

Annual Report
2009

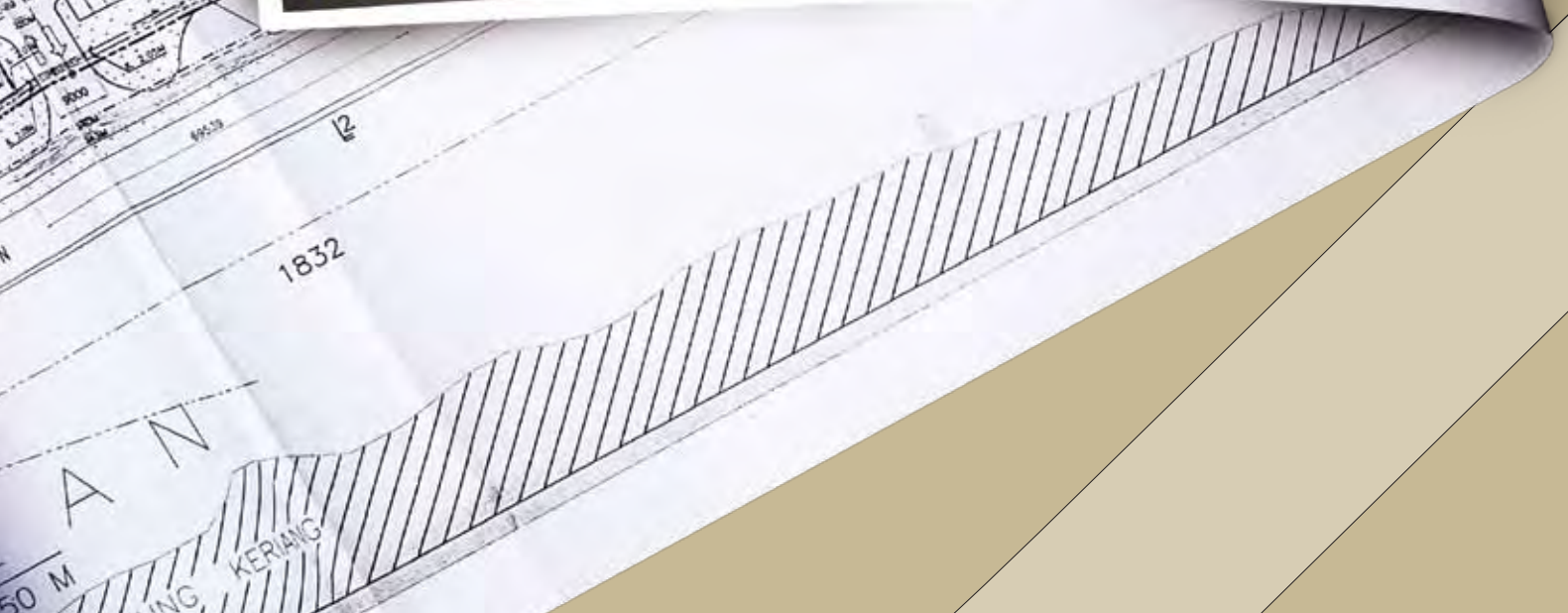
Looking forward to a brighter future



MAGNA PRIMA BERHAD
(369519 P)



LEGEND:
PROPOSED 300MM WIDE CONC.
PROPOSED 300MM WIDE CONC.
PROPOSED 450MM WIDE CONC.
PROPOSED 750MM WIDE CONC.
PROPOSED 1000MM WIDE CONC.
PROPOSED 450MM WIDE CONC.
PROPOSED 1000MM WIDE CONC.
PROPOSED 1200MM WIDE CONC.
PROPOSED 1200MM WIDE CONC.



Looking forward to a promising future

Having made full use of the preceding year, we at Magna Prima are prepared to execute the next phase of our development plans. With the global economy emerging from the recession, conditions are improving and the local property sector is expected to grow with the added support of the Malaysian government.

The motifs of architect's drawings and measurements throughout the annual report represent the degree of perfection which Magna Prima adheres to and the consideration given to every detail in realising our customers' dream dwelling, working and recreational spaces. Through realising your dreams, we build a promising future for all.

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corporate information

BOARD OF DIRECTORS

Tan Sri Datuk Adzmi bin Abdul Wahab

Independent Non-Executive Chairman

Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail

Deputy Executive Chairman

Yoong Nim Chee

Chief Executive Officer

Loo Kent Choong

Chief Operating Officer

Dato' Mohamad Rizal bin Abdullah

Executive Director

Dato' Dr. Manjit Singh a/l Harban Singh

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/l Harban Singh

Sazali bin Saad

NOMINATION COMMITTEE

Oh Aik Teong Michael (*Chairman*)

Dato' Dr. Manjit Singh a/l Harban Singh

Ong Ah Leng

REMUNERATION COMMITTEE

Ong Ah Leng (*Chairman*)

Dato' Dr. Manjit Singh a/l Harban Singh

Oh Aik Teong Michael

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

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)

Level 6, Symphony House

Block D13, Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya, Selangor

Tel: 603-7841 8000

Fax: 603-7841 8004

AUDITORS

Anuarul Azizan Chew & Co

Chartered Accountants

SOLICITORS

Ringo Low & Associates

Messrs Ng & Ong

Messrs Yip Kum Fook & Associates

Messrs Wong Kian Kheong

Manjit Singh Sachdev, Mohammad Radzi & Partners

Sajali & Co

JM Chong, Vincent Chee & Co

Teh & Lee

Zahir Razak & Co

PRINCIPAL BANKERS

Kuwait Finance House (Malaysia) Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

RHB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Board

Listed since 16 January 1997

Bursa's Code: 7617

chairman's statement

Bullish about times ahead

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 ("Magna Prima") for the financial year ended 31 December 2009.



PROPERTY MARKET OVERVIEW

2009 started on a cautious note amidst the global financial meltdown. By mid-year, Malaysia's GDP had contracted by 5.1% as a result of weakened exports, investments as well as domestic spending. However, signs of a turnaround were evident by the third quarter of last year as our economy contracted by only 1.2% compared to 3.9% in the second quarter. This was a result of stronger private consumption, a stabilisation of external demand as well as higher public spending.

The residential property sub-sector, in particular, benefited from the injection of RM100 million into the Housing Credit Guarantee Scheme by the federal government to assist those without a fixed income to own a house. This resulted in the sub-sector growing by 3.6% during the first half of 2009.

Overall, the second half of the year experienced fewer new property launches by developers compared to the first half due to some developers rescheduling construction whilst those with launches reported slower sales.

However, based on the company's feedback from industry sources, there is a clear trend of prices of landed properties firming up strongly throughout the Klang Valley. This is especially true in the middle income residential sub-sector.

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 December 2009, revenue decreased by 31.6% to RM191.9 million due to the substantial completion of construction works and hand-over of vacant possession for our flagship project, The Avare. Revenue for FY09 was driven largely by contributions

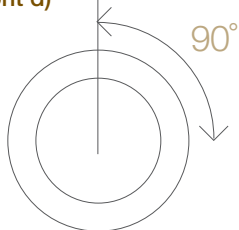
from our Magna Ville, Selayang and Dataran Otomobil, Shah Alam projects, both of which also achieved physical completion during the year. In tandem with the decrease in revenue, the Group also posted a 75.6% drop in net profit to RM6.7 million compared to RM27.3 million in the previous financial year.

RM136.6 million, or 71.2%, of the Group's revenue was contributed by the property development division while 16.8% or RM32.3 million was contributed by the construction and engineering arm and 11.4% by our trading division.

The Group's year end net profit of RM6.7 million represents an earnings per share of 12.39 sen and a return on equity of 5.6% based on the outstanding share capital at the end of 2009.



chairman's statement (cont'd)



CORPORATE DEVELOPMENTS

The period under review was a busy year for us as we embarked on several acquisitions of prime properties in the Klang Valley to replenish our landbank and to ensure continuity as a key property developer. We are pleased to inform shareholders that all of the acquisition proposals as detailed below are nearing completion:

- On 11 June 2009, the shareholders of the Company approved the acquisition of a 10.86 acre parcel of freehold land in Bukit Jalil, Selangor for a total cash consideration of RM19,408,370.57.
- On 15 July 2009, Monetary Icon (M) Sdn Bhd had proposed to acquire a total of 22.34 acres of a combination of freehold (5.56 acres) and leasehold (16.78 acres) land in Selayang for a total cash consideration of RM40,532,641.00. Shareholders' approval was obtained on 11 March 2010.
- Winicon (M) Sdn Bhd had on 27 August 2009 entered into a sale of shares agreement to acquire the entire share capital of Ibsul Development (Sel) Sdn Bhd (IDSB) for a total cash consideration of RM3,500,000. This acquisition was completed on 9 October 2009. IDSB has potential ownership rights to a parcel of leasehold land measuring 17 acres in Shah Alam, Selangor.
- On 4 September 2009, 33 Sentral Park Sdn Bhd entered into a sale and purchase agreement to acquire a total of 6.95 acres of freehold land in Petaling Jaya, Selangor for an aggregate cash consideration of RM48,479,360.
- On 14 October 2009, Crossborder Team (M) Sdn Bhd proposed the acquisition of a 6-acre plot of leasehold land in Selayang, Selangor for a purchase consideration of RM16,500,000 to be satisfied by

the issuance of 33,000,000 new shares of RM0.25 each in the Company at an issue price of RM0.50 per share.

- On 10 December 2009, Twinicon (M) Sdn Bhd entered into a sale and purchase agreement to acquire 5.503 acres of freehold land in Bukit Jalil, Selangor, for a cash consideration of RM10,700,000.00. Shareholders' approval was obtained on 11 March 2010.
- On 11 March 2010, shareholders' approval for the acquisition of approximately 2.62 acres of land in Jalan Ampang, Kuala Lumpur, from Lai Meng Girls' School Association was obtained. The proposed acquisition was first announced on 23 March 2009.

Other notable corporate developments undertaken by our Company since the previous annual report are as follows:

- On 4 January 2010, the Company obtained shareholders' mandate to purchase and / or hold its own shares of up to 10% of the issued and paid up share capital.
- The Company had on 19 January 2010 completed its share split exercise of every one ordinary share of RM1.00 each into four (4) new ordinary shares of RM0.25 each.
- The amendments to the Memorandum and Articles of Association of the Company was also completed to facilitate the share split exercise.
- Effective 1 March 2010, the Company was reclassified from a 'Construction' to a 'Property' counter on the Main Board of the stock exchange.





REVIEW OF PROPERTY DEVELOPMENT DIVISION

COMPLETED PROJECTS

Magna Ville, Selayang

Construction on 1,074 units of medium cost apartments at Magna Ville was completed by the end of 2009 as targeted. Inspections by the relevant authorities were conducted and the Certificates of Fitness ("CF") were awarded in January 2010.

ON-GOING PROJECTS

Dataran Otomobil, Shah Alam

Dataran Otomobil's strategic location fronting the busy Federal Highway makes it an attractive property to owners and investors alike. This development achieved physical completion in 2009 and the CF for Phase 1 was obtained in December 2009. As for Phases 2 and 3, inspections by the local authorities are in progress and we target to obtain the CF by the end of the second quarter of 2010.

U1 Condominiums, Shah Alam

To date, overall construction work at U1, which comprises 391 units of shops and apartments, has surpassed the 50% mark while the basement and elevated carpark structural works have been 100% completed. Structural work on Block 1 of the apartments has also been completed. Block 2 structural work is expected to commence in April 2010. At the time of writing, we have achieved sales of close to 100% of the development.

PROJECTS FOR 2010 AND BEYOND

The Management of Magna Prima took full advantage of the economic downturn in 2009 to identify and acquire prime parcels of land in the Klang Valley in an effort to replenish our landbank and secure future earnings.

One Sierra @ Selayang

In the bustling suburb of Selayang, 22.34 acres of land is to be developed as a gated and guarded residential enclave. One Sierra @ Selayang offers a total of 146 three storey super link terraces, zero lot bungalows and garden villas nestled in a lush tropical setting. This low density project (7.3 units per acre) is ideally located against the backdrop of the Lagong Hills Forest Reserve, and continues to record strong interest from potential homebuyers. To date, I am pleased to report that our building plans have been approved by the local authorities and we are targeting to officially launch the project during the second quarter of 2010.

However, we have already commenced construction during the first quarter of 2010 as Management is confident that the project will derive good sales and profit to our Company.

D'Sierra @ Selayang

Adding to our portfolio of landed properties in Selayang is 90 units of modern two and three-storey terrace parkland homes. This secured community will be spread over six acres of elevated terrain, and is expected to be launched during the third quarter of 2010.

One Villa, Shah Alam

Capitalising on an increasingly strong demand for gated and guarded residential projects in Shah Alam, the Group purchased two parcels of land totalling 17 acres in Seksyen 16, a segment of Shah Alam's southern zone. We intend to construct upmarket gated and guarded terrace homes with generous parkland space as there is a demand for this type of property in Shah Alam.

This parcel of land will be developed in two phases, with Phase 1 consisting of approximately 177 units of double storey terrace houses spread out over 10 acres of land. We expect to receive approval for our layout plans during the second quarter of 2010 and officially launch the project during the fourth quarter of 2010.



chairman's statement (cont'd)

One Jalil, Bukit Jalil

With the Bukit Jalil Integrated Business Park, the Bukit Jalil Golf and Country Club and the prestigious, soon to be relocated Lai Meng Girls' School in its immediate vicinity, One Jalil is slated to be *the* address to stay at in Bukit Jalil. Approximately 85 units of three-storey super link terrace houses and about 24 units of semi-detached houses have been planned for this exclusive gated and guarded enclave which will be launched during the fourth quarter of 2010.

U1 Apartment Suites, Shah Alam

Following the success of the U1 Condominiums, we are proposing to develop the adjacent parcel of land within the development into apartment suites. Management is currently finalising plans to launch this project later this year.

Magna City, Off Jalan Kuching

Magna City is slated to be a high value integrated commercial development built on 10.38 acres of strategic commercial land fronting Jalan Kuching. This development will offer a host of retail/office/shops and service apartments with basement parking. We received the approval-in-principle for our layout plans in January 2010. The development is expected to be launched during the fourth quarter with construction commencing shortly thereafter and target for completion in 2013.

Gasing Lifestyle, Jalan Gasing

Our land acquisition drive also included the purchase of a strategic 6.95 acres parcel of land in Petaling Jaya located at the intersection of the Jalan Gasing/Jalan Templer roundabout. Development plans are currently on the drawing board. We target launching the project in 2011.

Jalan Ampang

The jewel in our current roster of landbank is the 2.62 acres of freehold land in Jalan Ampang, Kuala Lumpur. Management is currently proposing a mixed-development style project comprising 2 highrise towers. Based on current estimates, this signature development located just 500 meters from the KLCC Petronas Twin Towers has a projected GDV to the tune of approximately RM1.3 billion. Development is due to start in 2013, after the completion of the relocation of the Lai Meng Girls' School which is currently occupying the site.

REVIEW OF CONSTRUCTION DIVISION

Magna Ville, Selayang

I am happy to report that construction on Magna Ville was completed during the year under review.

