MAGNA PRIMA BERHAD
(369519 P)

MAGNA PRIMA BERHAD
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)

2010 annual report

MAGNA PRIMA BERHAD
(369519 P)

Strong Foundations for

Growth

2010 annual report

Magna Prima Footprints

Strong Foundations for Growth

As one of Klang Valley's key property developer, we have a reputation for creating landmarks that redefine Malaysian lives. Iconic architectures, sophisticated showcases, exceptional spaces, premier lifestyles coupled with the courage to dream and armed with the ability to deliver is what Magna Prima is all about. We strive towards defining lifestyles, but more importantly we provoke thought. The tree represents our sensitivity towards our surroundings, which has become a source of comfort and assurance for many city dwellers who take solace in our exceptional spaces and premier homes. As we constantly strive to bridge paradise and reality, our clients derive pleasure from knowing they have invested wisely.

Contents

Group Structure

MAGNA PRIMA BERHAD
(369519-P)

PROPERTY DEVELOPMENT

- 100% Magna Prima Development Sdn Bhd (296427-M)
  - 91% Magna Park Sdn Bhd (227337-X)
    - 100% Amanabina Sdn Bhd (496831-K)
    - 100% Embassy Court Sdn Bhd (644306-P)
  - 100% Magna Ecocity Sdn Bhd (496141-A)
- 100% Magna Shah Alam Sdn Bhd (381065-U)
- 100% Magna City Shah Alam Sdn Bhd (785936-U)
- 100% Winicon (M) Sdn Bhd (817534-M)
  - 100% Ibsul Development (Sel) Sdn Bhd (700479-V)
- 100% Twinicon (M) Sdn Bhd (816605-V)
- 100% 33 Sentral Park Sdn Bhd (646429-H)
- 100% Monetary Icon (M) Sdn Bhd (828804-V)
- 100% Permata Juang (M) Sdn Bhd (828780-T)
- 100% Everhall (M) Sdn Bhd (786053-V)
- 100% Magna City Development Sdn Bhd (412099-K)
- 100% Crossborder Team (M) Sdn Bhd (821484-P)

CONSTRUCTION & ENGINEERING

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

PROPERTY MANAGEMENT

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

TRADING

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

* As at 1 April 2011, Kontrakmal 1 (M) Sdn Bhd became a wholly-owned subsidiary of Magna Prima Berhad.

Corporate Information

BOARD OF DIRECTORS

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

Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail
Deputy Executive Chairman

Lee Yek Hui
Executive Director

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

AUDIT COMMITTEE

Ong Ah Leng – *Chairman*
Dato' Dr. Manjit Singh a/l Harban Singh
Sazali bin Saad

NOMINATION COMMITTEE

Ong Ah Leng – *Chairman*
Dato' Dr. Manjit Singh a/l Harban Singh
Sazali bin Saad

REMUNERATION COMMITTEE

Ong Ah Leng – *Chairman*
Dato' Dr. Manjit Singh a/l Harban Singh
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
Albar & Partners
Messrs Yusob & Halimaton

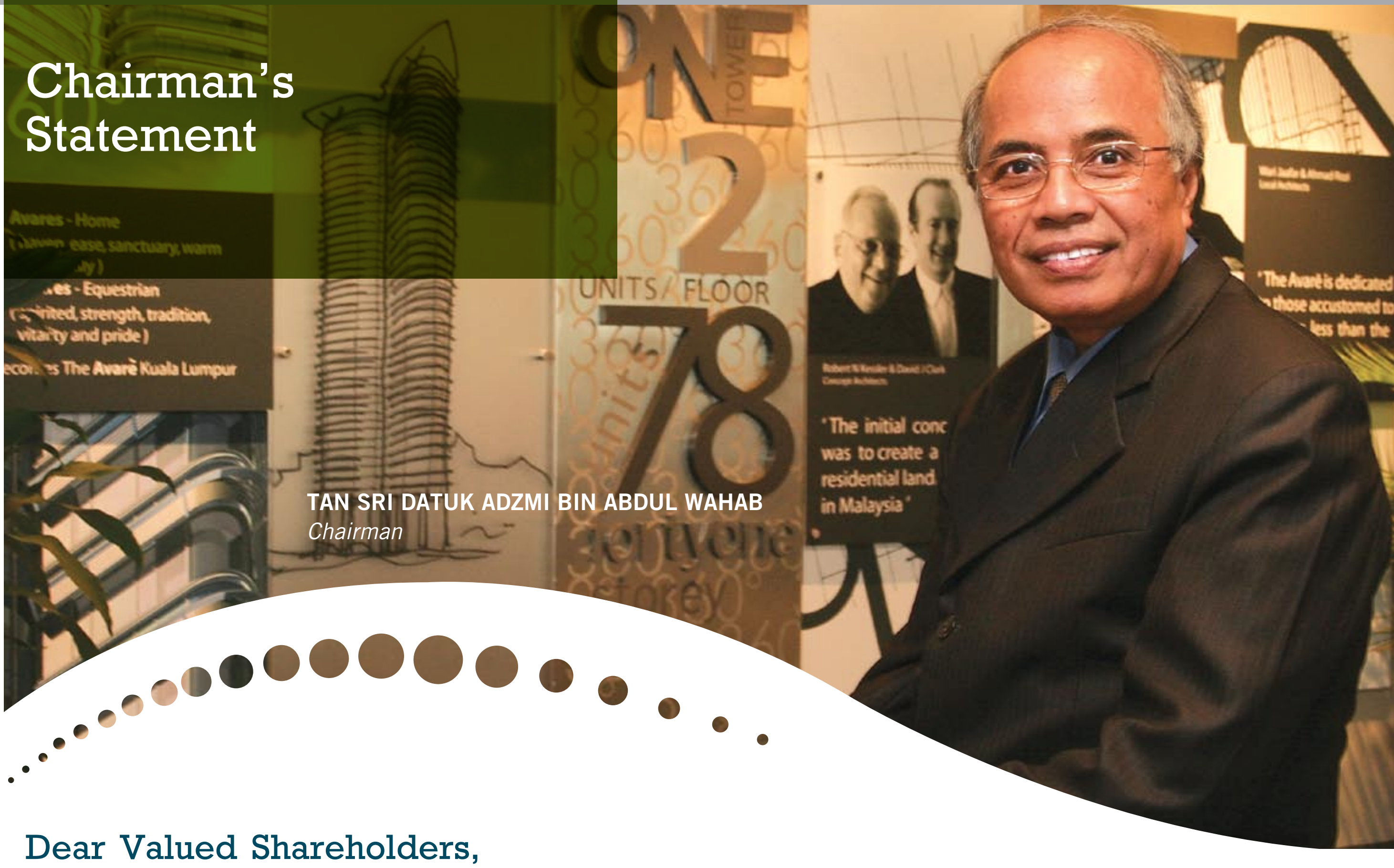
PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
EON Bank Berhad

STOCK EXCHANGE LISTING

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

Chairman's Statement



TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Chairman

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 ('MPB' or 'the Group') for the financial year ended 31 December 2010. It has been a busy year for us as we embarked on replenishing our landbank and finalising plans for the launching of a series of new developments in the Klang Valley.

PROPERTY MARKET OVERVIEW

The Malaysian economy has been on the road to recovery, and the spillover effect was seen in the performance of the property market in 2010, which was encouraging due to higher private and public sector spending in the local economy. Government measures such as those that permitted prospective buyers to utilise EPF savings in Account 2 to either upgrade to better homes or purchase additional houses as well as the reduction in personal income taxes via Budget 2010 was likely to have helped channel the extra income into the property market.

There is also expected to be a surge in demand for new properties in Malaysia in lieu of the expected convergence of more locals and expatriates due to the launch of 19 Entry Point Projects worth RM67 billion involving 10 National Key Economic Areas. Demand in strategic areas such as the Klang Valley remained strong as the middle and high income groups enjoyed steady growth due to stable employment, attractive financial incentives and confidence in the country's economic fundamentals.

The expansion of our product range to include landed residential properties in addition to our commercial and mixed developments augurs well for the Group in light of these developments, and we continue to be eager to showcase our new developments to the market.

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 December 2010, the Group achieved revenue of RM116.3 million, a decline of 39% compared to the previous financial year end. The lower revenue was due to lesser contribution from the property development division in view of the completion of our Magna Ville project and the subsequent hand-over of vacant possession in the first quarter of 2010.

Overall, the property development division contributed RM89 million or 76.6% to the Group's revenue while 3% or RM3.5 million was contributed by the construction and engineering arm. An additional RM22.9 million or 19.7% of revenue was derived from our trading division.

The Group posted a net loss of RM12.8 million as a result of the revenue decrease, compared to a net profit of RM6.7 million the year before.

CORPORATE DEVELOPMENTS

Since the publication of the previous annual report, we are pleased to inform that the following land acquisition deals were completed:

On 6 August 2010, the shareholders of the Company approved Crossborder Team (M) Sdn Bhd's acquisition of a 6-acre parcel of leasehold land in Selayang, Selangor for a purchase consideration of RM16,500,000. The Company's solicitors had on 4 November 2010 confirmed that the acquisition was completed in accordance with the sale and purchase agreement made between the parties.

