.05
25	Tan Choon Bock	10,000	0.05
26	Daisy Ling Leong Keeng	10,000	0.05
27	Teo Chuen Kloon	7,000	0.03
28	Wong Hing Hon @ Wong Heng Hun	5,600	0.03
29	Kenanga Nominees (Tempatan) Sdn Bhd (A/C for Chieng Siew Siing)	5,000	0.02
30	Boey Henn Phoay	5,000	0.02
<b>Total</b>		<b>21,472,839</b>	<b>99.59</b>

**ANALYSIS OF SHAREHOLDINGS (WARRANTS)**

as at 30 April 2009 (cont'd)

**List of directors' shareholdings (WARRANTS)**

AS AT 30 APRIL 2009

Name Of Directors	Direct Shareholdings	%	Indirect Shareholdings	%
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	-	-	-	-
LIM CHING CHOY	-	-	-	-
DATO' MOHAMAD RIZAL BIN ABDULLAH Registered With: - RHB Capital Nominee (Tempatan) Sdn Bhd	261,000	1.21	-	-
DATO' DR. MANJIT SINGH A/L HARBAN SINGH	4,205,133	19.50	-	-
DATUK LYE EK SEANG	-	-	-	-
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	-	-	-	-
ONG AH LENG	-	-	-	-
SAZALI BIN SAAD	-	-	-	-
OH AIK TEONG MICHAEL	-	-	-	-

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Magna Prima Berhad will be held at 3rd Floor, Ideal Convention Centre (Selayang Palace), Lot 35813, KM 15, Lebuhraya Selayang-Kepong, 68100 Batu Caves, Selangor on Thursday, 11 June 2009 at 10:00 a.m. for the following purposes:

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. .  | <b>Resolution 1</b>   |
| 2. | To declare a final single tier exempt dividend of 5 sen per share   | <b>Resolution 2</b>   |
| 3. | To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association: -<br><br>Dato' Dr. Manjit Singh a/l Harban Singh<br>Dato' Mohamad Rizal bin Abdullah<br>Ong Ah Leng | <b>Resolution 3</b><br><b>Resolution 4</b><br><b>Resolution 5</b> |
| 4. | To re-elect the following Directors who retire in accordance with Article 105 of the Company's Articles of Association: -<br><br>Oh Aik Teong Michael<br>Loo Kent Choong<br>Ong Chiow Hock                                  | <b>Resolution 6</b><br><b>Resolution 7</b><br><b>Resolution 8</b> |
| 5. | To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 9</b>   |
| 6. | To approve payment of Directors' fees for the year ended 31 December 2008.  | <b>Resolution 10</b>  |

**As Special Business:**

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

- |    |   |                      |
|----|---|----------------------|
| 7. | Authority to allot shares<br><br>"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company. | <b>Resolution 11</b> |
| 8. | Appointment of YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail as Director of the Company pursuant to Section 129(6) of the Companies Act 1965.<br><br>"That YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail, being over the age of 70 years be and is hereby appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act 1965."  | <b>Resolution 12</b> |

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

By order of the Board

**YUEN YOKE PING (MAICSA 7014044)**

Company Secretary

Petaling Jaya

19 May 2009

**Note:**

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

**Explanatory Note on special business:**

6. The Ordinary Resolution 11 proposed under item 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 unissued capital of the Company being 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 Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.28 (2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

**Appointment of YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail as Director of the Company pursuant to Section 129(6) of the Companies Act 1965**

Name	:	YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail
Age	:	73
Nationality	:	Malaysian
Position	:	Deputy Executive Chairman
Education	:	B.A. Hons. Economics and Malay Studies (1961)
Working Experience	:	1951-1968 Radio Malaysia 1965 - 1971 Lecturer and part-time tutor at University Malaya 1968-1974 Deputy Head Textbook Division, Dewan Bahasa & Pustaka 1974-1978 Political Secretary to Minister of Welfare, Malaysia 1978-1982 Member of Selangor State Assembly (Permatang Seat) State Executive Council Committee Member 1982-1986 Member of Parliament Malaysia (Tanjung Karang Seat) 1986-1995 Member of Parliament Malaysia (Selayang seat) 1986-1987 Parliamentary Secretary, Ministry of Land and Regional Development, Malaysia 1987-1995 Deputy Minister of Transport 1995-1999 Member of Parliament Malaysia (Gombak seat) Minister of National Unity & Social Development, Malaysia

YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail does not hold any other directorship in other public companies.

YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.



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

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 Fourteenth Annual General Meeting of Magna Prima Berhad will be held at 3rd Floor, Ideal Convention Centre (Selayang Palace), Lot 35813, KM 15, Lebuhraya Selayang-Kepong, 68100 Batu Caves, Selangor on Thursday, 11 June 2009 at 10:00 a.m. and at any adjournment thereof.

	Resolutions	For	Against
To receive the audited financial statements for the year ended 31 December 2008 and the Reports of the Directors and Auditors thereon.	1		
To declare a final single tier exempt dividend of 5 sen per share	2		
To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association: -  Dato' Dr. Manjit Singh a/l Harban Singh Dato' Mohamad Rizal bin Abdullah Ong Ah Leng	3 4 5		
To re-elect the following Directors who retire in accordance with Article 105 of the Company's Articles of Association: -  Oh Aik Teong Michael Loo Kent Choong Ong Chiow Hock	6 7 8		
To re-appoint Messrs. Anuarul Azizan Chew & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration	9		
Directors' fees for the year ended 31 December 2008	10		
<b>A Special Business:</b> To consider and, if thought fit, pass the following ordinary resolutions: -  Authority to Allot Shares	11		
Appointment of YBhg Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail as Director of the Company pursuant to Section 129(6) of the Companies Act 1965	12		

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

**Note:**

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

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Affix  
Stamp

**THE COMPANY SECRETARY**

**MAGNA PRIMA BERHAD (369519-P)**

Lot No. C-G11 & C-G12, Block C,  
Jalan Persiaran Surian,  
Palm Spring @ Damansara,  
47810 Kota Damansara, Petaling Jaya  
Selangor Darul Ehsan

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**MAGNA PRIMA BERHAD** (369519-P)

Lot No. C-G11 & C-G12, Block C,  
Jalan Persiaran Surian,  
Palm Spring @ Damansara,  
47810 Kota Damansara, Petaling Jaya,  
Selangor Darul Ehsan.

**Tel** : +603-7801 5505

**Fax** : +603-7801 5270

[www.magnaprima.com.my](http://www.magnaprima.com.my)