U1, Shah Alam

Construction on our U1 Condominiums is under way. This mix development consists of two blocks of apartments as well as shops. To date, all structural work on the basement and elevated carparks has been fully completed. Construction

on the first block of the residential tower commenced in January 2010. We expect to complete construction work for the entire development by the second quarter of 2011.

External Projects

In addition to our current in-house projects in Shah Alam and Selayang, the Construction Division also embarked on a select few external projects.

During the year under review, we successfully completed the construction of RiverView Kemensah's bungalows and semi-detached homes in Taman Melawati, Kuala Lumpur via our subsidiary, Pembinaan Contamaju-Infocast Sdn Bhd. All hardscape and water reticulation works assigned were also completed within the same period.

We were also commissioned to carry out sub-structure work for Phase 2 Subang Olives, a project by the AmanahRaya Berhad group. Work on this project commenced during the first quarter of 2009 and was completed in the fourth quarter.

REVIEW OF TRADING DIVISION

The global economic crisis of 2009 caused a slowdown in the local construction sector and consequently a lower demand for ready-mixed concrete, the principal activity carried out by Magna Mix. A price war among suppliers caused further upheaval in an already challenging environment.

Although not a major player in the market, Magna Mix played a pivotal role in ensuring constant and quality supply of ready-mixed concrete for all our Group's property development projects.

Magna Mix also expanded its market share of external contracts in key urban areas. By end 2009, external sales had increased by 36%, from RM16.0 million to RM21.9 million compared to the previous year.

In 2010, besides continuing initiatives to obtain ISO certification, additional batching plants are also in the cards to increase our production volume to support a definite surge in demand arising from our own property development projects slated for launch in 2010.

MARKET OUTLOOK & PROSPECTS

The Malaysian economy registered an improvement in the third quarter of 2009 with a reduced contraction of 1.2% (Q2 09: -3.9%) amidst positive growth in domestic demand and stabilisation of external demand. This was driven mainly by stronger private consumption and higher public sector spending.

180°

chairman's statement (cont'd)

Given improving market conditions, we as property developers are optimistic that there will be growth in the local sector despite the softening of the broader regional market. This opinion is based on the Government's projection of a 3.2% GDP growth in 2010, sound financial systems coupled with the local property market's past track record of being quite resilient.

For Magna Prima, I am pleased and encouraged by our achievements despite challenging times. Our theme for 2010 is *looking forward to a brighter future*, and we are already moving in that direction.

Going ahead, I am confident that if we continue to be focused and forward looking, we will record a much better performance by year end 2010 in light of the seven new projects which will be launched from the second quarter onwards. Our strategy is to target the affluent middle and upper middle income groups whose purchasing power and demand for properties remain resilient.

We will also be simultaneously exploring new opportunities to enhance and sustain Magna Prima's growth in the coming years. Though our focus remains on developing high value largely landed residential as well as commercial properties in the heart of Klang Valley, we are confident that our Management team will be able to improve our earnings through GDV/margin enhancements among a host of other measures.

PROPOSED DIVIDEND

I am pleased to announce that the Board has proposed a final single tier exempt dividend of 1 sen per share of 25 sen par value for the financial year ended 2009, after taking into consideration the share split exercise. This will be paid on a date to be announced later.

CORPORATE SOCIAL RESPONSIBILITY

On the community front, for the second consecutive year, a blood donation campaign in aid of the National Blood Bank was organised. In December 2009, employees from our headquarters and site offices gathered at our office in Petaling Jaya to generously donate blood in response to an appeal made by the National Blood Bank.

Wrapping up the season was a year-end party hosted for the children at the Chow Kit Activity Center in Kuala Lumpur. More than 60 children aged between five and 12 gathered for the tea party and participated in games and other activities. On hand were Magna Prima employees who joined in the merriment and also handed out gifts to the children.

ACKNOWLEDGEMENT

Finally, I would like to acknowledge all quarters who have contributed towards our Company.

On behalf of the Board, 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. They accepted the challenge and rose to it, and for this, we express our heartfelt appreciation for their hard work.

We have also greatly benefited from the support and confidence extended to us by our shareholders, purchasers, the media, business associates and government authorities. We look forward to maintaining lasting relationships with each one of you.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Chairman
25 May 2010



board of directors



From left to right

- | | | |
|--|---|---|
| 1 Tan Sri Datuk Adzmi bin Abdul Wahab
Independent Non-Executive Director, Chairman | 2 Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail
Deputy Executive Chairman | 3 Yoong Nim Chee
Executive Director / Chief Executive Officer |
| 4 Loo Kent Choong
Executive Director / Chief Operating Officer | 5 Dato' Mohamad Rizal bin Abdullah
Executive Director | 6 Oh Aik Teong Michael
Independent Non-Executive Director |



From left to right

7 Ong Chiow Hock
Independent
Non-Executive Director

8 Sazali bin Saad
Independent
Non-Executive Director

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

10 Ong Ah Leng
Independent
Non-Executive Director

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

profile of directors

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Tan Sri Datuk Adzmi bin Abdul Wahab

Independent Non-Executive Director,
Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 67, was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

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

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

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

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

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

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

His experience in property development included being a Director of Hicom Properties Sdn Bhd (1983-1996), development of the 2,000 acre Hicom industrial estate into a mixed industrial, residential and commercial development; Director of Hicom Megah Sdn Bhd (1995-2005) for the development of Tekka Mall in Singapore; and Chairman of EON Properties Sdn Bhd (1992-2005) for the development of over 100 acres of land all over the country 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.

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)



Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail

Deputy Executive Chairman

Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail, a Malaysian, aged 73, attained her Bachelor of Arts (Hons) in Economics and Malay Studies in 1961.

She was appointed to the Board on 11 June 2009 as Deputy Executive Chairman.

Tan Sri Datin Paduka Seri Hajah Zaleha started her career with Radio Malaysia from 1961 until 1968 as English Programme Organiser before she joined Universiti Malaya as a Lecturer and part-time tutor from 1965 to 1971.

In 1968 to 1974, she was the Deputy Head Textbook Division at Dewan Bahasa & Pustaka before she held the new position as Political Secretary to the Minister of Welfare, Malaysia from 1974 until 1978.

She joined the political arena as Member of the Selangor State Assembly (Permatang Seat) State Executive Council Member (1978 - 1982), Member of Parliament Malaysia (Tanjung Karang Seat - 1982 - 1986), Member of Parliament Malaysia (Selayang Seat - 1986 - 1995), Parliamentary Secretary, Ministry of Land and Regional Development, Malaysia (1986 - 1987), Deputy Minister of Transport (1987 - 1995), Member of Parliament Malaysia (Gombak Seat) and finally as Minister of National Unity & Social Development, Malaysia (1995 - 1999).

Tan Sri Datin Paduka Seri Hajah Zaleha has no family relationship with any of the directors and/or major shareholders of the Company.

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



Yoong Nim Chee

Executive Director /
Chief Executive Officer

Yoong Nim Chee, a Malaysian, aged 50, was appointed to the Board on 15 January 2010 as Executive Director / Chief Executive Officer.

He obtained his Bachelor of Economics from Universiti Malaya.

Since 1981, he has worked in several merchant banks and held senior positions in corporate finance and project financing.

He joined the Al Bukhary Group in 1994 and in 2001 he joined the MMC Corporation Group where he was Director of Corporate Services.

Subsequently he was appointed as Executive Director of Zelan Bhd in 2009.

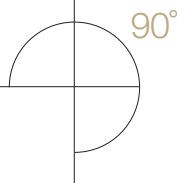
Yoong Nim Chee is a member of the Executive Committee and ESOS Committee of Magna Prima.

Yoong Nim Chee 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)

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Loo Kent Choong
Executive Director /
Chief Operating Officer

Loo Kent Choong, a Malaysian, aged 47, was appointed to the Board 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 has served as committee member in the MIA's Auditing and Accounting Committee and has served as panel member of the National Accounting Corporate Report Award (NACRA) adjudication 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.

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

Loo Kent Choong is a member of the Executive Committee and ESOS Committee of Magna Prima.

Loo Kent Choong 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.



Dato' Mohamad Rizal bin Abdullah
Executive Director

Dato' Mohamad Rizal bin Abdullah, a Malaysian, aged 60, was appointed to the Board on 28 September 2006 as Executive Director.

Dato' Mohamad Rizal graduated from Technical College in 1971 with a Diploma in Quantity Surveying and he completed its Management Programme (AIM) in 1989. He has 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 Pernas Construction until 1975.

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

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

Dato' Mohamad Rizal has no family relationship with any of the directors and/or major shareholders of 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.

profile of directors (cont'd)



Dato' Dr. Manjit Singh a/l Harban Singh

Non-Independent Non-Executive Director

Dato' Dr. Manjit Singh a/l Harban Singh, a Malaysian, aged 60, was appointed to the Board on 5 December 2005 as Independent Non-Executive Director. On 15 July 2009 he was 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 and a registered Industrial Design Agent as well as a Commissioner for Oaths and a Notary Public.

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 documentation. 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 development of various types of mixed development projects and has given a very meaningful and effective contribution to the Company.

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

Dato' Dr. Manjit is a member of the Remuneration Committee. He also sits on the Audit Committee, Nomination Committee and ESOS 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.



Dato' Rahadian Mahmud Bin Mohammad Khalil

Independent Non-Executive Director

Dato' Rahadian Mahmud bin Mohammad Khalil, a Malaysian, aged 36, was appointed to the Board on 16 July 2007 as Independent Non-Executive Director.

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

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

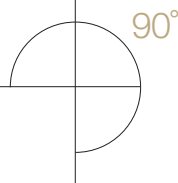
He also sits on the Boards of Sanburni Holdings Berhad and KYM Holdings Berhad.

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.

profile of directors (cont'd)

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Ong Ah Leng
Independent Non-Executive
Director

Ong Ah Leng, a Malaysian, aged 54, was appointed to the Board on 1 November 2006 as Independent Non-Executive Director.

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

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

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

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

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

Currently, he is the sole practitioner for Corporate, Financial and 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.



Sazali Bin Saad
Independent Non-Executive
Director

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

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

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

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

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

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

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

profile of directors (cont'd)

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Oh Aik Teong Michael
Independent Non-Executive
Director

Oh Aik Teong Michael, a Malaysian, aged 51, was appointed to the Board on 1 December 2008 as Independent Non-Executive Director.

He is the Chairman of the Nomination Committee.

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

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

He then joined 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.

Michael Oh 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.



Ong Chiow Hock
Independent Non-Executive
Director

Ong Chiow Hock, a Malaysian, aged 55, was appointed to the Board on 8 May 2009 as Independent Non-Executive Director.

He obtained his Bachelor in 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 and subsequently, joined Harrisons & Crosfield's (M) Sdn Bhd from 1980 to 1993 as Sales Executive before being promoted to Sales Manager for the 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 started GME Chemicals (M) Sdn Bhd and subsequently sold it to Warwick International UK in 2007 (a manufacturer of bleach activator for use in the detergent industry).

Ong Chiow Hock is currently Managing Director/Director of GME Chemicals (M) Sdn Bhd, a wholly-owned subsidiary of Warwick International UK and reports directly to the 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.

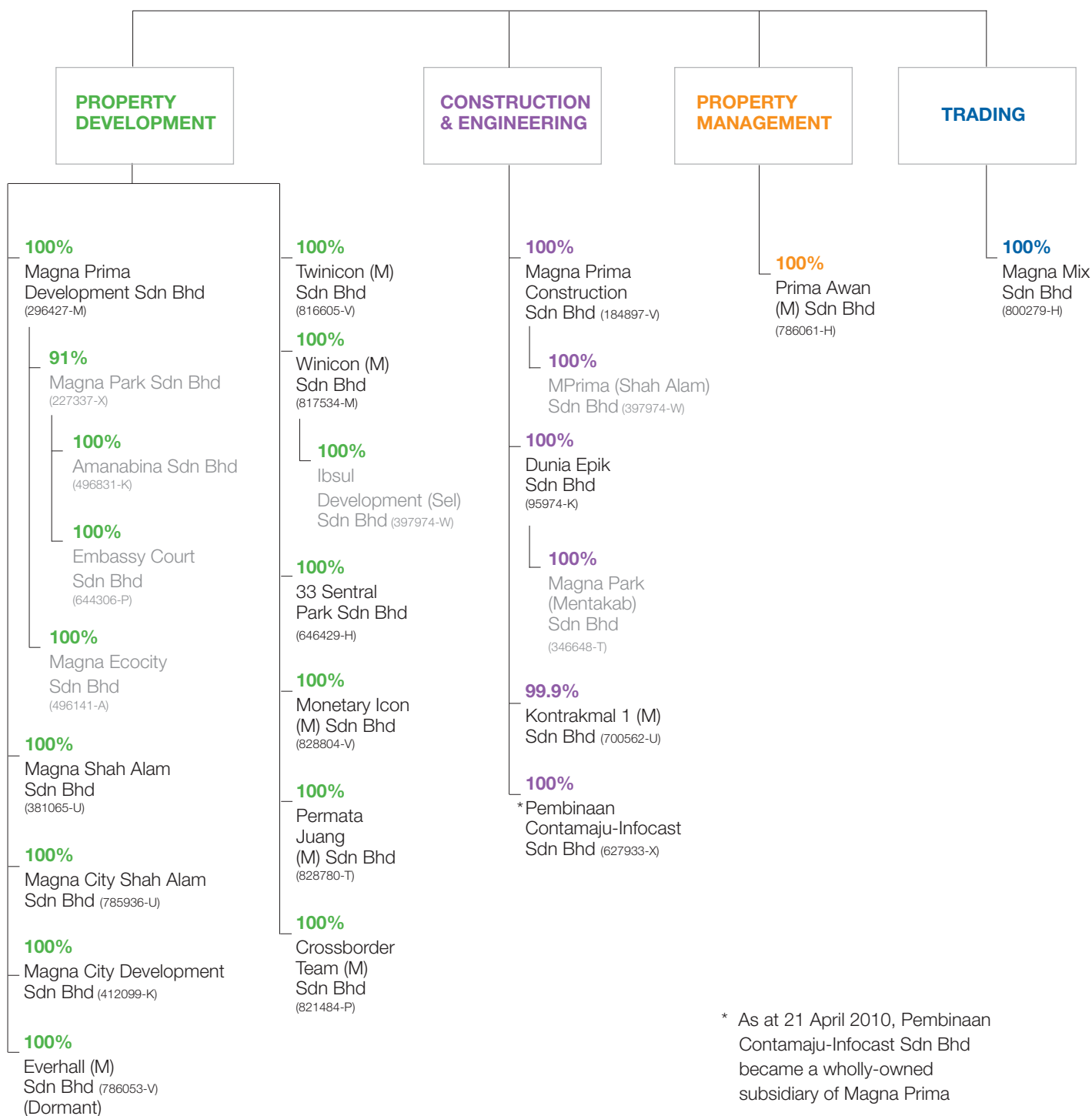
He does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

group structure

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MAGNA PRIMA BERHAD
(369519-P)



* As at 21 April 2010, Pembinaan Contamaju-Infocast Sdn Bhd became a wholly-owned subsidiary of Magna Prima

statement on corporate governance

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The Board recognises that the practice of good corporate governance is a fundamental element in the Group's continued growth and success. The Board remains fully committed to ensuring that the highest standards of corporate governance, based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("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 2009.