On 24 August 2010, Permata Juang (M) Sdn Bhd fully paid the purchase price amounting to RM19,408,370.57, thus marking the completion of the acquisition of a 10.86-acre parcel of freehold land in Bukit Jalil, Kuala Lumpur.

On 2 February 2011, Monetary Icon (M) Sdn Bhd completed the acquisition of 22.3-acres of a combination of freehold (5.6 acres) and leasehold (6.7 acres) land in Selayang from Seri Dinar Project Development Sdn Bhd upon full settlement of the purchase price and issuance of the original issue document of titles by the land office.

On 3 March 2011, Magna City Development Sdn Bhd completed the acquisition of 2 parcels of freehold land, measuring a total of 10.38-acres, in Jalan Kuching from Muafakat Baru Sdn Bhd upon full settlement of the purchase price.

REVIEW OF OPERATIONS

U1, Shah Alam

The construction of Phase 1 of U1, Shah Alam has now reached an advanced stage. During the year under review, most of the building works were almost completed, and construction of the infrastructure elements are in full swing. Phase 1 is on target to be completed by the second quarter of 2011 as expected.

Following the success of the U1 apartments, construction on the second phase which is adjacent to the apartments is being developed into a 15-storey office tower. Work began in the 4th quarter of 2010, and with the adoption of the Industrial Building System (IBS), the tower is projected to be completed by the end of FY11.

One Sierra @ Selayang

Standing majestically against the backdrop of the Lagong Hills Forest Reserve, the 22.34-acre One Sierra development in Bandar Selayang offers a limited number of charming homes in a low density enclave that is a nod to the needs of modern living. This fenced and guarded development houses just 47 units of 2.5-storey super link homes, 79 units of 2.5-storey zero lot garden villas and 20 units of 2-storey garden bungalows amidst pockets of green open spaces. A 3-storey commercial block housing 18 units of shop lots with 72 units of medium cost apartments is tucked away at the southern portion of the development.

Construction work commenced in the first quarter of 2010 and to date, 30% of the overall structural work has been completed. The overall completion is slotted for the second quarter of 2012.

D' Sierra Anggun @ Selayang

Continuing to build on our presence in the bustling suburb of Bandar Selayang, Magna Prima was proud to launch D'Sierra Anggun, a serene 6-acre scheme that features 90 units of 2 and 2.5-storey superlink homes on elevated terrain, with the added allure of 24-hour security for peace of mind.

Site clearing works commenced during the fourth quarter of 2010 and earthworks that are currently underway is expected to be completed by end of the second quarter of 2011. Structural works are targeted to commence during the third quarter of 2011.

Alam D'16

The 10-acre gated and guarded community of Alam D'16 features 177 units of 2-storey link homes with built up areas from 2,000 sq ft onwards. These homes are designed for practicality in terms of spaciousness and layout and are envisioned to cater to the needs of growing and extended families. The sales launch was held in January 2011.

Site clearing and earthworks are currently in progress and construction is expected to commence by the second quarter of 2011 and be completed in 2014.

Boulevard Business Park @ Jalan Kuching

Boulevard Business Park @ Jalan Kuching is slated to be a high value hybrid commercial development built on 10.38-acres of strategic land fronting Jalan Kuching. This development will offer a host of retail, shop offices and serviced apartments with basement parking and dedicated lifts. The development is slated to be launched in phases, with the 94 units of shop offices having led the way in December 2010.

Preliminary construction work has commenced, and the shop offices are expected to be ready by the fourth quarter of 2013. The retail and serviced apartment components are expected to be launched during FY11, with overall construction to be concluded in 2014.

Seri Jalil, Bukit Jalil

Just 83 units of 2.5-storey superlink homes and 24 units of semi-detached houses are slated to be launched during the second quarter of 2011 as part of the 10.86-acre Seri Jalil gated and guarded enclave. There has been strong interest in the upscale development due to its strategic location and sought after surrounding amenities.

Construction is expected to commence during the second half of FY11 and conclude by the fourth quarter of 2012.

TRADING

Magna Mix recorded an 11% decrease in revenue to RM27.13 million from RM30.5 million in the previous year. This was mainly due to a decline in construction activities, internally and externally, which in turn resulted in lower market demand for ready-mixed concrete.

Nevertheless, the company was able to record a pre-tax profit of RM1.47 million in FY2010 due to the recovery of bad debts which had been taken into account in the previous year.

FY11 is expected to be a busy period for Magna Mix especially with the commencement of 5 major in-house projects, namely One Sierra, Alam D'16, D'Sierra Anggun, the Boulevard Business Park @ Jalan Kuching and Seri Jalil in addition to our external clients.

MARKET OUTLOOK & PROSPECTS

In Malaysia, economic growth is projected to moderate to 5.2% y-o-y in 2011, before rising to 5.5% in 2012, with domestic demand likely remaining strong fuelled by market friendly policies introduced via Budget 2011. A poll conducted among the Real Estate and Housing Developer's Association (REHDA) members revealed that terrace houses will continue to be the property of choice of most middle income Malaysians. Security features and gated and guarded communities are also expected to continue to be much sought after, more so among the higher income group.

The re-imposition of the Real Property Gains Tax (RPGT) in 2010 augurs well for the property market moving forward as prices of properties will be more stable while also dispelling concerns over a perceived price bubble which in turn will further spur more people to invest their wealth in properties.

Given these market conditions, I am confident and encouraged by our launches in late FY10 and FY11. Our replenished landbank and exciting development plans will help us to conquer a bigger slice of the Klang Valley property market moving forward, as our Sales Team targets the well heeled middle and upper middle income groups whose disposable income and demand for properties remain stable.

I am also confident that Management will be able to improve Magna Prima's financial performance through sustained GDV/margin enhancements and other development and construction strategies.

PROPOSED DIVIDEND

I am pleased to announce that the Board of Directors has proposed a final single tier exempt dividend of 1 sen per share of 25 sen par value for the financial year ended 31 December 2010. This will be paid on a date to be announced later.

CORPORATE SOCIAL RESPONSIBILITY

We remain dedicated to reaching out to the community through our involvement with children who are less fortunate. A tea party with the children of Budimas Orion in Petaling Jaya saw our employees coming together to interact and join the children in a series of activities that emphasised creative expression and teamwork. An interactive learning skills workshop by a qualified learning therapist was also conducted. Besides gifts to the individual children, other household necessities were also donated to the organisation.

Magna Prima also extended financial assistance to City Hall's employee cooperative via the Tabung Pendidikan Keluarga & Anak-anak as well as the Tabung Kebajikan, in addition to participating in a fund raising drive in aid of Rumah Kasih, a home for under-aged children whose mission is to provide essential nourishment, primary healthcare and education to children from low income backgrounds.

Internally, employees continue to be encouraged to maximise efficiency opportunities and minimise their environmental impact through our working practices, particularly in areas such as better energy management, lower paper usage and waste reduction. A series of technical skills training programs addressing areas such as sales and marketing, IT, legal, property development, construction, management and fire safety were attended by personnel from various divisions.

ACKNOWLEDGEMENT

Finally, I would like to thank all parties who have tirelessly contributed towards our company.

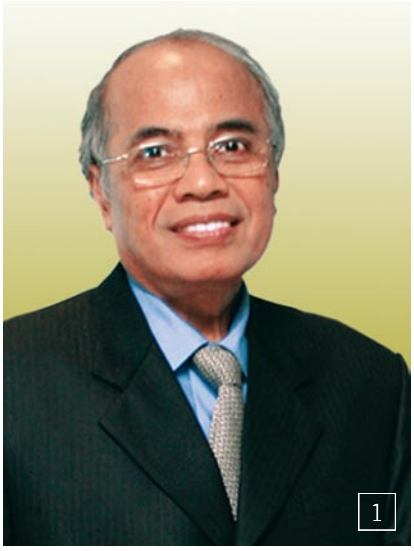
On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedicated service and commitment towards the Group in the past year. It is their steadfast dedication to deliver quality and value that enables the company to grow.

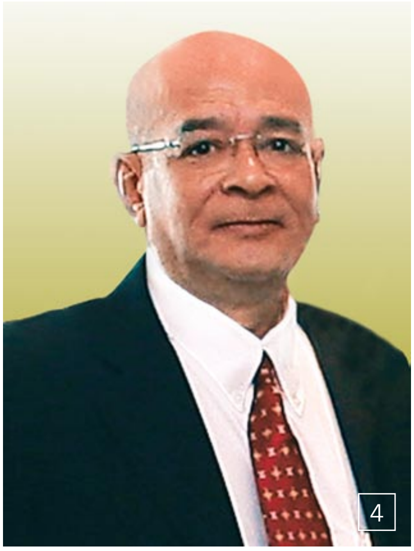
We have also greatly benefited from the support and confidence extended to us by our shareholders, purchasers, the media, business associates and government authorities. We look forward to our continued partnership.

I would also like to record a note of appreciation to Tan Sri Datin Paduka Seri Hajah Zaleha Ismail who will not be seeking reappointment. I thank her for her invaluable service to Magna Prima and wish her all the best in retirement.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Chairman

Board of Directors





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. **Lee Yek Hui**
   Executive Director
4. **Dato' Mohamad Rizal bin Abdullah**
   Executive Director
5. **Dato' Dr. Manjit Singh a/l Harban Singh**
   Non-Independent Non-Executive Director
6. **Dato' Rahadian Mahmud bin Mohammad Khalil**
   Independent Non-Executive Director
7. **Ong Ah Leng**
   Independent Non-Executive Director
8. **Sazali bin Saad**
   Independent Non-Executive Director

Profile of Directors

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

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 68, was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

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

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

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

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

He was Manager, Corporate Planning Division from 1982 to 1985 at HICOM Berhad which is involved in 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 nor has any shareholding in the Company.

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

2. TAN SRI DATIN PADUKA SERI HAJAH ZALEHA BINTI ISMAIL

Deputy Executive Chairman

Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail, a Malaysian, aged 74, 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 University 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). From February 2000-February 2009, she was the Chairman of the National Population Board Malaysia.

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

Tan Sri 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.

3. LEE YEK HUI
Executive Director

Lee Yek Hui, a Malaysian, aged 31, was appointed to the Board on 18 February 2011 as Executive Director.

Lee Yek Hui completed South Australia Matriculation Program in 1998 from Taylor's College and graduated with Bachelor of Telecommunication Engineering in 2003 from Monash University (Melbourne, Australia). He then pursued Master of Management in Macquarie Graduate School of Management (Sydney, Australia) and completed in 2010. He is also a member of The Institute of Engineers, Australia (IEAUS).

He has 7 years of working experience in construction and development industry with good track record for the successful completion of multi-million dollar projects.

He had worked in the beverage industry prior to his involvement in construction and development industry.

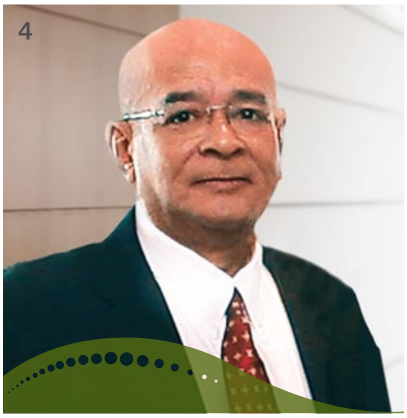
Lee Yek Hui is currently the Managing Director for Ply Century Sdn Bhd, Info' Age Technology Sdn Bhd and Haluan Mulia Sdn Bhd.

Lee Yek Hui has no family relationship with any of the directors and does not have any shareholding in the Company.

He is the nephew and cousin to Mr Lee Hing Lee and Mr Lee Ban Chuan respectively, of whom are major shareholders, holding indirect shareholding in Fantastic Realty Sdn Bhd via Lee Equity Holdings Sdn Bhd.

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

4. DATO' MOHAMAD RIZAL BIN ABDULLAH
Executive Director



Dato' Mohamad Rizal bin Abdullah, a Malaysian, aged 61, 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 37 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 nor has any shareholding in the Company.

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

5. DATO' DR. MANJIT SINGH A/L HARBAN SINGH

Non-Independent Non-Executive Director

Dato' Dr. Manjit Singh a/l Harban Singh, a Malaysian, aged 61, 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. Dato' also sits on the Audit Committee, Nomination Committee, ESOS Committee and Executive 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.

6. DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Independent Non-Executive Director

Dato' Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 37, 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 Sanbumi Holdings Berhad and KYM Holdings Berhad.

Dato' Rahadian Mahmud is a member of the Executive Committee.

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.

7. ONG AH LENG

Independent Non-Executive Director

Ong Ah Leng, a Malaysian, aged 55, was appointed to the Board on 1 November 2006 as Independent Non-Executive Director.

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

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

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

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

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

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

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

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

8. SAZALI BIN SAAD

Independent Non-Executive Director

Sazali bin Saad, a Malaysian, aged 38, joined the Board on 2 May 2006 as Independent Non-Executive Director.

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

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

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

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

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

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

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

Corporate Governance Statement

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 2010.

BOARD OF DIRECTORS

The Board

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

The Board entails to review and adopt strategic plans for the Group, set direction, oversee and manages the conduct of the 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 ESOS Committee and Tender Committee were set up for specific purposes. Reports of proceedings and outcome of various Committee meetings were submitted to the Board.
The composition of the Board is as follows:

		Board	Audit Committee	Nomination Committee	Remuneration Committee
	Tan Sri Datuk Adzmi bin Abdul Wahab	✓			
	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	✓			
#	Lee Yek Hui	✓			

The Board (cont'd.)

*	Resigned as Chief Executive Officer effective 23 March 2011
**	Resigned as Executive Director effective 7 January 2011
***	Resigned as Independent Non-Executive Director effective 31 December 2010
****	Resigned as Independent Non-Executive Director effective 31 December 2010
\#	Appointed as Executive Director effective 18 February 2011

Board meetings

The Board met a total of six times during the year ended 31 December 2010.

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

		Total meetings attended	%
	Tan Sri Datuk Adzmi bin Abdul Wahab	6/6	100
	Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	6/6	100
*	Lee Yek Hui	0/0	–
	Dato' Mohamad Rizal bin Abdullah	6/6	100
	Dato' Dr. Manjit Singh a/l Harban Singh	5/6	83.3
	Dato' Rahadian Mahmud bin Mohammad Khalil	5/6	83.3
	Ong Ah Leng	6/6	100
	Sazali bin Saad	6/6	100
**	Yoong Nim Chee	5/6	83.3
***	Loo Kent Choong	6/6	100
^	Oh Aik Teong Michael	5/6	83.3
^^	Ong Chiow Hock	5/6	83.3

*	Appointed as Executive Director effective 18 February 2011
**	Resigned as Chief Executive Officer effective 23 March 2011
***	Resigned as Executive Director effective 7 January 2011
^	Resigned as Independent Non-Executive Director effective 31 December 2010
^^	Resigned as Independent Non-Executive Director effective 31 December 2010

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.

Supply of Information (cont'd.)

The Management report contains relevant information on the business of the Group, 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 the 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 2010. A directors' training conducted by AAC Training Resources Sdn Bhd was held on 30 April 2010 and the topic was "Malaysian FRS – Recent Developments and Updates". The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

Appointment and Re-election to the Board

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

THE AUDIT COMMITTEE

The Board is also assisted by the Audit Committee whose members, terms of reference and activities for the year under review are stated in pages 21 to 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 candidates for nomination to the Board and to recommend such appointments. The objective is to ensure independent assessment of appointments to the Board. The Committee is also responsible for annual assessment of the skills mix and experience possessed by Board members to ensure effectiveness of the Board, the other committees of the Board and the contribution of individual Directors.

The Nomination Committee has three members comprising three Non-Executive Directors. During the financial year ended 31 December 2010, one meeting was held.

THE REMUNERATION COMMITTEE

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

The Remuneration Committee has three members comprising exclusively Non-Executive Directors. During the financial year ended 31 December 2010, one meeting was held.

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

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salaries	1,489,419	–	1,489,419
Bonus	126,940	–	126,940
Fees	–	222,000	222,000
Meeting Allowance	–	46,500	46,500
Benefit-in-kind	82,265	–	82,265
EPF	147,222	–	147,222
SOCSO	1,682	–	1,682
Total	**1,847,528**	**268,500**	**2,116,028**

Range of Remuneration (RM)	Number of Directors Executive	Number of Directors Non-Executive
Below 50,000	–	5
RM 50,001 – RM 100,000	–	2
RM200,001 – RM250,000	1	–
RM400,001 – RM450,000	1	–
RM600,001 – RM650,000	1	–
RM650,001 – RM700,000	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.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Major corporate developments and happenings in the Company have always been promptly announced to all shareholders, in line with Bursa Securities' objective of ensuring transparency and good corporate governance practice.

The financial performance of the Group, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report and corporate announcements to Bursa Securities. During the Annual General Meeting, shareholders are given a briefing on the performance and major activities of the Group during the financial year under review and opportunity is given for the shareholders 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 was reviewed periodically by the Audit Committee. The review covers the financial, operational as well as compliance controls.

Directors' Responsibility in Financial Reporting

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

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

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

Relationship with Auditors

Through the Audit Committee and the Board, the Group has established transparent and appropriate relationship with the Group's auditors, both internal and external. The Audit Committee also met the external auditors twice in financial year 2010 without the presence of the management.