BOARD OF DIRECTORS

The Board

The Group is led and controlled by an experienced Board, comprising members from diverse professional backgrounds, having expertise and experience, skills and knowledge in fields such as technical, legal, financial, corporate and management. The Board is responsible for the overall management of the Group and for ensuring that the Group is managed with integrity, transparency and accountability.

The Board reviews and adopts strategic plans for the Group, sets direction, oversees and manages the conduct of the Group's businesses. Key matters such as approval of annual and quarterly results, acquisitions and disposals, capital expenditures, budgets, material contracts and business engagements, and succession planning for top management are decided upon by the Board.

The Board is assisted by various Committees including the Executive 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 the ESOS Committee, Tender Committee, Business Development Committee and Land Acquisition Committee were set up for specific purposes. Reports of proceedings and outcome of various Committee meetings were submitted to the Board. In February 2010, the functions of the Tender Committee, Land Acquisition Committee and Business Development Committee were merged into the Executive Committee.

The composition of the current Board is as follows:

		Board	Audit Committee	Nomination Committee	Remuneration committee
	Tan Sri Datuk Adzmi bin Abdul Wahab	•			
*	Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	•			
**	Yoong Nim Chee	•			
	Loo Kent Choong	•			
	Dato' Mohamad Rizal bin Abdullah	•			
+	Dato' Dr. Manjit Singh a/l Harban Singh	•	•	•	•
	Dato' Rahadian Mahmud bin Mohammad Khalil	•			
^	Ong Ah Leng	•	•	•	•
	Sazali bin Saad	•	•		•
#	Oh Aik Teong Michael	•		•	•
	Ong Chiow Hock	•			

statement on corporate governance (cont'd)

The Board (cont'd)

- * Appointed as Deputy Executive Chairman effective 11 June 2009
- ** Appointed as Chief Executive Officer effective 15 January 2010
- + Redesignated as Non-Independent Non-Executive Director effective 15 July 2009
Redesignated as Remuneration Committee Member effective 27 July 2009
- ^ Appointed as Remuneration Committee Chairman effective 27 July 2009
- # Appointed as Remuneration Committee Member effective 27 July 2009

Board meetings

The Board met a total of eleven times for the year ended 31 December 2009.

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

		Total meetings attended	%
	Tan Sri Datuk Adzmi bin Abdul Wahab	10/11	91
^^	Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	5/5	100
#	Loo Kent Choong	6/8	75
	Dato' Mohamad Rizal bin Abdullah	11/11	100
	Dato' Dr. Manjit Singh a/l Harban Singh	11/11	100
	Dato' Rahadian Mahmud bin Mohammad Khalil	8/11	73
	Ong Ah Leng	10/11	91
	Sazali bin Saad	7/11	64
	Oh Aik Teong Michael	9/11	82
^	Ong Chiow Hock	8/8	100
*	Datuk Lee Kian Seng	2/3	67
**	Lim Ching Choy	3/4	75
+	Datuk Lye Ek Seang	1/5	20

- # Appointed as Chief Operating Officer effective 8 May 2009
- ^ Appointed as Independent Non-Executive Director effective 8 May 2009
- ^^ Appointed as Deputy Executive Chairman effective 11 June 2009
- * Resigned as Group Managing Director effective 30 April 2009
- ** Resigned as Chief Executive Officer effective 14 May 2009
- + Resigned as Non-Independent Non-Executive Director effective 24 June 2009

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.

statement on corporate governance (cont'd)

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Supply of Information (cont'd)

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 2009. A seminar on Directors' Duties (Under Revamped Company's Act) was conducted by Epsilon Advisory Services Sdn Bhd on 9 April 2009. 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 Committees. 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 from page 24 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 responsible for annual assessment of the skills mix and experience possessed by Board members to ensure effectiveness of the Board, Committees of the Board and the contribution of individual Directors.

The Nomination Committee has three members comprising three Non-Executive Directors. For the financial year ended 31 December 2009, five meetings were held.

THE REMUNERATION COMMITTEE

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

statement on corporate governance (cont'd)

THE REMUNERATION COMMITTEE (cont'd)

The Remuneration Committee has four members comprising Non-Executive Directors. For the financial year ended 31 December 2009, three meetings were held.

The total remuneration of the Directors by the respective bands is as follows: -

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salaries	1,419,163	-	1,419,163
Bonus	930,500	-	930,500
Fees	-	228,000	228,000
Meeting Allowance	-	57,500	57,500
Benefit-in-kind	225,620	-	225,620
EPF	275,299	-	275,299
SOCSSO	1,361	-	1,361
Total	2,851,943	285,500	3,137,443

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	6
RM 50,001 – RM 100,000	-	2
RM 100,001 – RM 150,000	1	-
RM200,001 – RM250,000	1	-
RM700,001 – RM750,000	2	-
RM970,001 – RM1,020,000	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 five members comprising two Executive Directors, two Non-Executive Directors and one Financial Controller.

statement on corporate governance (cont'd)

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RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Major corporate developments and happenings in the Company have always been promptly announced to all shareholders, in line with Bursa Malaysia Securities Berhad's (Bursa Securities) 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 Securities. 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 the 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 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 scrutinising 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 is reviewed periodically by the Audit Committee. The review covers financial, operational as well as compliance controls.

Directors' responsibility in financial reporting

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

The Board 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 judgement 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 and the Board, the Group has established a transparent and appropriate relationship with the Group's auditors, both internal and external. The Audit Committee also met the external auditors twice in the financial year 2009 without the presence of Management.

additional compliance information

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

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Share Buy-Back

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

Option, Warrant and Convertible Securities

During the financial year, there was no options granted or warrant exercised. The Company did not issue any convertible securities during the financial year ended 31 December 2009.

American Depositary Receipt ("ADR") or Global Depositary 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 2009 was RM10,000.

Variation in results

There were no material variances between the audited results for the financial year ended 31 December 2009 and the unaudited results previously announced.

Profit Guarantee

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

additional compliance information (cont'd)

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

Material Contracts

1. A conditional Sale and Purchase Agreement dated 2 March 2009 was entered into between Permata Juang (M) Sdn Bhd, a wholly-owned subsidiary of Magna Prima, and Bukit Jalil Development Sdn Bhd, a 70%-owned subsidiary of Ho Hup Construction Company Berhad, for the acquisition of the parcel of freehold land held under Geran 55268, Lot 38476 in the Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM19,408,370.57. Datuk Lye Ek Seang, a former non-independent non-executive Director of Magna Prima, was also a Director and major shareholder of Ho Hup Construction Company Berhad during the time of the transaction.
2. A conditional Sale and Purchase Agreement dated 15 July 2009 was entered into between Monetary Icon (M) Sdn Bhd, a wholly-owned subsidiary of Magna Prima, and Seri Dinar Project Development Sdn Bhd, a company related to Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail and Dato' Dr Manjit Singh a/l Harban Singh, for the acquisition of one parcel of freehold land measuring approximately 5.56 acres held under Lot No. 3587, Geran Mukim 899, Mukim Batu, District of Gombak, Selangor Darul Ehsan and all those parcels of leasehold land measuring in aggregate approximately 16.78 acres comprising of Lot Nos. 1964, 1965, 1966, 3592, 3593, 3594, 3595 and 3601 located next to the former Bukit Lagong Forest Reserve, within Selayang, District of Gombak, Selangor Darul Ehsan for a total cash consideration of RM40,532,641.
3. Sale and Purchase Agreement dated 10 December 2009 was entered into between Twinicon (M) Sdn Bhd, a wholly-owned subsidiary of Magna Prima, and Santari Sdn Bhd for the acquisition of a parcel of freehold land held under Geran 55267, Lot 38474, Mukim of Petaling, District of Kuala Lumpur, Negeri Wilayah Persekutuan, measuring approximately 22,280 square metres (or 5.506 acres), for a cash consideration of RM10,700,000. Tan San Li is an indirect major shareholder of Magna Prima and also the company secretary of Santari Sdn Bhd.

Revaluation Policy of Landed Properties

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

the audit committee

The Audit Committee was established on 13 January 1997. 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 for the financial year ended 31 December 2009 are as follows:

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

* Appointed as Audit Committee Member effective 2 March 2009

** Resigned as Audit Committee Member effective 2 March 2009

Meetings

The Audit Committee convened thirteen 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	13/13	100
	Dato' Dr. Manjit Singh a/l Harban Singh	Non-Independent Non-Executive Director	13/13	100
*	Sazali bin Saad	Independent Non-Executive Director	11/12	92
**	Datuk Lye Ek Seang	Non-Independent Non-Executive Director	1/1	100

* Appointed as Audit Committee Member effective 2 March 2009

** Resigned as Audit Committee Member effective 2 March 2009

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

the audit committee (cont'd)

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SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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

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

SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

The major activities conducted by the Internal Audit Department for the year ended 31 December 2009 for the Group are summarised 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 on Internal Control of the Group.
- Conducted site visits to the project sites and provided appropriate recommendations.

terms of reference of the audit committee

1. COMPOSITION

The audit committee members shall be appointed by the Board 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, 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. 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) Sazali bin Saad (appointed on 2 March 2009)
- d) Datuk Lye Ek Seang (resigned on 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 auditors, private and confidential audiences at any time they desire, with or without prior knowledge of Management.
- Review existing practice and recommend to Management to formalise an ethics code for all executives and staff of the Group.

3. AUTHORITY

The committee is authorised 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 Management, other Directors and employees, whenever deemed necessary.

terms of reference of the audit committee (cont'd)

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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.

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. The review shall focus on:
 - Changes in accounting policies and practices
 - Major judgemental areas
 - Significant audit adjustments from the external auditors
 - Compliance with accounting standards
 - Compliance with Bursa Securities and other regulatory and legal requirements
- Discuss with the external auditors, the nature, scope and approach of the audit of the financial statements.
- Discuss with the external auditors on areas of concern arising from the audit of the financial statements.
- Assess the adequacy and effectiveness of the accounting procedures and the internal control systems of the Company by reviewing management letters from external auditors.
- Discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of Management, where necessary.
- Review the internal audit plan and processes, consider major findings of internal audit and recommend actions and steps to be taken by Management in response to the findings.
- Review the relevance and adequacy of the scope, functions, competency and resources of the internal auditors and the necessary authority to carry out the function.
- Determine extent of cooperation and assistance given by the employees.
- Review related party transactions and conflict of interest situations that may arise within the Company.

terms of reference of the audit committee (cont'd)

6. DUTIES AND RESPONSIBILITIES (cont'd)

- 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 on internal control

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The Board is pleased to submit herewith the Statement on Internal Control of the Group. The 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 Main Market Listing Requirements of Bursa Securities.

Board's Responsibility

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

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

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

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

It must be noted however, that 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 its responsibilities, enhanced the following key system of internal control within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal controls comprise the following:-

- **The Board** meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and to consider the approved measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- **The Audit Committee** comprises entirely of non-executive directors, and who hold regular meetings throughout the financial year. Audit Committee members are briefed and updated on the matters of corporate governance practice and legal and regulatory matters. The current composition of members, with at least one who is a member of an accounting association or body, bring with them a wide variety of experience from different fields and backgrounds. They have full and unimpeded access to both the internal as well as external auditors during the financial year. They also meet with the external auditors without the presence of the Management at least twice a year.
- **The 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.

statement on internal control (cont'd)

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CONTROL ENVIRONMENT AND STRUCTURE (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 internal audit findings are highlighted to the Audit Committee. Their annual audit plans are presented and approved by the Audit Committee annually before the commencement of the following financial year and updates are given as and when there are any changes.
- **Financial and Operational Information** continues to be prepared and presented to the Board. A detailed budget is prepared and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then tracked and measured against the approved budget on a 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 Limits 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** (replaced by the Executive Committee in 2010) 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

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 Bursa Securities' 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 inadequacy 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 21 April 2010.

On our
returns...

financial statements

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directors' report

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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 2009.

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	6,669,361	2,328,232
Attributable to:		
Shareholders of the Company	6,625,318	2,328,232
Minority interests	44,043	-
	6,669,361	2,328,232

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 final single tier exempt dividend of 5 sen per share amounting to RM2,672,963 in respect of the previous financial year on 10 September 2009.

A proposed final single tier exempt dividend of 1 sen per share at par value of RM0.25 per share amounting to RM2,138,370 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 2010.

directors' report (cont'd)

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Reserves and Provisions

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

Issue of Shares and Debentures

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

Options Granted Over Unissued Shares

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

Warrants

The outstanding Warrants of the Company were constituted under a 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 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 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)

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Warrants (cont'd)

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

	Entitlement for ordinary shares of RM1 each		
	At 1.1.2009	Issued	At 31.12.2009
Numbers of unexercised Warrants	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	
Tan Sri Paduka Seri Hajah Zaleha binti Ismail	(appointed on 11.6.2009)
Dato' Mohamad Rizal bin Abdullah	
Dato' Dr. Manjit Singh a/l Harban Singh	
Dato' Rahadian Mahmud bin Mohammad Khalil	
Ong Ah Leng	
Sazali bin Saad	
Oh Aik Teong Michael	
Yoong Nim Chee	(appointed on 15.1.2010)
Loo Kent Choong	(appointed on 8.5.2009)
Ong Chiow Hock	(appointed on 8.5.2009)
Datuk Lee Kian Seng	(resigned on 30.4.2009)
Lim Ching Choy	(resigned on 14.5.2009)
Datuk Lye Ek Seang	(resigned on 24.6.2009)

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 1.1.2009	Acquired	At 31.12.2009
Magna Prima Berhad			
Direct interest:			
Dato' Dr. Manjit Singh a/l Harban Singh	1,015,000	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	1,500,000	-	-
Oh Aik Teong Michael	842,900	5,000	-
Dato' Mohamad Rizal bin Abdullah	109,000	-	109,000
Ong Chiow Hock	-	451,000	-

directors' report (cont'd)

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Directors' Interests (cont'd)

	At 1.1.2009	No. of warrants of RM0.30 each		At 31.12.2009
		Acquired	Disposed	
Magna Prima Berhad				
Direct interest:				
Dato' Dr. Manjit Singh a/l Harban Singh	4,205,133	-	2,150,000	2,055,133
Dato' Mohamad Rizal bin Abdullah	261,000	-	-	261,000

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)

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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 39 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.

LOO KENT CHOONG

Director

DATO' MOHAMAD RIZAL BIN ABDULLAH

Director

KUALA LUMPUR
21 April 2010

statement by directors

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

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We, LOO KENT CHOONG 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 97 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 2009 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.