Additional Compliance Information

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

SHARE BUY-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 option granted or warrant exercised. The Company did not issue any convertible securities during the financial year ended 31 December 2010.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

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

IMPOSITION OF SANCTIONS/PENALTIES

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

NON-AUDIT FEES

The amount of non-audit fees paid to the Group's external auditors for the financial year ended 31 December 2010 was RM27,200.

VARIATION IN RESULTS

There was no material variances between the audited results for the financial year ended 31 December 2010 and the unaudited results previously announced.

PROFIT GUARANTEE

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

MATERIAL CONTRACTS ENTERED WITH RELATED PARTIES

There were no material contracts of the Company and its subsidiary companies which involve Directors and major shareholders interest, either still subsisting at the end of financial year ended 2010 or entered into since the end of the previous financial year.

REVALUATION OF LANDED PROPERTIES

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

The Audit Committee

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

Members

Members of the Audit Committee during the financial year ended 31 December 2010 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

Meetings

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

Members	Status	No. of meetings attended	%
Ong Ah Leng (Chairman)	Independent Non-Executive Director	6/6	100
Dato' Dr. Manjit Singh a/l Harban Singh	Non-Independent Non-Executive Director	6/6	100
Sazali bin Saad	Independent Non-Executive Director	6/6	100

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

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

- Reviewed and sought management explanations and recommended actions on the quarterly and annual financial results and performance of the Company and the Group prior to submission to the Board for consideration and approval.

- Reviewed and discussed with the external auditors the nature and scope of their audit before reporting the same to the Board.

- Reviewed and sought Management explanation on the major issues as per the management letters from the external auditors.

- Reported to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department that reports directly to the Audit Committee. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The activities of the Internal Audits during the financial year ended 31 December 2010 were as follows:

- Formulated the internal audit plan, strategy and scope of work.
- Evaluated and assessed the internal controls and efficiency of processes, and provided appropriate recommendations to management to address the issues highlighted in the internal audit reports.
- Ensuring compliance with the approved Standard Operating Procedures.
- Sought management explanations and action plans on issues highlighted in the internal audit reports, and conducted subsequent follow-up reviews.
- Compiled, reviewed and updated the yearly Corporate Governance report and Statement of Internal Control of the Group.
- Conducted site visits to the project sites and provided appropriate recommendations.

The cost incurred for the Internal Audit Department for the financial year ended 31 December 2010 was RM97,802.

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

2. OBJECTIVES

The primary objectives of the Audit Committee are to:-

- Maintain a direct line of communication between the Board, external auditors, Management and internal auditors through regularly scheduled meetings.
- Avail to the external and internal auditor, private and confidential audiences at any time they desire with or without prior knowledge of Management.
- Review existing practice and recommend to Management to 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 services of external independent professional advisors when deemed necessary.
- Convene meetings with the external auditors, the internal auditors or both without the attendance of the Management, other Directors and employees, whenever deemed necessary.

4. MEETINGS

Meeting shall be held at least five times a year with the attendance of the Head of Finance, Head of Internal Audit and representatives of the External Auditors will be invited to assist the Audit Committee. Other Board members and senior management may attend meetings upon the invitation of the Audit Committee. At least twice a year, the Audit Committee shall meet with the External Auditors without any Executive Board members present.

The quorum for each meeting shall be two members.

5. SECRETARY

The Company Secretary shall be the secretary of the Committee and be responsible for drawing up agenda 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 judgmental areas
  - ➢ Significant audit adjustments from the external auditors
  - ➢ Compliance with accounting standards
  - ➢ Compliance with Bursa Securities and other regulatory and legal requirements
- Discuss with the external auditor, the nature, scope and approach of the audit of the financial statements.
- Discuss with the external auditor on areas of concern arising from the audit of the financial statements.
- Assess the adequacy and effectiveness of the accounting procedures and the internal control systems of the Company by reviewing management letters from external auditors.
- Discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of Management, where necessary.
- Review the internal audit plan and processes, consider major findings of internal audit and recommend actions and steps to be taken by management in response to the findings.
- Review the relevance and adequacy of the scope, functions, competency and resources of internal audit and the necessary authority to carry out the function.
- Determine extent of cooperation and assistance given by the employees.
- Review related party transactions and conflict of interest situations that may arise within the Company.
- Consider the appointment of the external auditors, the terms of reference of their appointment and any questions on resignation and dismissal before recommendation to the Board.
- Undertake such other responsibilities as may be agreed to by the Committee and the Board.
- Report its activities, significant results and findings.
- Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

Statement on Internal Control

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 Bursa Securities' Statement on 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, the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

CONTROL ENVIRONMENT AND STRUCTURE

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

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

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

CONTROL ENVIRONMENT AND STRUCTURE (CONT'D.)

- 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.

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

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

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

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

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

- Executive Committee functions to advise the Board in formulating policies and supervise the management to carry out and implement the policies laid down by the Board.

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

RISK MANAGEMENT FRAMEWORK

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

- Risk Monitoring and Compliance. The Audit Committee with the assistance of the Internal Audit Department has set in place an on-going process of formalising the risk management systems.
- Heads of each business unit are in charge of identifying principal risks and establishing relevant processes and systems to monitor and manage those risks.
- Employees are encouraged to give feedback on risk management issues and make suggestions for improvement at the operating unit level.

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

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

This Statement is made in accordance with the resolution of the Board dated 6 April 2011.

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

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
(Loss)/Profit attributable to:		
Owners of the Company	(12,410,191)	2,971,811
Non-controlling interests	(416,000)	–
	(12,826,191)	2,971,811

DIVIDENDS

The Company paid a final single tier exempt dividend of 1 sen per share amounting to RM2,470,117 in respect of the previous financial year on 15 September 2010.

A proposed final single tier exempt dividend of 1 sen per share at par value of RM0.25 per share amounting to RM2,472,036 has been recommended for the current financial year subject to shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect any proposed dividend. Such dividend, if approved by the Shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2011.

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

During the financial year under review, the Company undertook a share split exercise whereby one ordinary share of RM1.00 each was divided into four new ordinary shares of RM0.25 each. The subdivided shares were subsequently listed and quoted on the Main Market at Bursa Malaysia Securities Berhad.

The paid up share capital of the Company was increased from RM53,459,246 to RM61,800,896 by the following events:

(i) the Company issued 366,600 new ordinary shares of RM0.25 each arising from the exercise of Warrants 2006/2011 at the subscription price of RM0.37.

(ii) the Company issued 33,000,000 new ordinary shares of RM0.25 each as a purchase consideration for acquisition of a piece of land by Crossborder Team (M) Sdn Bhd, a subsidiary of the Company.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

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

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

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

(ii) The Warrants shall expire on 26 September 2011, being the date falling immediately before the fifth (5th) anniversary of the Issue Date of the Warrants.

(iii) The exercise price shall be based on the time of exercise of the Warrants as follows:

Exercise Period	Exercise Price
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.

WARRANTS (CONT'D.)

(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.

During the financial year, consequential to a share split exercise involving the subdivision of every one (1) ordinary share of RM1.00 each into four (4) new ordinary shares of RM0.25 each undertaken by the Company, the exercise price and number of outstanding Warrants has been adjusted in accordance with the Deed Poll. The revised exercise price of the Warrants are as follows:

Exercise Period	Revised Exercise Price
From the date of issue of the Warrants until the date preceding the second anniversary	RM0.32
From the second anniversary of the date of issue of the Warrants until the expiry date	RM0.37

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

	Entitlement for ordinary shares of RM1.00 each	Entitlement for ordinary shares of RM0.25 each			
	At 1.1.2010	At 19.1.2010*	Issued	Exercised	At 31.12.2010
Numbers of unexercised Warrants	21,561,489	86,245,956	–	366,600	85,879,356

* Entitlement date for the new Warrants at RM0.25 each pursuant to the share split exercise.

DIRECTORS

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

Tan Sri Datuk Adzmi bin Abdul Wahab	
Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail	
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	
Lee Yek Hui	(appointed on 18.2.2011)
Oh Aik Teong Michael	(resigned on 31.12.2010)
Ong Chiow Hock	(resigned on 31.12.2010)
Loo Kent Choong	(resigned on 7.1.2011)
Yoong Nim Chee	(resigned on 23.3.2011)

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 RM1.00 each		<------ No. of ordinary shares of RM0.25 each ------>			
	At 1.1.2010	Acquired	At 19.1.2010	Acquired	Disposed	At 31.12.2010
Magna Prima Berhad						
Direct interest:						
Dato' Dr. Manjit Singh a/l Harban Singh	1,015,000	–	4,060,000	–	–	4,060,000
Dato' Rahadian Mahmud bin Mohammad Khalil	1,500,000	–	6,000,000	–	–	6,000,000
Oh Aik Teong Michael	847,900	–	3,391,600	–	3,391,600	–
Ong Chiow Hock	451,000	–	1,804,000	–	–	1,804,000
Yoong Nim Chee	–	20,000	80,000	–	80,000	–

	No. of warrants of RM0.30 each		<---------- No. of warrants of RM0.075 each ---------->			
	At 1.1.2010	Acquired/ (Disposed)	At 19.1.2010	Acquired	Disposed	At 31.12.2010
Magna Prima Berhad						
Direct interest:						
Dato' Dr. Manjit Singh a/l Harban Singh	2,055,133	–	8,220,532	–	–	8,220,532
Dato' Mohamad Rizal bin Abdullah	261,000	(161,000)	400,000	–	–	400,000
Indirect interest:						
Yoong Nim Chee	–	28,800	115,200	–	25,200	90,000

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.

DIRECTORS' BENEFITS (CONT'D.)

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

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

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

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

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

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

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

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

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

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

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

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

(e) In the opinion of the Directors:-

  (i) the results of the operations of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 42 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.

LEE YEK HUI
Director

DATO' MOHAMAD RIZAL BIN ABDULLAH
Director

KUALA LUMPUR

Statement by Directors

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

We, LEE YEK HUI 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 38 to 100 are drawn up in accordance with 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 2010 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.

LEE YEK HUI
Director

DATO' MOHAMAD RIZAL BIN ABDULLAH
Director

KUALA LUMPUR

Statutory Declaration

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

I, CHOH KIM CHIEW, 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 38 to 100 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed CHOH KIM CHIEW at)
KUALA LUMPUR in the Federal Territory)
this 6 April 2011) **CHOH KIM CHIEW**

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 100.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with 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 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its 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 financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

(c) The independent auditors' report 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).

OTHER MATTERS

The supplementary information set out in Note 44 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

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

CHONG KEE HONG
Approved Number: 2146/09/12 (J)
Partner of Firm

KUALA LUMPUR

Statements of Financial Position
at 31 December 2010

	Note	Group			Company	
			<-------- Restated 2009 -------->			
		2010	31 December	1 January	2010	2009
		RM	RM	RM	RM	RM
Non-Current Assets						
Property, plant and equipment	3	**1,921,737**	3,113,959	4,034,914	**761,332**	952,777
Investment in subsidiary companies	5	**–**	–	–	**52,209,913**	52,209,911
Other investment	6	**–**	235,000	690,000	**–**	–
Land held for property development	7	**76,549,247**	6,058,539	6,005,700	**–**	–
Goodwill on consolidation	8	**3,269,146**	3,269,146	–	**–**	–
Deferred tax asset	9	**3,222,380**	2,952,732	6,828,100	**52,626**	–
		84,962,510	15,629,376	17,558,714	**53,023,871**	53,162,688
Current Assets						
Inventories	10	**9,631,413**	7,360,854	2,343,239	**–**	–
Property development costs	11	**146,318,308**	109,305,827	130,203,889	**–**	–
Amount owing by customers on contracts	12	**31,366,290**	60,022,576	149,851,783	**–**	–
Trade receivables	13	**32,862,876**	26,836,022	41,589,931	**–**	–
Accrued billings	14	**14,247,142**	57,181,274	72,666,365	**–**	–
Other receivables	15	**53,672,039**	59,714,865	19,975,557	**3,923,789**	2,657,463
Amount owing by subsidiary companies	16	**–**	–	–	**223,048,542**	143,533,613
Tax recoverable		**43,507**	43,507	43,507	**–**	–
Cash held under Housing Development Accounts	17	**4,667,997**	3,705,098	5,926,388	**–**	–
Fixed deposits with licensed banks	18	**2,114,386**	1,025,938	1,842,321	**–**	–
Cash and bank balances		**12,900,566**	20,446,561	18,005,678	**1,549,427**	16,032,506
		307,824,524	345,642,522	442,448,658	**228,521,758**	162,223,582
Current Liabilities						
Amount owing to customers on contracts	12	**–**	1,837,304	8,483,623	**–**	–
Trade payables	19	**122,869,662**	157,727,090	187,471,065	**–**	–
Progress billings		**–**	–	15,743,581	**–**	–
Other payables	20	**19,872,905**	15,007,395	19,118,143	**336,715**	149,148
Amount owing to subsidiary companies	16	**–**	–	–	**185,752,549**	136,476,610
Hire purchase payables	21	**222,009**	396,083	639,374	**36,038**	34,291
Bank borrowings	22	**11,455,245**	26,534,916	39,629,746	**–**	–
Taxation		**17,106,062**	27,080,208	35,881,456	**–**	407,191
		171,525,883	228,582,996	306,966,988	**186,125,302**	137,067,240
Net current assets		**136,298,641**	117,059,526	135,481,670	**42,396,456**	25,156,342
		221,261,151	132,688,902	153,040,384	**95,420,327**	78,319,030

	Note	Group 2010 RM	Group Restated 2009 31 December RM	Group Restated 2009 1 January RM	Company 2010 RM	Company 2009 RM
Financed By:						
Share capital	23	**61,800,896**	53,459,246	53,459,246	**61,800,896**	53,459,246
Reserves	24	**57,862,139**	64,772,263	60,819,908	**33,504,235**	24,708,549
Equity attributable to owners of the Company		**119,663,035**	118,231,509	114,279,154	**95,305,131**	78,167,795
Non-controlling interests		**2,945,601**	3,037,793	2,993,750	**–**	–
Total equity		**122,608,636**	121,269,302	117,272,904	**95,305,131**	78,167,795
Non-Current Liabilities						
Hire purchase payables	21	**309,360**	865,183	1,338,260	**70,608**	106,647
Bank borrowings	22	**98,275,000**	10,484,231	34,359,918	**–**	–
Deferred tax liability	9	**68,155**	70,186	69,302	**44,588**	44,588
		98,652,515	11,419,600	35,767,480	**115,196**	151,235
		221,261,151	132,688,902	153,040,384	**95,420,327**	78,319,030

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

Statements of Comprehensive Income
for the financial year ended
31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	25	**116,292,687**	191,945,056	**10,644,774**	11,512,373
Cost of sales		**(103,778,850)**	(151,342,019)	**–**	–
Gross profit		**12,513,837**	40,603,037	**10,644,774**	11,512,373
Other operating income		**2,889,567**	3,340,343	**5,996**	51,333
Marketing and promotion expenses		**(2,483,006)**	(6,776,375)	**–**	–
Administration expenses		**(14,528,681)**	(16,651,653)	**(6,994,919)**	(7,325,680)
Other operating expenses		**(7,766,887)**	(5,651,005)	**(706,839)**	(1,651,757)
(Loss)/Profit from operations	26	**(9,375,170)**	14,864,347	**2,949,012**	2,586,269
Finance costs	27	**(1,306,703)**	(3,422,959)	**(5,897)**	(7,644)
(Loss)/Profit before taxation		**(10,681,873)**	11,441,388	**2,943,115**	2,578,625
Taxation	28	**(2,144,318)**	(4,772,027)	**28,696**	(250,393)
Net (loss)/profit/Total comprehensive (loss)/profit for the financial year		**(12,826,191)**	6,669,361	**2,971,811**	2,328,232
(Loss)/profit for the financial year attributable to:					
Owners of the Company		**(12,410,191)**	6,625,318		
Non-controlling interests		**(416,000)**	44,043		
		(12,826,191)	6,669,361		
			Restated		
(Loss)/Earnings per share attributable to owners of the Company:					
Basic (sen)	29(a)	**(5.70)**	3.10		
Diluted (sen)	29(b)	**(4.65)**	2.73		

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

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2010

		<------ Attributable to Owners of the Company ------>							
		Non-distributable				Distributable			
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrants Reserve RM**	**Capital Reserve RM**	**Retained Profits RM**	**Total RM**	**Non-controlling interests RM**	**Total Equity RM**
At 1 January 2010		**53,459,246**	**10,521,169**	**6,468,447**	**29,994**	**47,752,653**	**118,231,509**	**3,037,793**	**121,269,302**
Total comprehensive loss		–	–	–	–	**(12,410,191)**	**(12,410,191)**	**(416,000)**	**(12,826,191)**
Dividend paid	30	–	–	–	–	**(2,470,117)**	**(2,470,117)**	–	**(2,470,117)**
Issuance of shares									
– Consideration for land acquisition		**8,250,000**	**8,250,000**	–	–	–	**16,500,000**	–	**16,500,000**
– Pursuant to the exercise of Warrant 2006/2011		**91,650**	**43,992**	–	–	–	**135,642**	–	**135,642**
Transfer of warrants reserve		–	**27,495**	**(27,495)**	–	–	–	–	–
Effect of early adopting FRS 127 (Revised)	40	–	–	–	–	**(323,808)**	**(323,808)**	**323,808**	–
At 31 December 2010		**61,800,896**	**18,842,656**	**6,440,952**	**29,994**	**32,548,537**	**119,663,035**	**2,945,601**	**122,608,636**
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
Total comprehensive income		–	–	–	–	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.