LOO KENT CHOONG

Director

DATO' MOHAMAD RIZAL BIN ABDULLAH

Director

KUALA LUMPUR
21 April 2010

statutory declaration

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

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I, GAN SEONG SZE, 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 97 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 **GAN SEONG SZE** at KUALA LUMPUR in the Federal Territory, before me this 21 April 2010

Commissioner for Oaths

independent auditors' report

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

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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 2009 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 97.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 2009 and of their financial performance and cash flows for the financial year then ended.

independent auditors report (cont'd)
to the Members of Magna Prima Berhad (Company No. : 369519-P)
(Incorporated in Malaysia)

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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 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 independent 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 2009

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		Group		Company	
			Restated		
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Non-Current Assets					
Property, plant and equipment	3	2,874,493	3,790,341	952,777	1,139,036
Prepaid lease payments	4	239,466	244,573	-	-
Investment in subsidiary companies	5	-	-	52,209,911	43,062,873
Other investment	6	235,000	690,000	-	-
Land held for property development	7	6,058,539	6,005,700	-	-
Goodwill on consolidation	8	3,269,146	-	-	-
Deferred tax asset	9	2,952,732	6,828,100	-	-
		15,629,376	17,558,714	53,162,688	44,201,909
Current Assets					
Inventories	10	7,360,854	2,343,239	-	-
Property development costs	11	109,305,827	130,203,889	-	-
Amount owing by customers on contracts	12	60,022,576	149,851,783	-	-
Trade receivables	13	26,836,022	41,589,931	-	-
Accrued billings	14	57,181,274	72,666,365	-	-
Other receivables	15	59,714,865	19,975,557	2,657,463	10,565,724
Amount owing by subsidiary companies	16	-	-	143,533,613	69,607,102
Tax recoverable		43,507	43,507	-	-
Cash held under Housing Development Accounts	17	3,705,098	5,926,388	-	-
Fixed deposits with licensed banks	18	1,025,938	1,842,321	-	-
Cash and bank balances		20,446,561	18,005,678	16,032,506	6,801,869
		345,642,522	442,448,658	162,223,582	86,974,695
Current Liabilities					
Amount owing to customers on contracts	12	1,837,304	8,483,623	-	-
Trade payables	19	157,727,090	187,471,065	-	-
Progress billings	14	-	15,743,581	-	-
Other payables	20	15,007,395	19,118,143	149,148	2,622,831
Amount owing to subsidiary companies	16	-	-	136,476,610	49,383,154
Hire purchase payables	21	396,083	639,374	34,291	32,544
Bank borrowings	22	26,534,916	39,629,746	-	-
Taxation		27,080,208	35,881,456	407,191	440,023
		228,582,996	306,966,988	137,067,240	52,478,552
Net current assets		117,059,526	135,481,670	25,156,342	34,496,143
		132,688,902	153,040,384	78,319,030	78,698,052

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

balance sheets (cont'd)

as at 31 December 2009

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		Group		Company	
		2009	Restated 2008	2009	2008
	Note	RM	RM	RM	RM
Financed By:					
Share capital	23	53,459,246	53,459,246	53,459,246	53,459,246
Reserves	24	64,772,263	60,819,908	24,708,549	25,053,280
Equity attributable to shareholders of the Company		118,231,509	114,279,154	78,167,795	78,512,526
Minority interests		3,037,793	2,993,750	-	-
Total equity		121,269,302	117,272,904	78,167,795	78,512,526
Non-Current Liabilities					
Hire purchase payables	21	865,183	1,338,260	106,647	140,938
Bank borrowings	22	10,484,231	34,359,918	-	-
Deferred tax liability	9	70,186	69,302	44,588	44,588
		11,419,600	35,767,480	151,235	185,526
		132,688,902	153,040,384	78,319,030	78,698,052

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

income statements

for the Financial Year Ended 31 December 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Revenue	25	191,945,056	280,631,818	11,512,373	13,287,020
Cost of sales		(151,342,019)	(205,921,829)	-	-
Gross profit		40,603,037	74,709,989	11,512,373	13,287,020
Other operating income		3,340,343	1,834,351	51,333	229,544
Marketing and promotion expenses		(6,776,375)	(12,670,076)	-	-
Administration expenses		(16,651,653)	(18,709,044)	(7,325,680)	(9,187,202)
Other operating expenses		(5,651,005)	(7,241,402)	(1,651,757)	(348,366)
Profit from operations	26	14,864,347	37,923,818	2,586,269	3,980,996
Finance costs	27	(3,422,959)	(444,020)	(7,644)	(27,403)
Profit before taxation		11,441,388	37,479,798	2,578,625	3,953,593
Taxation	28	(4,772,027)	(10,198,351)	(250,393)	(169,455)
Net profit for the financial year		6,669,361	27,281,447	2,328,232	3,784,138
Net profit for the financial year attributable to:					
Shareholders of the Company		6,625,318	26,887,725		
Minority interests		44,043	393,722		
		6,669,361	27,281,447		
Earnings per share attributable to shareholders of the Company:					
Basic (sen)	29(a)	12.39	50.72		
Diluted (sen)	29(b)	10.93	40.85		

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

statement of changes in equity

for the Financial Year Ended 31 December 2009

Attributable to Shareholders of the Company										
Group	Note	Non-distributable				Distributable				Total Equity RM
		Share Capital RM	Share Premium RM	Warrants Reserve RM	Capital Reserve from Capitalisation of Retained Profit for Bonus Issue RM	Retained Profits RM	Total RM	Minority Interests RM		
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
Net profit for the financial year		-	-	-	-	26,887,725	26,887,725	393,722		27,281,447
Dividend paid	30	-	-	-	-	(3,603,153)	(3,603,153)	-		(3,603,153)
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
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
At 1 January 2009		53,459,246	10,521,169	6,468,447	29,994	43,800,298	114,279,154	2,993,750		117,272,904
Net profit for the financial year		-	-	-	-	6,625,318	6,625,318	44,043		6,669,361
Dividend paid	30	-	-	-	-	(2,672,963)	(2,672,963)	-		(2,672,963)
At 31 December 2009		53,459,246	10,521,169	6,468,447	29,994	47,752,653	118,231,509	3,037,793		121,269,302

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

statement of changes in equity (cont'd)
for the Financial Year Ended 31 December 2009

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Company	Note	Non-distributable			Distributable	Total Equity RM
		Share Capital RM	Warrants Reserve RM	Share Premium RM	Retained Profits RM	
At 1 January 2008		51,621,896	7,019,652	9,418,758	7,882,679	75,942,985
Net profit for the financial year		-	-	-	3,784,138	3,784,138
Dividend paid	30	-	-	-	(3,603,153)	(3,603,153)
Issuance of shares pursuant to the exercise of Warrants 2006/2011		1,837,350	(551,205)	1,102,411	-	2,388,556
At 31 December 2008		53,459,246	6,468,447	10,521,169	8,063,664	78,512,526
At 1 January 2009		53,459,246	6,468,447	10,521,169	8,063,664	78,512,526
Net profit for the financial year		-	-	-	2,328,232	2,328,232
Dividend paid	30	-	-	-	(2,672,963)	(2,672,963)
At 31 December 2009		53,459,246	6,468,447	10,521,169	7,718,933	78,167,795

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

cash flow statements

for the Financial Year Ended 31 December 2009

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	Note	Group		Company	
		2009 RM	Restated 2008 RM	2009 RM	2008 RM
Cash Flows From Operating Activities					
Profit before taxation		11,441,388	37,479,798	2,578,625	3,953,593
Adjustment for:					
Amortisation of prepaid lease payments		5,107	5,834	-	727
Allowance for doubtful debts		4,566,203	1,374,933	-	-
Bad debts written off		-	143,605	-	124,479
Depreciation of property, plant and equipment		1,003,012	1,157,056	209,687	264,723
Goodwill written off		-	113,678	-	-
Impairment of investment in subsidiary companies		-	-	1,252,954	-
Impairment of other investment		455,000	-	-	-
Interest expense		3,422,959	444,020	7,644	27,403
Provision for foreseeable loss		300,000	-	-	-
Property, plant and equipment written off		-	706,191	-	11,010
Provision for liquidated and ascertained damages		565,907	2,886,918	-	-
Overprovision for liquidated and ascertained damages		(485,627)	(2,785,564)	-	-
Overprovision for foreseeable loss		(41,521)	(288,917)	-	-
Gain on disposal of property, plant and equipment		(91,511)	(285,486)	-	(62,708)
Interest income		(463,655)	(418,903)	(51,333)	(166,836)
Dividend income		-	-	(2,600,000)	(2,600,000)
Operating profit before working capital changes		20,677,262	40,533,163	1,397,577	1,552,391
Decrease/(Increase) in working capital					
Inventories		(5,017,615)	(336,437)	-	-
Property development costs		20,545,224	(22,078,444)	-	-
Amount owing by/to customers on contracts		19,149,498	(83,800,513)	-	-
Trade receivables		10,187,706	28,850,032	-	-
Accrued billings		15,485,091	29,551,540	-	-
Other receivables		(39,546,339)	(8,732,518)	7,908,261	(8,114,246)
Amount owing by/to subsidiary companies		-	-	13,166,945	20,860,763
Trade payables		34,289,415	5,759,554	-	-
Progress billings		(15,743,581)	15,743,581	-	-
Other payables		(6,463,310)	7,114,091	(2,473,683)	1,731,763
		32,886,089	(27,929,114)	18,601,523	14,478,280

cash flow statements (cont'd)
for the Financial Year Ended 31 December 2009

		Group		Company	
		2009	Restated 2008	2009	2008
	Note	RM	RM	RM	RM
Cash generated from operations		53,563,351	12,604,049	19,999,100	16,030,671
Taxation paid		(9,697,897)	(5,385,403)	(283,225)	(397,674)
Interest received		463,655	418,903	51,333	166,836
Interest paid		(3,422,959)	(444,020)	(7,644)	(27,403)
		(12,657,201)	(5,410,520)	(239,536)	(258,241)
Net cash from operating activities		40,906,150	7,193,529	19,759,564	15,772,430
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	31	(206,687)	(709,802)	(23,428)	(487,381)
Subscription of additional shares in existing subsidiary companies		-	-	(10,399,992)	(9,475,747)
Acquisition of subsidiary companies	5 (b),(c)	(1,147,440)	(1,350,744)	-	-
Dividend received		-	-	2,600,000	2,600,000
Net proceeds from disposal of property, plant and equipment		264,034	1,188,107	-	585,410
Net cash used in investing activities		(1,090,093)	(872,439)	(7,823,420)	(6,777,718)
Cash Flows From Financing Activities					
Dividend paid	30	(2,672,963)	(3,603,153)	(2,672,963)	(3,603,153)
Repayment of hire purchase liabilities		(769,367)	(1,223,179)	(32,544)	(332,791)
Repayment of bank borrowings		(46,970,518)	(35,115,011)	-	(838,104)
Fixed deposits withdrawn from licensed banks		816,383	-	-	-
Drawdown from bank borrowings		12,565,055	24,986,998	-	-
Issuance of shares by the Company - Exercise of Warrant 2006/2011		-	2,388,556	-	2,388,556
Net cash used in financing activities		(37,031,410)	(12,565,789)	(2,705,507)	(2,385,492)
Net increase/(decrease) in cash and cash equivalents		2,784,647	(6,244,699)	9,230,637	6,609,220
Cash and cash equivalents at beginning of the financial year		20,573,183	26,817,882	6,801,869	192,649
Cash and cash equivalents at end of the financial year		23,357,830	20,573,183	16,032,506	6,801,869

cash flow statements (cont'd)
for the Financial Year Ended 31 December 2009

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		Group		Company
		Restated		
Note	2009	2008	2009	2008
	RM	RM	RM	RM
Cash and cash equivalents at end of the financial year comprises:				
Cash and bank balances	20,446,561	18,005,678	16,032,506	6,801,869
Cash held under Housing Development Accounts	3,705,098	5,926,388	-	-
Fixed deposits with licensed banks	1,025,938	1,842,321	-	-
Bank overdrafts	(793,829)	(3,358,883)	-	-
	24,383,768	22,415,504	16,032,506	6,801,869
Less: Fixed deposits pledged with licensed banks	(1,025,938)	(1,842,321)	-	-
	23,357,830	20,573,183	16,032,506	6,801,869

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

notes to the financial statements

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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, incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the 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.

At the date of authorisation of these financial statements, the Company has not applied the following FRSs, revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

	Effective date for financial period beginning on or after
FRS 8: Operating Segments	1 July 2009
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 101: Presentation of Financial Statements (Revised)	1 January 2010
FRS 123: Borrowing Costs (Revised)	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transaction	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(a) Basis of accounting (cont'd)

	Effective date for financial period beginning on or after
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combination	1 July 2010
FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures of First-time Adopters	1 January 2011
Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Financial Instruments: Presentation:	
- paragraphs 95A, 97AA and 97AB	1 January 2010
- paragraphs 11,16 and 97E	1 March 2010

IC Interpretation 15: Agreements for Construction of Real Estate

This new interpretation provides guidance on accounting for revenue from the construction of real estate. Where the Company undertakes a property development project, the implementation of this interpretation will change the Company's revenue recognition to take place at the time of delivery instead of recognised based on the percentage of completion method.

The Company plans to adopt the abovementioned FRSs, revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations which are relevant to the Company's operation when they become effective.

The Directors of the Company anticipate that the application of the above FRSs, revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations will have no material impact on the financial statements of the Company except for the changes in disclosures arising from the adoption of FRS 101 and Amendment to FRS 132.

The Company has applied the transitional provisions in FRS 7 and FRS 139 which exempt the Company from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Company.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(b) Functional and presentation currency

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

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on 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) Revenue recognition of property development activities and construction contracts

The Group recognises property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in Note 2(n) and Note 2(p).

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making this judgements, management relies on past experience and the work of specialists.

(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)

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2. Significant Accounting Policies (cont'd)

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

(v) Deferred tax asset

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

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

(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 shareholders of the Company.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(d) Basis of consolidation (cont'd)

(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.

(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.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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.

(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.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(h) Impairment of assets (cont'd)

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.

(i) Other investment

Other investment is 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 statement.

(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.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(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.

(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.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(p) Property development costs (cont'd)

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.

(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) Contingent assets and contingent liabilities

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(r) Contingent assets and contingent liabilities (cont'd)

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

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

(s) Borrowing costs

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

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

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

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

(t) 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.

(u) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares is accounted for as a deduction from equity.

Interim dividends are recognised as liabilities when declared before the balance sheet date. Final dividends are accounted for when it had been approved by the Company's shareholders.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(v) Warrants reserve

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

(w) 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.

(x) 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.

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(x) Income tax (cont'd)

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of 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.

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.

(y) 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.

(z) Leases

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

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease.

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

notes to the financial statements (cont'd)

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2. Significant Accounting Policies (cont'd)

(aa) 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.