Company Statement of Changes in Equity

for the financial year ended 31 December 2010

Company	Note	Non-distributable Share Capital RM	Share Premium RM	Warrants Reserve RM	Distributable Retained Profits RM	Total Equity RM
At 1 January 2010		**53,459,246**	**10,521,169**	**6,468,447**	**7,718,933**	**78,167,795**
Total comprehensive income		**–**	**–**	**–**	**2,971,811**	**2,971,811**
Dividend paid	30	**–**	**–**	**–**	**(2,470,117)**	**(2,470,117)**
Issuance of shares as consideration for land acquisition		**8,250,000**	**8,250,000**	**–**	**–**	**16,500,000**
Issuance of shares pursuant to the exercise of Warrants 2006/2011		**91,650**	**43,992**	**–**	**–**	**135,642**
Transfer of warrants reserve		**–**	**27,495**	**(27,495)**	**–**	**–**
At 31 December 2010		**61,800,896**	**18,842,656**	**6,440,952**	**8,220,627**	**95,305,131**
At 1 January 2009		53,459,246	10,521,169	6,468,447	8,063,664	78,512,526
Total comprehensive income		–	–	–	2,328,232	2,328,232
Dividend paid	30	–	–	–	(2,672,963)	(2,672,963)
At 31 December 2009		53,459,246	10,521,169	6,468,447	7,718,933	78,167,795

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

Statements of Cash Flows

for the financial year ended 31 December 2010

	Note	Group 2010 RM	Group Restated 2009 RM	Company 2010 RM	Company 2009 RM
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		**(10,681,873)**	11,441,388	**2,943,115**	2,578,625
Adjustment for:					
Impairment of receivables		**2,414,824**	4,566,203	**–**	–
Bad debts written off		**52,290**	–	**52,290**	–
Depreciation of property, plant and equipment		**831,574**	1,008,119	**210,502**	209,687
Impairment of investment in subsidiary companies		**–**	–	**–**	1,252,954
Impairment of other investment		**–**	455,000	**–**	–
Interest expense		**1,306,703**	3,422,959	**5,897**	7,644
Loss on disposal of quoted investment		**21,000**	–	**–**	–
Provision for foreseeable loss		**–**	300,000	**–**	–
Property, plant and equipment written off		**19,490**	–	**–**	–
Provision for liquidated and ascertained damages		**960,589**	565,907	**–**	–
Write-down in value of inventory		**3,252,550**	–	**–**	–
Overprovision for liquidated and ascertained damages		**–**	(485,627)	**–**	–
Overprovision for foreseeable loss		**(300,000)**	(41,521)	**–**	–
Net gain on disposal of property, plant and equipment		**(117,722)**	(91,511)	**–**	–
Interest income		**(519,000)**	(463,655)	**(5,996)**	(51,333)
Dividend income		**–**	–	**(2,600,000)**	(2,600,000)
Operating (loss)/profit before working capital changes		**(2,759,575)**	20,677,262	**605,808**	1,397,577
Decrease/(Increase) in working capital					
Land held for property development		**(70,490,708)**	(52,839)	**–**	–
Inventories		**(5,523,109)**	(5,017,615)	**–**	–
Property development costs		**(36,995,981)**	20,598,063	**–**	–
Amount owing by/to customers on contracts		**27,118,982**	19,149,498	**–**	–
Trade receivables		**(8,441,678)**	10,187,706	**–**	–
Accrued billings		**42,934,132**	15,485,091	**–**	–
Other receivables		**5,082,237**	(39,546,339)	**(1,322,152)**	7,908,261
Amount owing by/to subsidiary companies		**–**	–	**(30,238,990)**	13,166,945
Trade payables		**(34,857,428)**	34,289,415	**–**	–
Progress billings		**–**	(15,743,581)	**–**	–
Other payables		**4,865,510**	(6,463,310)	**187,564**	(2,473,683)
		(76,308,043)	32,886,089	**(31,373,578)**	18,601,523

Statements of Cash Flows (cont'd.)
for the financial year ended 31 December 2010

		Group		Company	
			Restated		
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Cash (used in)/generated from operations		**(79,067,618)**	53,563,351	**(30,767,770)**	19,999,100
Taxation paid		**(12,390,143)**	(9,697,897)	**(427,584)**	(283,225)
Interest received		**519,000**	463,655	**5,996**	51,333
Interest paid		**(1,306,703)**	(3,422,959)	**(5,897)**	(7,644)
		(13,177,846)	(12,657,201)	**(427,485)**	(239,536)
Net cash (used in)/from operating activities		**(92,245,464)**	40,906,150	**(31,195,255)**	19,759,564
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	31	**(51,829)**	(206,687)	**(19,057)**	(23,428)
Subscription of additional shares in existing subsidiary companies		**–**	–	**–**	(10,399,992)
Acquisition of subsidiary companies	5(b),(c)	**–**	(1,147,440)	**–**	–
Dividend received		**–**	–	**2,600,000**	2,600,000
Net proceeds from disposal of property, plant and equipment		**530,200**	264,034	**–**	–
Proceeds from disposal of quoted investment		**214,000**	–	**–**	–
Net cash from/(used in) investing activities		**692,371**	(1,090,093)	**2,580,943**	(7,823,420)
Cash Flows From Financing Activities					
Dividend paid	30	**(2,470,117)**	(2,672,963)	**(2,470,117)**	(2,672,963)
Repayment of hire purchase liabilities		**(729,897)**	(769,367)	**(34,292)**	(32,544)
Repayment of bank borrowings		**(31,305,502)**	(46,970,518)	**–**	–
Fixed deposits withdrawn from licensed banks		**(1,016,575)**	816,383	**–**	–
Drawdown from bank borrowings		**104,400,000**	12,565,055	**–**	–
Issuance of shares by the Company					
– Ordinary shares		**16,500,000**	–	**16,500,000**	–
– Exercise of Warrant 2006/2011		**135,642**	–	**135,642**	–
Net cash from/(used in) financing activities		**85,513,551**	(37,031,410)	**14,131,233**	(2,705,507)

	Note	Group 2010 RM	Group Restated 2009 RM	Company 2010 RM	Company 2009 RM
Net (decrease)/increase in cash and cash equivalents		**(6,039,542)**	2,784,647	**(14,483,079)**	9,230,637
Cash and cash equivalents at beginning of the financial year		**23,357,830**	20,573,183	**16,032,506**	6,801,869
Cash and cash equivalents at end of the financial year		**17,318,288**	23,357,830	**1,549,427**	16,032,506
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		**12,900,566**	20,446,561	**1,549,427**	16,032,506
Cash held under Housing Development Accounts		**4,667,997**	3,705,098	**–**	–
Fixed deposits with licensed banks		**2,114,386**	1,025,938	**–**	–
Bank overdrafts		**(322,148)**	(793,829)	**–**	–
		19,360,801	24,383,768	**1,549,427**	16,032,506
Less: Fixed deposits pledged with licensed banks		**(2,042,513)**	(1,025,938)	**–**	–
		17,318,288	23,357,830	**1,549,427**	16,032,506

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

The Company is a public company limited by shares, 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) The financial statements of the Group and 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.

During the financial year, the Group and the Company has adopted the following new Financial Reporting Standards ("FRSs"), revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations issued by the Malaysian Accounting Standards Board (MASB) that are relevant to its operations, and effective for accounting periods beginning on 1 July 2009 and 1 January 2010.

FRS 7: Financial Instruments: Disclosures
FRS 8: Operating Segments
FRS 101: Presentation of Financial Statements (Revised)
FRS 123: Borrowing Costs (Revised)
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

The adoption of the above new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations did not have a significant impact on the financial statements of the Group and of the Company except as disclosed in Note 39.

During the financial year, the Group and the Company have early adopted FRS 127: Consolidated and Separate Financial Statements (Revised) which was effective for accounting periods beginning on 1 July 2010. The financial impact on early adoption of the revised FRS is disclosed in Note 40.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

At the date of authorisation of these financial statements, the Group and the Company have not applied the following FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations that have been issued by MASB but are not yet effective:-

Amendments to FRS 132: Financial Instruments: Presentation:- paragraphs 11,16 and 97E	1 March 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
FRS 3: Business Combination (Revised)	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 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 for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First Time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4: Determining Whether An Agreement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
FRS 124: Related Party Disclosures	1 January 2012

The Group and the Company plan to adopt the abovementioned FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations which are relevant to the Group's and the Company's operations when they become effective.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The Directors of the Group and of the Company anticipate that the application of the above FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company except for the following:-

FRS 3: Business Combinations (Revised)

(i) This revised standard allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) It changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

(iii) It requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) It requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

IC Interpretation 4: Determining whether an Arrangement contains a Lease

The Interpretation aims to provide guidance for determining whether certain arrangements are, or contain, leases that should be accounted for in accordance with FRS 117 Leases. It clarifies that an arrangement, although does not take the legal form of a lease, is a lease when the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

This is the case if the purchaser has the right to operate or direct others to operate or control physical access to the asset. Another condition is that if it is remote parties other than the purchaser that will take more than an insignificant amount of the asset's output and the price is neither fixed nor at current market price.