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
2009							
Cost							
At 1.1.2009	372,635	801,704	1,278,312	3,393,744	11,600	609,612	6,467,607
Additions	-	58,618	34,163	166,906	-	-	259,687
Disposals/ Write-off	-	-	(2,380)	(515,132)	-	-	(517,512)
At 31.12.2009	372,635	860,322	1,310,095	3,045,518	11,600	609,612	6,209,782
Accumulated depreciation							
At 1.1.2009	69,836	405,750	485,020	1,617,403	1,400	97,857	2,677,266
Charge for the financial year	11,748	152,459	161,788	614,936	1,120	60,961	1,003,012
Disposals/ Write-off	-	-	(358)	(344,631)	-	-	(344,989)
At 31.12.2009	81,584	558,209	646,450	1,887,708	2,520	158,818	3,335,289
Carrying amount							
At 31.12.2009	291,051	302,113	663,645	1,157,810	9,080	450,794	2,874,493

notes to the financial statements (cont'd)

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

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
2008							
Cost							
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
Accumulated depreciation							
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
Carrying amount							
At 31.12.2008	302,799	395,954	793,292	1,776,341	10,200	511,755	3,790,341

notes to the financial statements (cont'd)

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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
2009						
Cost						
At 1.1.2009	-	335,016	275,619	293,599	609,612	1,513,846
Additions	-	23,428	-	-	-	23,428
At 31.12.2009	-	358,444	275,619	293,599	609,612	1,537,274
Accumulated depreciation						
At 1.1.2009	-	67,047	78,186	132,119	97,458	374,810
Charge for the financial year	-	34,882	55,124	58,720	60,961	209,687
At 31.12.2009	-	101,929	133,310	190,839	158,419	584,497
Carrying amount						
At 31.12.2009	-	256,515	142,309	102,760	451,193	952,777
2008						
Cost						
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
Accumulated depreciation						
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
Carrying amount						
At 31.12.2008	-	267,969	197,433	161,480	512,154	1,139,036

Included in the property, plant and equipment of the Group and of the Company are motor vehicles under hire purchase with carrying amount of RM900,010 and RM102,760 (2008: RM1,716,030 and RM161,480) respectively.

notes to the financial statements (cont'd)

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4. Prepaid Lease Payments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost				
At 1 January	269,199	331,496	-	62,297
Disposal	-	(62,297)	-	(62,297)
At 31 December	269,199	269,199	-	-
Accumulated amortisation				
At 1 January	24,626	20,869	-	1,350
Amortisation of prepaid lease payments	5,107	5,834	-	727
Disposal	-	(2,077)	-	(2,077)
At 31 December	29,733	24,626	-	-
Carrying amount				
At 31 December	239,466	244,573	-	-

(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 79 years to 87 years.

5. Investment in Subsidiary Companies

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost		
At 1 January	43,062,873	33,587,126
Addition during the year	10,399,992	9,475,747
Impairment loss	(1,252,954)	-
At 31 December	52,209,911	43,062,873
Represented by:		
Ordinary shares	52,208,911	43,061,873
Redeemable preference shares	1,000	1,000
	52,209,911	43,062,873

notes to the financial statements (cont'd)

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5. Investment in Subsidiary Companies (cont'd)

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

Name of company	Country of incorporation	Effective equity interest		Principal Activities
		2009 %	2008 %	
Direct holding -				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Specialist in 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	Property development
Magna Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	99.99	99.99	Dormant
Crossborder Team (M) Sdn. Bhd.	Malaysia	100	100	Property development
Everhall (M) Sdn. Bhd.	Malaysia	100	100	Dormant
33 Sentral Park Sdn. Bhd.	Malaysia	100	100	Dormant
Twinicon (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Winicon (M) Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Magna Mix Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in ready-mixed concrete
Prima Awan (M) Sdn. Bhd.	Malaysia	100	100	Property management
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	90	90	Civil engineering and building construction
Magna City Shah Alam Sdn. Bhd.	Malaysia	100	100	Dormant
Magna City Development Sdn. Bhd.	Malaysia	100	100	Property development
Permata Juang (M) Sdn. Bhd.	Malaysia	100	100	Property development and property investment
Monetary Icon (M) Sdn. Bhd.	Malaysia	100	100	Property development and property investment

notes to the financial statements (cont'd)

5. Investment in Subsidiary Companies (cont'd)

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

Name of company	Country of incorporation	Effective equity interest		Principal Activities
		2009 %	2008 %	
Subsidiary of Dunia Epik Sdn. Bhd. -				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Subsidiaries of Magna Prima Development Sdn. Bhd. -				
Magna Park Sdn. Bhd.	Malaysia	91	91	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary of Magna Prima Construction Sdn. Bhd. -				
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management
Subsidiaries of Magna Park Sdn. Bhd. -				
Embassy Court Sdn. Bhd.	Malaysia	91	91	Property development
Amanabina Sdn. Bhd.	Malaysia	91	91	Property development and project management services
Subsidiary of Winicon (M) Sdn. Bhd. -				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	100	-	Property development and property investment

(b) Acquisition of subsidiary company during the financial year

On 27 August 2009, the Group acquired 100% equity interest representing 250,002 ordinary shares of RM1.00 each in Ibsul Development (Sel) Sdn. Bhd. for a total consideration of RM3,500,000.

The effect of the acquisition on the financial results of the Group during the financial year is as follows:-

	2009 RM
Revenue	-
Cost of sales	-
Gross loss	-
Administration expenses	(6,036)
Loss for the financial year	(6,036)

notes to the financial statements (cont'd)

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5. Investment in Subsidiary Companies (cont'd)

(b) Acquisition of subsidiary company during the financial year (cont'd)

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

	2009 RM
Property, plant and equipment	-
Goodwill on consolidation (Note 8)	3,269,146
Trade and other receivables	2,399,711
Amount owing by ultimate holding company	2,262,962
Cash and bank balances	2,000
Trade and other payables	(1,000)
Amount owing by immediate holding company	(2,088,857)
Group net assets	5,843,962

The fair value of the assets acquired and liabilities assumed from the acquisition of subsidiary company is as follows:-

	2009 RM
Net assets acquired:	
Trade and other receivables	230,854
Net assets acquired	230,854
Goodwill on consolidation (Note 8)	3,269,146
Total purchase consideration	3,500,000
Included in other payables	(2,352,560)
Position discharged by cash	1,147,440
Less: Cash and cash equivalent acquired	-
Cash outflow on acquisition of subsidiary company	1,147,440

notes to the financial statements (cont'd)

5. Investment in Subsidiary Companies (cont'd)

- (c) Acquisition of subsidiary companies in the previous financial year

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.

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 effect of the acquisition on the financial results of the Group in the previous financial year are as follows:-

	2008 RM
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)

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

	2008 RM
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	(642,750)

notes to the financial statements (cont'd)

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5. Investment in Subsidiary Companies (cont'd)

(c) Acquisition of subsidiary companies in the previous financial year (cont'd)

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

	2008 RM
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	(9,674,796)
Amount due to customers on contract	(565,205)
Hire purchase payables	(1,079,612)
Bank borrowings	(4,246,552)
Taxation	(142,317)
Cash inflow on acquisition of subsidiary companies	1,515,485
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	(164,741)
Cash outflow on acquisition of subsidiary companies	1,350,744

6. Other Investment

	2009 RM	Group 2008 RM
Quoted shares in Malaysia, at cost	690,000	1,525,000
Less : Allowance for diminution in value	(455,000)	(835,000)
	235,000	690,000
Market value	235,000	225,000

notes to the financial statements (cont'd)

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7. Land Held For Property Development

	Group 2009 RM	Restated 2008 RM
Leasehold land at cost:		
At 1 January	5,187,540	5,087,540
Addition during the financial year	-	100,000
At 31 December	5,187,540	5,187,540
Development expenditure:		
At 1 January	818,160	818,160
Addition during the financial year	52,839	-
At 31 December	870,999	818,160
	6,058,539	6,005,700

The long term leasehold land of a subsidiary company is yet to be registered under the name of the subsidiary company.

8. Goodwill on Consolidation

	Group 2009 RM	2008 RM
At 1 January	-	-
Addition during the financial year [Note 5(b)]	3,269,146	113,678
Less: Goodwill written off	-	(113,678)
At 31 December	3,269,146	-

9. Deferred Taxation

	Group 2009 RM	2008 RM	Company 2009 RM	2008 RM
At 1 January	6,758,798	6,171,814	(44,588)	(44,588)
Recognised in income statements	(491,646)	697,514	-	-
Under provision in prior financial years	(3,384,606)	(110,530)	-	-
At 31 December	2,882,546	6,758,798	(44,588)	(44,588)

notes to the financial statements (cont'd)

9. Deferred Taxation (cont'd)

Represented by:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax liability	(70,186)	(69,302)	(44,588)	(44,588)
Deferred tax asset	2,952,732	6,828,100	-	-
	2,882,546	6,758,798	(44,588)	(44,588)

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

Deferred tax liability of the Group:

	Accelerated capital allowances	
	2009 RM	2008 RM
At 1 January	69,302	70,186
Recognised in income statement	884	(884)
At 31 December	70,186	69,302

Deferred tax asset of the Group:

	Unused tax losses	
	2009 RM	2008 RM
At 1 January	6,828,100	6,242,000
Recognised in income statement	(3,875,368)	586,100
At 31 December	2,952,732	6,828,100

Deferred tax liability of the Company:

	Accelerated capital allowances	
	2009 RM	2008 RM
At 1 January / 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)

10. Inventories

	2009 RM	Group 2008 RM
Unsold units of completed properties		
At 1 January	2,006,801	2,006,801
Transfer from property development costs (Note 11)	5,058,995	-
At 31 December	7,065,796	2,006,801
Finished goods	295,058	336,438
	7,360,854	2,343,239

11. Property Development Costs

	2009 RM	Group Restated 2008 RM
Freehold land at cost	99,430,444	41,500,000
Leasehold land at cost	38,689,318	38,689,318
Planning, survey and strata titles fees	4,416,864	4,364,133
Development and construction cost	524,508,481	378,047,397
	667,045,107	462,600,848
Cost recognised as an expense in previous years	(536,841,218)	(389,381,365)
At 1 January	130,203,889	73,219,483
Cost incurred during the financial year		
- Acquisition of land	-	57,930,444
- Authority contributions	991,258	5,312,321
- Professional fees	1,721,262	14,927,043
- Management fees	-	(540,000)
- Building and construction	89,343,849	112,080,583
- Finance costs	7,734,639	19,031,592
	99,791,008	208,741,983
Cost recognised as an expense in the current financial year	(115,630,075)	(151,757,577)
Transfer to inventories (Note 10)	(5,058,995)	-
At 31 December	109,305,827	130,203,889

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.

notes to the financial statements (cont'd)

12. Amount Owing by/(to) Customers on Contracts

	2009 RM	Group Restated 2008 RM
Contract costs	725,965,882	550,083,827
Attributable profits	110,235,504	94,971,544
Less: Provision for foreseeable losses	(300,000)	-
	835,901,386	645,055,371
Progress billings including retention sum	(777,716,114)	(503,687,211)
	58,185,272	141,368,160
Represented by:		
Amount owing by customer on contracts	60,022,576	149,851,783
Amount owing to customer on contracts	(1,837,304)	(8,483,623)
	58,185,272	141,368,160
Retention sum included in progress billings	8,133,842	19,625,532

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

	Note	2009 RM	Group 2008 RM
Hire of machinery		794,072	3,686,293
Staff costs capitalised	34	1,702,997	1,181,223

13. Trade Receivables

	2009 RM	Group 2008 RM
Trade receivables	26,101,420	36,158,472
Retention sum receivables	5,515,069	5,645,723
	31,616,489	41,804,195
Less: Allowance for doubtful debts	(4,780,467)	(214,264)
	26,836,022	41,589,931

The Group's normal trade credit terms range from 30 to 120 days (2008: 30 to 120 days).

notes to the financial statements (cont'd)

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14. Accrued Billings/(Progress Billings)

	2009 RM	Group 2008 RM
Revenue recognised in income statement to date	519,202,032	601,069,743
Progress billing to-date	(462,020,758)	(544,146,959)
	57,181,274	56,922,784
Accrued billings	57,181,274	72,666,365
Progress billings	-	(15,743,581)
	57,181,274	56,922,784

15. Other Receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	2,359,140	8,297,052	1,398,874	435,940
Deposits	44,148,051	9,993,547	1,125,959	9,001,070
Prepayments	14,368,343	2,845,627	132,630	1,128,714
	60,875,534	21,136,226	2,657,463	10,565,724
Less: Allowance for doubtful debts	(1,160,669)	(1,160,669)	-	-
	59,714,865	19,975,557	2,657,463	10,565,724

16. Amount Owning by/(to) Subsidiary Companies

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

17. Cash Held Under Housing Development Accounts

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

The interest earned on the above ranges from 1.99% to 2.15% (2008: 1.99% to 2.15%).

18. Fixed Deposits with Licensed Banks

The fixed deposits have been pledged to banks for bank overdrafts and bank guarantee facilities granted to the Group as disclosed in Note 22.

notes to the financial statements (cont'd)

19. Trade Payables

	Group	
	2009 RM	2008 RM
Trade payables	148,233,105	171,045,136
Retention sum payables	9,493,985	16,425,929
	157,727,090	187,471,065

The Group's normal trade credit terms range from 30 to 120 days (2008: 30 to 120 days).

20. Other Payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	8,290,135	6,417,763	38,477	74,991
Refundable deposits	2,024,470	4,664,890	-	-
Accruals	4,692,790	8,035,490	110,671	2,547,840
	15,007,395	19,118,143	149,148	2,622,831

21. Hire Purchase Payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
(a) Future minimum payments				
Repayable within one year	444,516	740,172	40,188	39,507
Repayable between one and five years	909,816	1,414,812	113,866	154,735
	1,354,332	2,154,984	154,054	194,242
Less: Finance charges	(93,066)	(177,350)	(13,116)	(20,760)
	1,261,266	1,977,634	140,938	173,482

notes to the financial statements (cont'd)

21. Hire Purchase Payables (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
(b) Present value representing hire purchase liabilities				
Repayable within one year	396,083	639,374	34,291	32,544
Repayable between one and five years	865,183	1,338,260	106,647	140,938
	1,261,266	1,977,634	140,938	173,482
Analysed as:				
Repayable within twelve months	396,083	639,374	34,291	32,544
Repayable after twelve months	865,183	1,338,260	106,647	140,938
	1,261,266	1,977,634	140,938	173,482

The hire purchase bear interest at the balance sheet date at rates between 4.15% to 6.14% (2008: 4.15% to 6.14%) per annum.

22. Bank Borrowings

	Group	
	2009 RM	2008 RM
Secured:		
Bridging loan	2,305,465	13,257,190
Term loans	30,469,853	52,988,591
Bank overdrafts	793,829	3,358,883
Banker acceptance	3,450,000	4,385,000
	37,019,147	73,989,664
Repayable within twelve months		
Secured:		
Bridging loan	-	9,735,349
Term loans	22,291,087	22,150,514
Bank overdrafts	793,829	3,358,883
Banker acceptance	3,450,000	4,385,000
	26,534,916	39,629,746

notes to the financial statements (cont'd)

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22. Bank Borrowings (cont'd)

	2009 RM	Group 2008 RM
Repayable after twelve months		
Secured:		
Bridging loan	2,305,465	3,521,841
Term loans	8,178,766	30,838,077
	10,484,231	34,359,918
	37,019,147	73,989,664
Maturity of borrowings:		
Within one year	26,534,916	39,629,746
Between one and two years	10,484,231	24,390,154
Between two and five years	-	9,969,764
	37,019,147	73,989,664

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

- (a) Assignment of surplus fund in the Housing Development Account for the related projects;
- (b) Assignment of Project Account for development of the related projects;
- (c) Facility Agreement for the total borrowings which amounts to RM97,912,000 (2008: RM97,912,000);
- (d) Fixed charge and Private Caveat on certain parcels of the projects' development leasehold land;
- (e) A registered Debenture covering a first fixed and floating charge for RM61,600,000 (2008: RM61,600,000) on all current and future assets of certain subsidiary companies; and
- (f) A pledge of fixed deposits of the Group.

The Group's bank overdrafts and bankers' acceptance 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 (2008: 1 to 3.5 years).

The Group's interest rates range from 1.5% to 2.5% (2008: 1.5% to 4.5%) above the financial institutions' base lending rates or base funding rates per annum.

notes to the financial statements (cont'd)

23. Share Capital

	Group/Company			
	Number of ordinary shares of RM1 each		Amount	
	2009	2008	2009 RM	2008 RM
Ordinary shares of RM1 each:				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January	53,459,246	51,621,896	53,459,246	51,621,896
Issuance of shares				
- Exercise of Warrants 2006/2011	-	1,837,350	-	1,837,350
At 31 December	53,459,246	53,459,246	53,459,246	53,459,246

24. Reserves

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable:				
Share premium	10,521,169	10,521,169	10,521,169	10,521,169
Capital reserve	29,994	29,994	-	-
Warrants	6,468,447	6,468,447	6,468,447	6,468,447
Distributable:				
Retained profits	47,752,653	43,800,298	7,718,933	8,063,664
	64,772,263	60,819,908	24,708,549	25,053,280

notes to the financial statements (cont'd)

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25. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of development properties	136,633,980	179,891,757	-	-
Value of construction and quarrying works	32,258,562	82,045,899	-	-
Property management fee	1,154,144	857,668	-	-
Management fee received/receivable from subsidiary companies	-	-	8,912,373	10,687,020
Dividend income	-	-	2,600,000	2,600,000
Trading and other income	21,898,370	17,555,214	-	-
Others	-	281,280	-	-
	191,945,056	280,631,818	11,512,373	13,287,020

26. Profit from Operations

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration				
Statutory audit				
- Current year	155,460	155,000	22,000	22,000
- Over provision in prior year	(17,065)	-	-	-
Other non-audit fee	10,000	3,000	10,000	3,000
Allowance for doubtful debts	4,566,203	1,374,933	-	-
Amortisation of prepaid lease payments	5,107	5,834	-	727
Bad debts written off	-	143,605	-	124,479
Depreciation of property, plant and equipment	1,003,012	1,157,056	209,687	264,723
Equipment rental	134,232	367,569	61,820	59,960
Goodwill written off	-	113,678	-	-
Impairment of other investment	455,000	-	-	-
Lease rental	144,000	108,000	-	-
Office rental	2,000	15,682	-	-
Overprovision for liquidated and ascertained damages	(485,627)	(2,785,564)	-	-
Overprovision for foreseeable loss	(41,521)	(288,917)	-	-
Property, plant and equipment written off	-	706,191	-	11,010
Provision for liquidated and ascertained damages	565,907	2,886,918	-	-
Provision for foreseeable loss	300,000	-	-	-
Rental of premises	487,187	471,800	456,000	454,000
Rental of machineries	986,085	1,080,174	-	-
Rental of computers	718,124	403,466	707,516	373,880

notes to the financial statements (cont'd)

26. Profit from Operations (cont'd)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Rental of hall for road shows	141,731	441,609	-	-
Rental of trucks	3,661,725	3,342,265	-	-
Gain on disposal of property, plant and equipment	(91,511)	(285,486)	-	(62,708)
Interest income	(463,655)	(418,903)	(51,333)	(166,836)
Rental income	-	(33,345)	-	-
Rental income from unsold completed properties	(16,568)	(6,500)	-	-

27. Finance Costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expenses on:				
Term loans	2,730,698	75,597	-	-
Hire purchase	77,472	134,328	7,644	21,910
Bank overdrafts	35,143	116,253	-	5,493
Bill payables	189,803	107,909	-	-
Others	389,843	9,933	-	-
	3,422,959	444,020	7,644	27,403

28. Taxation

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax expenses for the financial year:				
- Current tax provision	2,235,328	10,407,344	-	169,455
- (Over)/Under provision in prior financial years	(1,339,553)	377,991	250,393	-
	895,775	10,785,335	250,393	169,455

notes to the financial statements (cont'd)

28. Taxation (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax:				
- Relating to origination and reversal of temporary differences	491,646	(697,514)	-	-
- Under provision in prior financial year	3,384,606	110,530	-	-
	3,876,252	(586,984)	-	-
	4,772,027	10,198,351	250,393	169,455

Income tax is calculated at the statutory rate of 25% (2008:26%) on chargeable income of the estimated assessable profit for the financial year.

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation	11,441,388	37,479,798	2,578,625	3,953,593
Taxation at statutory tax rate of 25% (2008: 26%)	2,860,347	9,744,747	644,656	1,027,934
Income not subject to tax	(31,478)	(24,963)	(662,833)	(1,040,958)
Expenses not deductible for tax purposes	1,542,475	2,070,199	18,177	182,479
Deferred tax asset not recognised	251,373	529,609	-	-
Reversal of deferred tax asset not recognised	-	22,716	-	-
Deferred tax asset on prior tax benefits now recognised	-	(1,220,100)	-	-
Utilisation of previously unrecognised income tax benefits	(1,895,743)	(1,412,378)	-	-
(Over)/Under provision of current taxation in respect of prior years	(1,339,553)	377,991	250,393	-
Under provision of deferred taxation in respect of prior year	3,384,606	110,530	-	-
Tax expense for the financial year	4,772,027	10,198,351	250,393	169,455

notes to the financial statements (cont'd)

28. Taxation (cont'd)

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

	2009 RM	Group 2008 RM
Unutilised capital allowances	101,024	731,954
Unabsorbed tax losses	1,578,680	7,973,278
Accelerated capital allowances	-	(448,678)
	1,679,704	8,256,554

29. Earnings Per Share

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated profit after taxation attributable to shareholders of the Company of RM6,625,318 (2008: RM26,887,725) for the Group and the weighted average number of ordinary shares in issue during the financial year of 53,459,246 (2008: 53,015,073).

(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 shareholders of the Company and the adjusted weighted average number of ordinary shares issued and issuable during the financial year.

	2009 RM	Group 2008 RM
Net profit for the financial year attributable to shareholders of the Company	6,625,318	26,887,725
Weighted number of ordinary shares issued	53,459,246	53,015,073
Adjusted for :		
Assumed exercise of Warrants	7,187,163	12,811,096
Fully diluted weighted average number of shares	60,646,409	65,826,169
Diluted earnings per share (sen)	10.93	40.85

notes to the financial statements (cont'd)

30. Dividends

	Group/Company	
	2009	2008
	RM	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
Final dividend in respect of financial year ended 31 December 2008:		
- 5 sen per share single tier exempt dividend	2,672,963	-
	2,672,963	3,603,153

A proposed final single tier exempt dividend of 1 sen per share at par value of RM0.25 per share (2008: single tier exempt dividend of 5 sen per share at par value of RM1.00 per share) amounting to RM2,138,370 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 2010.

31. Purchase of Property, Plant and Equipment

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Aggregate cost (Note 3)	259,687	1,357,807	23,428	487,381
Less: Hire purchase financing	(53,000)	(648,005)	-	-
Cash payments	206,687	709,802	23,428	487,381

32. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group		Company	
	2009	Restated 2008	2009	Restated 2008
	RM	RM	RM	RM
Company's Directors				
- Salaries and other emoluments	1,419,163	1,561,385	1,419,163	1,561,385
- EPF	275,299	281,790	275,299	281,790
- Socso	1,361	1,240	1,361	1,240
- Bonus	930,500	735,000	930,500	735,000
- Fees and meeting allowances	285,500	224,000	285,500	224,000
- Estimated money value of benefits-in-kind	225,620	210,981	225,620	210,981

notes to the financial statements (cont'd)

32. Key Management Personnel Compensation (cont'd)

The key management personnel compensation is as follows: (cont'd)

	Group		Company	
	2009	Restated 2008	2009	Restated 2008
	RM	RM	RM	RM
Other Directors				
- Salaries and other emoluments	828,000	519,871	-	-
- EPF	141,750	77,985	-	-
- Socso	1,114	723	-	-
- Bonus	117,000	-	-	-
- Estimated money value of benefits-in-kind	55,002	29,092	-	-

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.

33. Single-Tier System and Tax Exempt Income

Under the single-tier system which came into effect from year of 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 credits are 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, 2008.

In previous financial years, 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 (2008 : RM2,180,000) available for distribution as tax exempt dividends to shareholders as at 31 December 2009. This tax exempt income is subject to agreement by the Inland Revenue Board.

34. Staff Information

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Staff costs (excluding Directors) comprise:				
- charged to income statements	9,197,029	8,967,364	2,845,103	3,193,397
- capitalised in amount owing by/(to) customers on contracts (Note 12)	1,702,997	1,181,223	-	-
Total staff costs for the financial year	10,900,026	10,148,587	2,845,103	3,193,397

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 RM1,069,998 and RM232,241 (2008: RM966,455 and RM296,836) respectively.

notes to the financial statements (cont'd)

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35. 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	
	2009 RM	2008 RM
Dividend received from subsidiary company: Magna Prima Construction Sdn. Bhd.	2,600,000	2,600,000
	2,600,000	2,600,000
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	3,983,395	3,232,396
Dunia Epik Sdn. Bhd.	920,004	803,309
Embassy Court Sdn. Bhd.	229,705	1,512,864
Magna Prima Construction Sdn. Bhd.	1,504,715	2,510,112
MPrima (Shah Alam) Sdn. Bhd.	266,597	1,644,852
Amanabina Sdn. Bhd.	-	75,000
Magna Shah Alam Sdn. Bhd.	537,155	60,346
Magna Mix Sdn. Bhd.	821,701	483,784
Pembinaan Contamaju-Infocast Sdn. Bhd.	649,101	364,356
	8,912,373	10,687,019

36. Contingent Assets and Contingent Liabilities

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Contingent Assets				
Settlement by defendant in a litigation matter by way of 1,022,000 shares at par value of RM1.00 per share:				
- at market value	3,086,440	-	-	-
- at par value	(1,022,00)	-	-	-
Inflow of economic benefit which is probable but not virtually certain	2,064,440	-	-	-

notes to the financial statements (cont'd)

36. Contingent Assets and Contingent Liabilities (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Contingent Liabilities				
Guarantees given to financial institutions for facilities granted to subsidiary companies:				
- Secured on assets of subsidiary companies	-	-	69,202,051	120,102,342
- Unsecured	-	-	1,000,000	1,000,000
Guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:				
- unsecured	-	-	13,800,000	14,900,000
Limit of guarantees	-	-	84,002,051	136,002,342
Amount utilised by subsidiary companies.	-	-	41,641,479	84,143,998
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	41,641,479	84,143,998

37. 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.

The main business segments of the Group comprise the following:

notes to the financial statements (cont'd)

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37. Segmental Reporting (cont'd)

2009	Construction and Engineering RM	Properties RM	Trading RM	Others RM	Consolidated RM
Revenue					
Total revenue	32,258,562	136,633,980	21,898,370	10,066,517	200,857,429
Intersegment revenue	-	-	-	(8,912,373)	(8,912,373)
Total segment revenue	32,258,562	136,633,980	21,898,370	1,154,144	191,945,056
Results					
Segment results	3,708,321	11,354,616	(1,190,763)	528,518	14,400,692
Unallocated corporate income					463,655
Profit from operations					14,864,347
Finance costs					(3,422,959)
Profit before taxation					11,441,388
Taxation					(4,772,027)
Profit after taxation					6,669,361
Minority Interests					(44,043)
Net profit for the financial year attributable to shareholders of the Company					6,625,318
Assets					
Segment assets	81,412,124	199,519,651	8,097,753	64,716,047	353,745,575
Unallocated corporate assets					7,526,323
Consolidated total assets					361,271,898

notes to the financial statements (cont'd)

37. Segmental Reporting (cont'd)

	Construction and Engineering RM	Properties RM	Trading RM	Others RM	Consolidated RM
Liabilities					
Segment liabilities	113,911,781	86,794,896	8,039,860	2,844,400	211,590,937
Unallocated corporate liabilities					28,411,659
					<u>240,002,596</u>
Consolidated total liabilities					
Other information					
Capital expenditure	-	56,906	179,048	23,733	259,687
Depreciation and amortisation	716,116	48,414	33,877	209,712	1,008,119
Other non-cash expenses					
Allowance for doubtful debts	2,859,927	-	1,706,276	-	4,566,203
Impairment loss on other investment	-	-	-	455,000	455,000
Provision for liquidated and ascertained damages	197,181	368,726	-	-	565,907
Provision for foreseeable loss	300,000	-	-	-	300,000
Other non-cash income					
(Loss)/Gain on disposal of property, plant and equipment	(1,023)	92,534	-	-	91,511
Overprovision for liquidated and ascertained damages	-	485,627	-	-	485,627
Overprovision for foreseeable loss	-	41,521	-	-	41,521

notes to the financial statements (cont'd)

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37. Segmental Reporting (cont'd)

2008	Construction and Engineering RM	Properties RM	Trading RM	Others RM	Consolidated RM
Revenue					
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
Results					
Segment results	31,902,528	3,728,886	671,985	1,201,516	37,504,915
Unallocated corporate income					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 shareholders of the Company					26,887,725
Assets					
Segment assets	173,303,547	249,310,191	8,782,206	19,251,007	450,646,951
Unallocated corporate assets					9,360,421
Consolidated total assets					460,007,372
Liabilities					
Segment liabilities	151,226,524	148,839,317	8,533,415	3,034,920	311,634,176
Unallocated corporate liabilities					31,100,292
Consolidated total liabilities					342,734,468
Other information					
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)

37. Segmental Reporting (cont'd)

	Construction and Engineering RM	Properties RM	Trading RM	Others RM	Consolidated RM
Other non-cash expenses					
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
Other non-cash income					
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

38. Commitments

	2009 RM	Group 2008 RM
Approved and contracted for:		
Contractual obligation for development project	19,002,560	-

39. Significant Events

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

(a) Magna Prima Berhad

On 23 October 2009, the Board of Magna Prima announced that the Company has proposed to undertake a share split exercise whereby one ordinary shares of RM1.00 each in the Company will be divided into four new ordinary shares of RM0.25 each. This proposal was approved by the shareholders at the Extraordinary General Meeting on 4 January 2010.

notes to the financial statements (cont'd)

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39. Significant Events (cont'd)

(b) Permata Juang (M) Sdn. Bhd. ("PJSB")

On 2 March 2009, Magna Prima 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, District of Kuala Lumpur and State of Wilayah Persekutuan for a cash consideration of RM19,408,370.57. This proposal was approved by the shareholders at the Extraordinary General Meeting on 11 June 2009.