IC Interpretation 18: Transfers of Assets from Customers

This Interpretation is applicable to entities that receive items of property, plant and equipment ("PPE") from their customers.

The Interpretation is also applicable in cases where the entity receives cash from the customer that must be used to construct or acquire a PPE which then must be used by the entity to supply its customers with ongoing access to a supply of goods or services.

The Interpretation clarifies that if such PPE meet the definition of an asset, it shall recognise it in accordance with FRS 116 Property, Plant and Equipment. The asset shall be measured initially at fair value and corresponding revenue shall be recognised in accordance with FRS 118 Revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

(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 reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are 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(l) and Note 2(n).

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 these judgements, management relies on past experience, industry practise and the work of specialists.

(ii) Depreciation of property, plant and equipment

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(iii) 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.

(iv) Deferred tax asset

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

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

(d) Basis of consolidation

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

(i) Subsidiary companies

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries. 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 a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interest.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Basis of consolidation (cont'd.)

(i) Subsidiary companies (cont'd.)

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

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

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

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. Entities which are subject to temporary control are not regarded as subsidiaries and are not consolidated.

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

(ii) Changes in Group composition

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

The change in ownership interests in its subsidiaries when a group purchases a subsidiary's equity shares from non-controlling interests for cash consideration and the purchase price has been established at fair value, do not result in a change in control and the changes is reflected in equity transactions.

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

(iii) Transactions eliminated on consolidation

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

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

(iv) Transaction costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Investment in subsidiary companies

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

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

(f) Goodwill on consolidation

Goodwill arising from consolidation represents the excess of the purchase price over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiary companies at the date of acquisition.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested from impairment annually or more frequently of events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Leasehold land is amortised on a straight line method over the period of the lease.

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

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

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

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

(h) Leases

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

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

(i) Impairment of non-financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) 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) Cash and cash equivalents

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

(l) Construction contracts

Construction contracts are stated at cost plus the attributable profits less applicable progress billings and provision for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the proportion that contract cost incurred for the work performed to date as a percent of the estimated contract costs.

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

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

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.

(m) Land held for property development

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Property development costs

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

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

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

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

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the statements of comprehensive income 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 statements of comprehensive income 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 statements of comprehensive income, the balance is shown as progress billings under current liabilities.

(o) Hire purchase

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Contingent assets and contingent liabilities

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

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

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

In the acquisition of 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 non-controlling interest.

(q) Borrowing costs

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

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

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

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

(r) Provisions for liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(s) Equity instruments

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

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

(t) Reserves

(i) Warrant Reserve

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

(ii) Capital Reserve

Capital reserve represents a transfer from retained profits arising from bonus issue of share in a subsidiary company.

The capital reserve will be eliminated upon the disposal of the subsidiary company.

(u) 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 statements of comprehensive income 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Income tax

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

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

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

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

Deferred tax is recognised in the statements of comprehensive incomes, 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.

(w) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group/Company.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences.

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(ii) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(x) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

The Group classifies its financial assets in loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date.

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

(ii) Held-to-maturity investments

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

Subsequent to initial recognition, held-to maturity investments are carried at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of comprehensive income.

(y) Impairment of financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(y) Impairment of financial assets (cont'd.)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statements of comprehensive income.

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

(z) Financial liabilities

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

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

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

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

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

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

(aa) Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, including company guarantees of subsidiaries through deeds of cross guarantee, are initially recognised at fair value and subsequently at the higher of the amount determined in accordance with the measurement requirements of a provision of liabilities (Note 2(r)) and the amount initially recognised less cumulative amortisation.

The fair value of the financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument, and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ab) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period and ordinary shares that will be issued upon the conversion of mandatorily convertible instruments from the date the contract is entered into.

(ac) Operating segments

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold lands RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
2010								
Cost								
At 1.1.2010:								
– As previously reported	–	372,635	860,322	1,310,095	3,045,518	11,600	609,612	6,209,782
– Effect of adopting the amendments to FRS117 (Note 4)	269,199	–	–	–	–	–	–	269,199
– As restated	269,199	372,635	860,322	1,310,095	3,045,518	11,600	609,612	6,478,981
Additions	–	–	6,000	41,219	–	–	4,610	51,829
Disposals/Write-off	–	–	–	(590)	(1,008,974)	–	–	(1,009,564)
At 31.12.2010	269,199	372,635	866,322	1,350,724	2,036,544	11,600	614,222	5,521,246
Accumulated depreciation								
At 1.1.2010:								
– As previously reported	–	81,584	558,209	646,450	1,887,708	2,520	158,818	3,335,289
– Effect of adopting the amendments to FRS117 (Note 4)	29,733	–	–	–	–	–	–	29,733
– As restated	29,733	81,584	558,209	646,450	1,887,708	2,520	158,818	3,365,022
Charge for the financial year	5,107	11,748	156,493	153,726	441,228	1,120	62,152	831,574
Disposals/Write-off	–	–	–	(182)	(596,905)	–	–	(597,087)
At 31.12.2010	34,840	93,332	714,702	799,994	1,732,031	3,640	220,970	3,599,509
Carrying amount								
At 31.12.2010	234,359	279,303	151,620	550,730	304,513	7,960	393,252	1,921,737

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Leasehold lands RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
2009								
Cost								
At 1.1.2009:								
– As previously reported	–	372,635	801,704	1,278,312	3,393,744	11,600	609,612	6,467,607
– Effect of adopting the amendments to FRS117 (Note 4)	269,199	–	–	–	–	–	–	269,199
– As restated	269,199	372,635	801,704	1,278,312	3,393,744	11,600	609,612	6,736,806
Additions	–	–	58,618	34,163	166,906	–	–	259,687
Disposals/Write-off	–	–	–	(2,380)	(515,132)	–	–	(517,512)
At 31.12.2009	269,199	372,635	860,322	1,310,095	3,045,518	11,600	609,612	6,478,981
Accumulated depreciation								
At 1.1.2009:								
– As previously reported	–	69,836	405,750	485,020	1,617,403	1,400	97,857	2,677,266
– Effect of adopting the amendments to FRS117 (Note 4)	24,626	–	–	–	–	–	–	24,626
– As restated	24,626	69,836	405,750	485,020	1,617,403	1,400	97,857	2,701,892
Charge for the financial year	5,107	11,748	152,459	161,788	614,936	1,120	60,961	1,008,119
Disposals/Write-off	–	–	–	(358)	(344,631)	–	–	(344,989)
At 31.12.2009	29,733	81,584	558,209	646,450	1,887,708	2,520	158,818	3,365,022
Carrying amount								
At 31.12.2009	239,466	291,051	302,113	663,645	1,157,810	9,080	450,794	3,113,959

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Furniture, fittings and equipment RM	Computers RM	Motor vehicles RM	Office renovation RM	Total RM
2010					
Cost					
At 1.1.2010	**358,444**	**275,619**	**293,599**	**609,612**	**1,537,274**
Additions	**11,117**	**3,330**	**–**	**4,610**	**19,057**
At 31.12.2010	**369,561**	**278,949**	**293,599**	**614,222**	**1,556,331**
Accumulated depreciation					
At 1.1.2010	**101,929**	**133,310**	**190,839**	**158,419**	**584,497**
Charge for the financial year	**35,274**	**54,356**	**58,720**	**62,152**	**210,502**
At 31.12.2010	**137,203**	**187,666**	**249,559**	**220,571**	**794,999**
Carrying amount					
At 31.12.2010	**232,358**	**91,283**	**44,040**	**393,651**	**761,332**
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

The remaining periods of the long term leasehold lands of the Group range from 78 years to 86 years (2009: 79 years to 87 years).

Included in the property, plant and equipment of the Group and of the Company are motor vehicles under hire purchase with carrying amount of RM157,621 and RM44,040 (2009: RM900,010 and RM102,760) respectively.

4. PREPAID LEASE PAYMENTS

	Group 2010 RM	Group 2009 RM
Cost		
At 1 January		
– As previously reported	**269,199**	269,199
– Effect of adopting the amendments to FRS117 (Note 3)	**(269,199)**	(269,199)
– At 1 January/ 31 December (As restated)	**–**	–
Accumulated amortisation		
At 1 January		
– As previously reported	**34,840**	29,733
– Effect of adopting the amendments to FRS117 (Note 3)	**(34,840)**	(29,733)
– At 1 January/ 31 December (As restated)	**–**	–
Carrying amount		
At 31 December	**–**	–

In previous financial years, upfront payments made for long term leasehold lands were included in prepaid lease payments. Following the adoption of Amendments to FRS 117, the leasehold lands are now reclassified as property, plant and equipment and disclosed in Note 3.