(c) Twinicon (M) Sdn. Bhd. ("TSB")

On 23 March 2009, Magna Prima announced that its subsidiary, TSB 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, Wilayah Persekutuan together with the buildings erected thereon for a cash consideration of RM148,151,380. This proposal was approved by the shareholders at the Extraordinary General Meeting on 11 March 2010.

On 10 December 2009, Magna Prima announced that its subsidiary, TSB had entered into a sale and purchase agreement with Santari Sdn. Bhd. for the proposed acquisition of one piece of freehold land measuring 22,280 square metres held under Geran 55267, Lot 38474, Mukim of Petaling, District of Kuala Lumpur Wilayah Persekutuan for a cash consideration of RM10,700,000. This proposal was approved by the shareholders at the Extraordinary General Meeting on 11 March 2010.

(d) Monetary Icon (M) Sdn. Bhd.

On 15 July 2009, Magna Prima announced that its subsidiary, Monetary Icon (M) Sdn. Bhd. had entered into a conditional sale and purchase agreement with Seri Dinar Project Development Sdn. Bhd. for the proposed acquisition of one parcel of freehold land measuring approximately 5.56 acres and all those parcels of leasehold land measuring in aggregate approximately 16.78 acres located in Mukim of Batu, Town of Selayang, District of Gombak, Selangor for a total cash consideration of RM40,532,641. This proposal was approved by the shareholders at the Extraordinary General Meeting on 11 March 2010.

(e) Winicon (M) Sdn. Bhd.

On 27 August 2009, Magna Prima announced that its subsidiary, Winicon (M) Sdn. Bhd. had entered into a sale of shares agreement with Dato' Ahmad Shafee Bin Sabaruddin and Mohd Sabki Bin Razali for the proposed acquisition of 250,002 ordinary shares of RM1.00 each in Ibsul Development (Sel) Sdn. Bhd. ("IDSB") representing the entire issued and paid-up share capital of IDSB for a total cash consideration of RM3,500,000. The acquisition of IDSB was completed on 9 October 2009.

(f) 33 Sentral Park Sdn. Bhd.

On 4 September 2009, Magna Prima announced that its subsidiary, 33 Sentral Park Sdn. Bhd. had entered into a sale and purchase agreement with Petaling Garden Sdn. Bhd. to acquire all the piece of land held under H.S.(D) 16678 PT 320 Mukim Kuala Lumpur, District of Petaling, Selangor measuring approximately 16,790.363 square metres and all the piece of land held under H.S.(D) 16679 PT 321 Mukim Kuala Lumpur, District of Petaling, Selangor measuring approximately 11,358 square metres in area together with a row of fifteen single storey lock-up shops erected thereon and each of the shop(s) bearing postal address(es) of No.1 to No.15 respectively at Jalan 5/44, Petaling Garden, 46000 Petaling Jaya, Selangor for an aggregate cash consideration of RM48,479,360. This proposal was approved by the shareholders at the Extraordinary General Meeting on 29 January 2010.

notes to the financial statements (cont'd)

39. Significant Events (cont'd)

- (g) Crossborder Team (M) Sdn. Bhd.

On 14 October 2009, Magna Prima announced that its subsidiary, Crossborder Team (M) Sdn. Bhd. had entered into a sale and purchase agreement with Muafakat Kekal Sdn. Bhd. to acquire a piece of leasehold land held under Title No. PM2780, Lot 2466, Town of Selayang, District of Gombak, Selangor for a purchase consideration of RM16,500,000 to be satisfied by the issuance of 33,000,000 new ordinary shares of RM0.25 each in Magna Prima at an issue price of RM0.50 per Magna Prima share.

40. 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
Balance Sheet			
Non-Current Assets			
Land held for property development	-	6,005,700	6,005,700
Current Assets			
Property development costs	136,209,589	(6,005,700)	130,203,889
Amount owing by customers on contract	85,818,393	64,033,390	149,851,783
Trade receivables	114,256,296	(72,666,365)	41,589,931
Accrued billings	-	72,666,365	72,666,365
Trade payables	(139,181,256)	(48,289,809)	(187,471,065)
Progress billing	-	(15,743,581)	(15,743,581)
Cash Flow Statement			
Decrease/(Increase) in working capital			
Amount owing by customers on contract	(19,767,123)	(64,033,390)	(83,800,513)
Trade receivables	58,401,572	(29,551,540)	28,850,032
Accrued billings	-	29,551,540	29,551,540
Trade payables	(42,530,255)	48,289,809	5,759,554
Progress billing	-	15,743,581	15,743,581

notes to the financial statements (cont'd)

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41. 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)

41. 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:

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets				
Other investment	235,000	235,000	690,000	225,000
Contingent assets (Note 36)	1,022,000	3,086,440	-	-
Financial liabilities				
Hire purchase payables	865,183	755,038	1,338,260	1,315,000
Long term bank borrowings	10,484,231	9,478,387	34,359,918	29,968,168
Contingent liabilities (Note 36)	400,000	@	400,000	@
Company				
Financial liability				
Hire purchase payables	106,647	100,709	140,938	135,000

@ 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)

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42. Material Litigation

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

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

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

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

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

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

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

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

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

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

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

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

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

notes to the financial statements (cont'd)

42. Material Litigation (cont'd)

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

On 24 March 2010, the 5th Defendant filed an application to strike out the Plaintiff's Writ and Statement of Claim ("Striking Out Application"). The Court has fixed the Striking Out Application hearing on 30 April 2010. The Court also has vacated the trial dates on 25 March 2010 to 26 March 2010 and 5 April 2010.

- (ii) In 2004, Magna Park Sdn. Bhd. ("MPK"), a subsidiary of the Company, 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 of 56 units of shop office, 567 units of car park bays and 397 apartments units ("the Project") to Perembun (M) Sdn. Bhd. (Perembun) at a contract value of RM56,361,730. Subsequently, Perembun devolved the Project to MPC-Perembun JV which represents the joint venture between Perembun and Magna Prima Construction Sdn. Bhd. ("MPC") at a lower contract value of RM54,861,730 and Perembun is to be given an incentive payment.

On 15 November 2007, MPK 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 the Group.

The second Defendant, Magna Prima Berhad's application to strike out the aforementioned suit was fixed for hearing by the Court on 29 April 2008 and was later adjourned to 15 May 2008.

On 15 May 2008, the Court instructed both parties to prepare the relevant documents for filing and no dates were fixed for the case management.

MPK received a letter from the Court informing that the case management was fixed on 26 March 2010.

On 26 March 2010, the case was adjourned to 26 May 2010 to enable partners to submit the relevant documents.

- (iii) On 11 June 2008, Bina BMK Sdn. Bhd. ("BMK"), a subcontractor for the Plaza Prima Kepong project brought the arbitration matter for a claim amounting to RM34,520,882.29 for issues such as, among others, wrongful determination of contract, claim for the balance sum due for works done, claim for the materials left on site and damages against MPK.

MPK denied the above and has brought about a counter claim against BMK for RM6,803,438.29.

On 5 May 2009, the documents were filed and exchanged by both parties and the mutual exchange of revised witness statements was conducted.

The hearing was proceeded before the Arbitrator on 10 February 2010 and additional dates up to July 2010 has been fixed.

- (iv) On 25 March 2008, MPK filed a suit against MH Projects Sdn Bhd, who was the main contractor in the Alor Setar Hospital project for fees due and owing with regards to works done and completed at an amount of RM2,179,038.79, with statutory interest and costs. The final certificate of account has not been agreed upon and the claim was based on the penultimate certificate.

MPK's application for summary judgement was dismissed and the matter is pending setting down for trial. Preliminary issues for this matter are currently being attended to. The case management was fixed on 11 March 2010 and further adjourned to 30 April 2010.

notes to the financial statements (cont'd)

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43. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Board on 21 April 2010.

properties held by the group

as at 31 December 2009

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Registered Owner	Location	Description and Existing Use	Tenure	Land/Built-up Area (sq.ft.)	Age of Property / Building	Net Book Value RM
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211 Mukim Mentakab Daerah Temerloh	Semi-Detached House	Leasehold (Expiring on 2088)	3,249	18 years	104,005.36
	Unit No. J5-03 Third Floor PN No. 30338 Lot No. 57708 Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	5 years	160,697.25
	Unit No. J6-03 Third Floor PN No. 30339 Lot No. 57709 Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	5 years	160,697.25
	Unit No. L5-03 Third Floor PN No. 30356 Lot No. 57726 Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	5 years	160,697.25
	Unit No. L2-03 Third Floor PN No. 30353 Lot No. 57723 Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	5 years	160,697.25

analysis of shareholdings

as at 23 April 2010

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Authorised Share Capital	:	RM 100,000,000
Issued and Fully Paid-up Share Capital	:	RM 53,467,421
Class of Shares	:	Ordinary Shares of RM 0.25 each
Voting Rights	:	One for each ordinary shares held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size Of Shareholdings	No. Of Shareholders	% Of Shareholders	No. Of Shares Held	% Of Shareholdings
Less than 100	7	0.36	244	0.00
100 to 1,000	69	3.57	49,140	0.02
1,001 to 10,000	1,147	59.37	6,290,580	2.94
10,001 to 100,000	558	28.89	18,452,376	8.62
100,001 to less than 5%	149	7.71	137,930,944	64.50
5% and above	2	0.10	51,146,400	23.92
TOTAL	1,932	100.00	213,869,684	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

AS AT 23 APRIL 2010

No.	Names	No. of Shares Held			
		Direct	%	Indirect	%
1	Fantastic Realty Sdn Bhd	32,975,200	15.42	-	-
2	Lee Choon Hooi	18,171,200	8.50	-	-
3	Wong Bin Chen @ Ng Chi Leong	-	-	*32,975,200	15.42
4	Tan San Li	32,000	0.02	*32,975,200	15.42

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

THIRTY LARGEST SHAREHOLDERS

AS AT 23 APRIL 2010

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	32,975,200	15.42
2	Lee Choon Hooi	18,171,200	8.50
3	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (A/C for Chua Seong Hen)	8,160,000	3.82
4	Citigroup Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	6,650,000	3.11
5	HDM Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	6,142,400	2.87

analysis of shareholdings (cont'd)

as at 23 April 2010

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THIRTY LARGEST SHAREHOLDERS (cont'd)

AS AT 23 APRIL 2010

No.	Names	Shareholdings	%
6	Mayban Securities Nominees (Tempatan) Sdn Bhd (A/C for Rahadian Mahmud bin Mohammad Khalil)	6,000,000	2.81
7	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt for Citibank NA, Singapore (Julius Baer))	5,870,000	2.74
8	Public Nominees (Tempatan) Sdn Bhd (A/C for Yap Fatt Thai)	5,471,200	2.56
9	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt for American International Assurance Berhad)	4,655,600	2.18
10	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Koh Pee Leong)	4,441,800	2.08
11	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Henry Wan)	3,882,000	1.82
12	Magna Prima Berhad	3,812,000	1.78
13	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Low Kim Leng)	3,713,600	1.74
14	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Siew Hwa)	3,622,800	1.69
15	Lee Kung Wah	3,101,200	1.45
16	Lee Kung Meng	3,032,000	1.42
17	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	2,959,000	1.38
18	Leow Ya Seng	2,770,000	1.30
19	Manjit Singh a/l Harban Singh	2,400,000	1.12
20	Ply Century Sdn Bhd	2,400,000	1.12
21	Citigroup Nominees (Asing) Sdn Bhd (UBS AG Singapore for Global Summit Finance Limited)	2,188,400	1.02
22	Public Nominees (Tempatan) Sdn Bhd (A/C for Lee Kong Meng)	2,128,000	0.99
23	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	1,862,400	0.87
24	Oh Aik Teong Michael	1,847,600	0.86
25	Ong Chiow Hock	1,804,000	0.84
26	Citigroup Nominees (Asing) Sdn Bhd (Exempt for Citibank NA, Singapore (Julius Baer))	1,760,000	0.82
27	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Manjit Singh a/l Harban Singh)	1,660,000	0.78
28	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Sew Hong)	1,621,600	0.76
29	Amsec Nominees (Tempatan) Sdn Bhd (Ambank (M) Berhad for Chun Mei Ngor)	1,618,400	0.76
30	Tan Teong Han	1,602,268	0.75

analysis of shareholdings (cont'd)

as at 23 April 2010

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DIRECTORS' SHAREHOLDINGS

AS AT 23 APRIL 2010

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	-	-	-	-
Yoong Nim Chee	80,000	0.04	-	-
Loo Kent Choong	-	-	-	-
Dato' Mohamad Rizal Bin Abdullah	-	-	-	-
Dato' Dr. Manjit Singh A/L Harban Singh	*4,060,000	1.90	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	*6,000,000	2.81	-	-
Ong Ah Leng	-	-	-	-
Sazali Bin Saad	-	-	-	-
Oh Aik Teong Michael	*3,391,600	1.58	-	-
Ong Chiow Hock	1,804,000	0.84	-	-

* Includes shares held through nominee companies

analysis of warrant holdings

as at 23 April 2010

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No. of Warrants Issued	:	93,595,356
No. of Warrants Exercised to date	:	7,418,100
No. of Warrants Unexercised to date	:	86,177,256
Class of Securities	:	Warrants 2006/2011

DISTRIBUTION SCHEDULE OF WARRANT HOLDERS

Size Of Warrant holdings	No. Of Warrant holders	% Of Warrant holders	No. Of Warrants Held	% Of Warrant holdings
Less than 100	0	0.00	0	0.00
100 to 1,000	8	4.68	4,500	0.01
1,001 to 10,000	81	47.37	457,400	0.53
10,001 to 100,000	60	35.09	1,786,400	2.07
100,001 to less than 5%	19	11.11	16,451,800	19.09
5% and above	3	1.75	67,477,156	78.30
TOTAL	171	100.00	86,177,256	100.00

SUBSTANTIAL WARRANT HOLDERS' WARRANT HOLDINGS

AS AT 23 APRIL 2010

No.	Names	Warrant holdings	%
1	Fantastic Realty Sdn Bhd	50,656,624	58.78
2	Lee Equity Holdings Sdn Bhd	8,600,000	9.98
3	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Manjit Singh a/l Harban Singh)	8,220,532	9.54

THIRTY LARGEST WARRANT HOLDERS

AS AT 23 APRIL 2010

No.	Names	Warrant holdings	%
1	Fantastic Realty Sdn Bhd	50,656,624	58.78
2	Lee Equity Holdings Sdn Bhd	8,600,000	9.98
3	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Manjit Singh a/l Harban Singh)	8,220,532	9.54
4	HDM Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	4,300,000	4.99
5	Public Nominees (Tempatan) Sdn Bhd (A/C for Yap Fatt Thai)	2,619,600	3.04
6	Amsec Nominees (Tempatan) Sdn Bhd (Ambank (M) Berhad for Chun Mei Ngor)	2,200,000	2.55

analysis of warrant holdings (cont'd)
as at 23 April 2010

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THIRTY LARGEST WARRANT HOLDERS (cont'd)
AS AT 23 APRIL 2010

No.	Names	Warrant holdings	%
7	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	1,935,200	2.25
8	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Sew Hong)	1,571,800	1.82
9	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Siew Hwa)	698,000	0.81
10	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Henry Wan)	437,600	0.51
11	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	406,800	0.47
12	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Mohamad Rizal bin Abdullah)	400,000	0.46
13	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Low Kim Leng)	289,200	0.34
14	Public Nominees (Tempatan) Sdn Bhd (A/C for Lee Kong Meng)	283,200	0.33
15	Chong Sang @ Chong Thian Sang	234,000	0.27
16	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Koh Soo Ya)	226,800	0.26
17	Lee Wai Fong	158,400	0.18
18	Chai Youn Nyok	158,000	0.18
19	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Liaw Giok Ten)	153,700	0.18
20	Joan Yong Mun Ching	144,300	0.17
21	Lau Chee Ching	120,000	0.14
22	Wong Wai Teng	115,200	0.13
23	Lee Kim Koo	86,000	0.10
24	Chong Anid Lye Ling	86,000	0.10
25	Tan Giam Siew	84,000	0.10
26	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C for Koay Chee Seng)	71,000	0.08
27	Pang Yang Chung	65,000	0.08
28	Ooi Meng Khin	62,300	0.07
29	Teo Chuen Kloon	61,900	0.07
30	Ooi Gaik Kim	56,000	0.06

analysis of warrant holdings (cont'd)
as at 23 April 2010

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DIRECTORS' WARRANT HOLDINGS
AS AT 23 APRIL 2010

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	-	-	-	-
Yoong Nim Chee	-	-	*115,200	0.13
Loo Kent Choong	-	-	-	-
Dato' Mohamad Rizal Bin Abdullah	#400,000	0.46	-	-
Dato' Dr. Manjit Singh A/L Harban Singh	#8,220,532	9.54	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Ong Ah Leng	-	-	-	-
Sazali Bin Saad	-	-	-	-
Oh Aik Teong Michael	-	-	-	-
Ong Chiow Hock	-	-	-	-

* Includes Warrants held through his spouse

Includes Warrants held through nominee companies

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting ("AGM") of Magna Prima Berhad ("Magna Prima") will be held at Kelab Golf Perkhidmatan Awam (KGPA), Dewan Seroja, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 17 June 2010 at 10:00 a.m. for the following purposes:-

As Ordinary Business:

- | | |
|--|---------------------|
| 1. To receive and adopt the audited financial statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon | Resolution 1 |
| 2. To declare a final single tier exempt dividend of 1 sen per share | Resolution 2 |
| 3. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association:- | |
| Tan Sri Datuk Adzmi bin Abdul Wahab | Resolution 3 |
| Dato' Rahadian Mahmud bin Mohammad Khalil | Resolution 4 |
| Sazali bin Saad | Resolution 5 |
| 4. To re-elect the following Director who retires in accordance with Article 105 of the Company's Articles of Association:- | |
| Yoong Nim Chee | Resolution 6 |
| 5. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 (6) of the Companies Act, 1965, ("Act"):- | |
| "THAT Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail, retiring pursuant to Section 129 (6) of the Act be and is hereby re-appointed as Director of the Company to hold office until the next AGM" | Resolution 7 |
| 6. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2009 | Resolution 8 |
| 7. To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company for the financial year ending 31 December 2010 and to authorise the Board of Directors to fix their remuneration | Resolution 9 |

notice of annual general meeting (cont'd)

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As Special Business:

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

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

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

Resolution 10

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

"THAT subject to the provisions under the Act, the Memorandum and Articles of Association of Magna Prima, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.25 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any time and an amount not exceeding the total retained profits and/or share premium account based on the audited financial statements for the financial year ended 31 December 2009 allocated by the Company for the Proposed Renewal of Share Buy-Back;

Resolution 11

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

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

- (i) the conclusion of the next AGM of Magna Prima in 2011, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

notice of annual general meeting (cont'd)

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whichever occurs the earliest,

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

Special Resolution

10. Proposed Amendments to the Articles of Association

(i) "THAT the existing Article 138 which read as follows:-

Any dividends or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque, if purporting to be endorsed, shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

be amended to read as follows:-

New Article 138

Any dividends or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may in writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or persons entitled to the share in consequence of the death or bankruptcy of the holder and such person may direct the payment of the cheque, if purporting to be endorsed or by the direct crediting to the member's bank account, and such payment or direct crediting shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited at the risk of the person entitled to the money represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out to their accounts.

Resolution 12

notice of annual general meeting (cont'd)

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(ii) "THAT the existing Article 148 which read as follows:

A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors report shall not be more than six months after the close of the financial year and not less than fourteen days before the date of the meeting (or such shorter period as may be agreed in any year for receipt of notice of the meeting pursuant to the first provision to Article 58 of these presents) be sent to every member of, and every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents; provided that this Article shall not require a copy of these member to whom a copy of these document has not been sent, shall be entitled to receive a copy free of charge on application at the Office. The requisite number of copies of each such document shall at the same time be forwarded to each Stock Exchange upon which the Company is listed.

be amended to read as follows:

New Article 148

A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report as are referred to in this section. A copy of each of such document in printed form or in CD-ROM or in such other form of electronic media or any combination thereof shall not be more than six months after the close of the financial year and not less than fourteen days before the date of the meeting (or such shorter period as may be agreed in any year for receipt of notice of the meeting pursuant to the first provision to Article 58 of these presents) be sent to every member of, and every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents; provided that the member to whom a copy of these documents have not been sent, be entitled to receive a copy of these documents free of charge on application at the Office. The requisite number of copies of each such document shall at the same time be forwarded to each Stock Exchange upon which the Company is listed.

By order of the Board

YUEN YOKE PING (MAICSA 7014044)

Company Secretary

Petaling Jaya

25 May 2010

notice of annual general meeting (cont'd)

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Notes:

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

Explanatory Notes on Special Business:

6. The Ordinary Resolution 10, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 11 June 2009. The Company has not issued any new shares pursuant to Section 132D of the Act which was approved at the fourteenth AGM held on 11 June 2009 and which will lapse at the conclusion of the forthcoming fifteenth AGM. The renewal of the general mandate, if granted, is to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

7. The Ordinary Resolution 11, if passed, will empower the Directors to purchase Magna Prima shares through Bursa Securities of up to 10% of the total issued and paid-up share capital of the Company. The details on Ordinary Resolution 11 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.
8. The Special Resolution 12 is proposed pursuant to the review of the Company's Articles of Association having been identified for improvement of certain provisions therein.

share buy-back statement

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

1. INTRODUCTION

On 4 January 2010, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting (“AGM”).

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

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

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

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

Based on the issued and paid-up share capital of Magna Prima as at 23 April 2010 of RM53,467,421 comprising 213,869,684 Magna Prima shares and an outstanding 86,177,256 Warrants, a total of 21,386,968 Magna Prima shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming all outstanding Warrants are not exercised and no options are granted under the Company’s existing ESOS.

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

- (i) the conclusion of the next AGM of Magna Prima in 2011 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

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

The Board proposes to allocate an amount of up to retained profits and/or share premium account of the Company for the purchase of its own shares subject to the compliance with Section 67A of the Companies Act, 1965 (“Act”) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Magna Prima as at 31 December 2009, the retained profits amounted to approximately RM47.75 million and the share premium account amounted to approximately RM10.52 million.

share buy-back statement (cont'd)

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

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

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

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

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

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

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

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

- (i) to cancel the purchased shares;
- (ii) to retain the purchased shares as treasury shares for distribution as share dividends to the shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) a combination of (i) and (ii) above.

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

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

share buy-back statement (cont'd)

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

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

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

As at 23 April 2010, the public shareholding spread of the Company based on the issued and paid-up share capital of 213,869,684 Magna Prima Shares was 68.91%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

The Company did not purchase any Magna Prima shares during the financial year ended 31 December 2009.

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

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

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

4. ADVANTAGES AND DISADVANTAGES

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

- (i) allows the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) the earnings per share of the Magna Prima shares and the return on equity, assuming all other things being equal, would be enhanced resulting from the smaller issued and paid-up share capital of the Company. This is expected to have a positive impact on the market price of Magna Prima shares which will benefit the shareholders of Magna Prima;
- (iii) to stabilise a downward trend of the market price of the Company's shares;
- (iv) allows the Company the flexibility in achieving the desired capital structure, in terms of its debt and equity composition and the size of its equity;
- (v) treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board is confident of Magna Prima's future prospects and performance in the long term; and
- (vi) if the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company.

share buy-back statement (cont'd)

4. ADVANTAGES AND DISADVANTAGES (CONT'D)

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

- (i) it will reduce the financial resources of the Company which may otherwise be retained and used for the businesses of the Group. Nevertheless, the Board will be mindful of the interests of the Group and its shareholders in undertaking the Proposed Renewal of Share Buy-Back; and
- (ii) as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings and the share premium account, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

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

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

Minimum scenario	:	Assuming that none of the Warrants are exercised and that no options are granted under the Company's ESOS
Maximum scenario	:	Assuming that all the Warrants are exercised on the exercise date and that all the options are granted and exercised under the Company's ESOS

5.1 Share Capital

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

	Minimum scenario		Maximum scenario	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Issued and paid-up share capital*	213,870	53,467	213,870	53,467
To be issued pursuant to:				
- Assuming full exercise of outstanding Warrants ¹	-	-	86,177	21,544
- Assuming all the options are granted and exercised under the Company's ESOS	-	-	45,007	11,252
Enlarged share capital	213,870	53,467	345,054	86,263
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(21,387)	(5,347)	(34,505)	(8,626)
Upon completion of the Proposed Renewal of Share Buy-Back	192,483	48,120	310,549	77,637

* As at 23 April 2010

¹ As at 23 April 2010, Magna Prima has 86,177,256 Warrants outstanding

share buy-back statement (cont'd)

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5.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the substantial shareholders' and Directors' shareholdings of the Company are set out below based on the Register of Substantial Shareholders and Register of Directors respectively as at 23 April 2010:-

(i) Minimum Scenario

Substantial shareholders	As at 23 April 2010				After the Proposed Renewal of Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Fantastic Realty Sdn Bhd	32,975	15.42	-	-	32,975	17.13	-	-
Lee Choon Hooi	18,171	8.50	-	-	18,171	9.44	-	-

(ii) Maximum Scenario

Substantial shareholders	As at 23 April 2010 and assuming full exercise of the Warrants/ESOS options [#]				After the Proposed Renewal of Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Fantastic Realty Sdn Bhd	83,632 [*]	24.24	-	-	83,632	26.93	-	-
Lee Choon Hooi	18,171	5.27	-	-	18,171	5.85	-	-

* As at 23 April 2010, Fantastic Realty Sdn Bhd holds 50,656,624 Warrants

Assuming 45.007 million options were granted and exercised under the Company's ESOS

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

share buy-back statement (cont'd)

Directors	As at 23 April 2010				Scenario 1				Scenario 2			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-	-	-	-	-	-	-	-	-
Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail	-	-	-	-	-	-	-	-	-	-	-	-
Yoong Nim Chee	80,000	0.04	-	-	80,000	0.04	-	-	195,200 [^]	0.06	-	-
Dato' Mohamad Rizal bin Abdullah	-	-	-	-	-	-	-	-	400,000	0.13	-	-
Loo Kent Choong	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Dr. Manjit Singh a/l Harban Singh	4,060,000	1.90	-	-	4,060,000	2.11	-	-	12,280,532	3.95	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	6,000,000	2.81	-	-	6,000,000	3.12	-	-	6,000,000	1.93	-	-
Ong Ah Leng	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-
Oh Aik Teong Michael	3,391,600	1.59	-	-	3,391,600	1.76	-	-	3,391,600	1.09	-	-
Ong Chiow Hock	1,804,000	0.84	-	-	1,804,000	0.94	-	-	1,804,000	0.58	-	-

[^] Includes Warrants held through his spouse

Scenario 1 : Assuming that none of the Warrants are exercised and that no options are granted under the Company's ESOS and after the Proposed Renewal of Share Buy-Back

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

share buy-back statement (cont'd)

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5.3 Net Assets

The consolidated net assets of the Company may increase or decrease depending on the number of shares purchased under the Proposed Renewal of Share Buy-Back, the purchase prices of the shares, the effective cost of funding and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back will reduce the consolidated net assets per share when the purchase price exceeds the consolidated net assets per share of the Company at the time of purchase. On the contrary, the consolidated net assets per share will increase when the purchase price is less than the consolidated net assets per share of the Company at the time of purchase.

If the shares purchased under the Proposed Renewal of Share Buy-Back are held as treasury shares and subsequently resold on Bursa Securities, the consolidated net assets per share would increase if the Group realise a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the consolidated net assets by the cost of the treasury shares redistributed.

5.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back on the consolidated earnings per share of the Company will depend on the purchase prices paid for the shares, the effective funding cost to the Group to finance the purchase of the shares or any loss in interest income to the Group if internally generated funds are utilised to finance the purchase of the shares.

Assuming that any shares so purchased are retained as treasury shares as per Section 67A of the Act and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Working capital

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

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

6. APPROVAL REQUIRED

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

7. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 ("CODE")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any six months period. However, an exemption from undertaking a mandatory offer when the company purchases its own voting shares may be granted by the Securities Commission under Practice Note 2.9.10 of the Code.

share buy-back statement (cont'd)

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7. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 ("CODE") (CONT'D)

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

8. DIRECTORS' RECOMMENDATION

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

9. SHARE PRICES

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

	Highest (RM)	Lowest (RM)
2009		
March	0.60	0.47
April	0.54	0.47
May	0.69	0.50
June	0.58	0.44
July	0.59	0.43
August	0.58	0.49
September	0.57	0.49
October	0.61	0.51
November	0.81	0.58
December	0.78	0.68
2010		
January	1.03	0.76
February	1.05	0.87
March	1.05	0.88
April	1.03	0.91

(Source: Bloomberg)

share buy-back statement (cont'd)**10. DISCLAIMER STATEMENT**

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



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

PROXY FORM

I/We, _____ of

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

of _____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of Magna Prima Berhad which will be held at Kelab Golf Perkhidmatan Awam (KGPA), Dewan Seroja, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 17 June 2010 at 10.00 a.m. and at any adjournment thereof.

	Resolution	For	Against
To receive and adopt the audited financial statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon	1		
To declare a final single tier exempt dividend of 1 sen per share	2		
To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association: - Tan Sri Datuk Adzmi bin Abdul Wahab Dato' Rahadian Mahmud bin Mohammad Khalil Sazali bin Saad	3 4 5		
To re-elect Yoong Nim Chee who retires in accordance with Article 105 of the Company's Articles of Association	6		
To re-appoint Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail in accordance with Section 129 (6) of the Companies Act, 1965	7		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2009	8		
To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company for the financial year ending 31 December 2010 and to authorise the Board of Directors to fix their remuneration	9		
As SPECIAL BUSINESS:- To consider and, if thought fit, pass the following ordinary and special resolutions: Proposed renewal of the authority for Directors to issue shares Proposed Renewal of Share Buy-Back Proposed Amendments to the Articles of Association	10 11 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

Notes:

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

Please fold here

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)

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
Malaysia

Tel : +603-7801 5505
Fax : +603-7801 5270

www.magnaprima.com.my