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost		
At 1 January	**52,209,911**	43,062,873
Addition during the financial year	**2**	10,399,992
Impairment loss	**–**	(1,252,954)
At 31 December	**52,209,913**	52,209,911
Represented by:		
Ordinary shares	**52,208,913**	52,208,911
Redeemable preference shares	**1,000**	1,000
	52,209,913	52,209,911

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 2010 %	2009 %	Principal Activities
Direct holding-				
Dunia Epik Sdn. Bhd.	Malaysia	**100**	100	Specialist in civil engineering and building construction
Magna Prima Construction Sdn. Bhd.	Malaysia	**100**	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	**100**	100	Property development
Magna Shah Alam Sdn. Bhd.	Malaysia	**100**	100	Property development
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	**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	Property development
Twinicon (M) Sdn. Bhd.	Malaysia	**100**	100	Property development
Winicon (M) Sdn. Bhd.	Malaysia	**100**	100	Property development and provision of management services
Magna Mix Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading in ready-mixed concrete
Prima Awan (M) Sdn. Bhd.	Malaysia	**100**	100	Property management
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	**100**	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
Monetary Icon (M) Sdn. Bhd.	Malaysia	**100**	100	Property development
Subsidiary of Dunia Epik Sdn. Bhd.				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	**100**	100	Civil engineering and building construction
Subsidiaries of Magna Prima Development Sdn. Bhd.				
Magna Park Sdn. Bhd.	Malaysia	**91**	91	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	**100**	100	Dormant

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 2010 %	2009 %	Principal Activities
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**	100	Property development and property investment

(b) During the financial year, the Company acquired the remaining 10% equity interest not owned by the Group in Pembinaan Contamaju-Infocast Sdn. Bhd. ("PCI") representing 75,000 ordinary shares of RM1.00 each in PCI for a total consideration of RM2.

(c) Acquisition of subsidiary companies in previous 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 in previous financial year is as follows:-

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

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

(c) Acquisition of subsidiary companies in previous 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

6. OTHER INVESTMENT

	Group 2010 RM	2009 RM
Quoted shares in Malaysia, at cost	–	690,000
Less: Allowance for diminution in value	–	(455,000)
	–	235,000
Market value	–	235,000

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2010 RM	2009 RM
Freehold land at cost:		
At 1 January	–	–
Addition during the financial year	**67,887,730**	–
At 31 December	**67,887,730**	–
Leasehold land at cost:		
At 1 January/31 December	**5,187,540**	5,187,540
Development expenditure:		
At 1 January	**870,999**	818,160
Addition during the financial year	**2,602,978**	52,839
At 31 December	**3,473,977**	870,999
	76,549,247	6,058,539

8. GOODWILL ON CONSOLIDATION

	Group 2010 RM	Group 2009 RM
At 1 January	**3,269,146**	–
Addition during the financial year [Note 5(b)]	**–**	3,269,146
At 31 December	**3,269,146**	3,269,146

9. DEFERRED TAXATION

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
At 1 January	**2,882,546**	6,758,798	**(44,588)**	(44,588)
Recognised in statement of comprehensive income	**271,679**	(491,646)	**52,626**	–
Under provision in prior financial years	**–**	(3,384,606)	**–**	–
At 31 December	**3,154,225**	2,882,546	**8,038**	(44,588)

Represented by:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Deferred tax liability	**(68,155)**	(70,186)	**(44,588)**	(44,588)
Deferred tax asset	**3,222,380**	2,952,732	**52,626**	–
	3,154,225	2,882,546	**8,038**	(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 2010 RM	Accelerated capital allowances 2009 RM
At 1 January	**70,186**	69,302
Recognised in statements of comprehensive income	**(2,031)**	884
At 31 December	**68,155**	70,186

9. DEFERRED TAXATION (CONT'D.)

Deferred tax asset of the Group:

	Unused tax losses	
	2010	2009
	RM	RM
At 1 January	**2,952,732**	6,828,100
Recognised in statements of comprehensive income	**269,648**	(3,875,368)
At 31 December	**3,222,380**	2,952,732

Deferred tax liability of the Company:

	Accelerated capital allowances	
	2010	2009
	RM	RM
At 1 January/31 December	**44,588**	44,588

Deferred tax asset of the Company:

	Unused tax losses	
	2010	2009
	RM	RM
At 1 January	**–**	–
Recognised in statements of comprehensive income	**52,626**	–
At 31 December	**52,626**	–

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.

10. INVENTORIES

	Group	
	2010	2009
	RM	RM
Unsold units of completed properties		
At 1 January	**7,065,796**	2,006,801
Transfer from property development costs (Note 11)	**15,270,784**	5,058,995
Sales of properties	**(9,706,789)**	–
Less: Write-down in value	**(3,252,550)**	–
At 31 December	**9,377,241**	7,065,796
Finished goods	**254,172**	295,058
	9,631,413	7,360,854

11. PROPERTY DEVELOPMENT COSTS

	Group 2010 RM	2009 RM
Freehold land at cost	**99,430,444**	99,430,444
Leasehold land at cost	**38,689,318**	38,689,318
Planning, survey and strata titles fees	**4,416,864**	4,416,864
Development and construction cost	**624,299,489**	524,508,481
	766,836,115	667,045,107
Cost recognised as an expense in previous years	**(652,471,293)**	(536,841,218)
Transfer to inventories	**(5,058,995)**	–
At 1 January	**109,305,827**	130,203,889
Cost incurred during the financial year		
– Acquisition of land	**43,548,311**	–
– Authority contributions	**3,636,296**	991,258
– Professional fees	**4,272,476**	1,721,262
– Building and construction	**59,554,320**	89,343,849
– Planning, survey and strata titles fees	**259,682**	–
– Finance costs	**11,560,385**	7,734,639
	122,831,470	99,791,008
Cost recognised as an expense in the current financial year	**(70,548,205)**	(115,630,075)
Transfer to inventories (Note 10)	**(15,270,784)**	(5,058,995)
At 31 December	**146,318,308**	109,305,827

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.

12. AMOUNT OWING BY/(TO) CUSTOMERS ON CONTRACTS

	Group 2010 RM	2009 RM
Contract costs	**740,488,298**	725,965,882
Attributable profits	**123,926,124**	110,235,504
Less: Provision for foreseeable losses	**–**	(300,000)
	864,414,422	835,901,386
Progress billings including retention sum	**(833,048,132)**	(777,716,114)
	31,366,290	58,185,272

12. AMOUNT OWING BY/(TO) CUSTOMERS ON CONTRACTS (CONT'D.)

	Group 2010 RM	2009 RM
Represented by:		
Amount owing by customer on contracts	**31,366,290**	60,022,576
Amount owing to customer on contracts	**–**	(1,837,304)
	31,366,290	58,185,272
Retention sum included in progress billings	**9,175,113**	8,133,842

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

	Note	Group 2010 RM	2009 RM
Hire of machinery		**794,961**	794,072
Staff costs capitalised	33	**1,573,206**	1,702,997

13. TRADE RECEIVABLES

	Group 2010 RM	2009 RM
Trade receivables	**33,843,099**	26,101,420
Retention sum receivables	**4,387,925**	5,515,069
	38,231,024	31,616,489
Less: Allowance for impairment	**(5,368,148)**	(4,780,467)
	32,862,876	26,836,022

13. TRADE RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

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

	Group	
	2010	**2009**
	RM	**RM**
Neither past due or impaired	**16,334,296**	9,269,438
1-90 days past due but not impaired	**1,716,958**	795,798
91-180 days past due but not impaired	**1,153,416**	1,131,471
181 days-1 year past due but not impaired	**566,470**	1,012,354
More than 1 year past due but not impaired	**13,091,736**	14,626,961
	16,528,580	17,566,584
Fully impaired	**5,368,148**	4,780,467
	38,231,024	31,616,489

Trade receivables that are impaired

	Group	
	2010	**2009**
	RM	**RM**
Individually	**5,368,148**	4,780,467

	Group	
	2010	**2009**
	RM	**RM**
Allowance for impairment		
At 1 January	**4,780,467**	214,264
Additions during the financial year	**2,414,824**	4,566,203
Write-back	**(1,706,275)**	–
Bad debts written off	**(120,868)**	–
At 31 December	**5,368,148**	4,780,467

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group's trade receivables of RM16,528,580 (2009: RM17,566,584) that are past due at the reporting date but not impaired are unsecured. These balances relate mainly to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored. None of the trade receivables that are past due but not impaired have been renegotiated during the financial year.

The Group's normal trade credit terms range from 30 to 120 days (2009: 30 to 120 days).

14. ACCRUED BILLINGS

	Group 2010 RM	Group 2009 RM
Revenue recognised in statements of comprehensive income to-date	**599,042,858**	519,202,032
Progress billing to-date	**(584,795,716)**	(462,020,758)
	14,247,142	57,181,274

15. OTHER RECEIVABLES

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Other receivables	**4,783,527**	2,359,140	**2,702,857**	1,398,874
Deposits	**29,891,050**	44,148,051	**131,330**	132,630
Prepayments	**20,158,131**	14,368,343	**1,089,602**	1,125,959
	54,832,708	60,875,534	**3,923,789**	2,657,463
Less: Allowance for impairments	**(1,160,669)**	(1,160,669)	**–**	–
	53,672,039	59,714,865	**3,923,789**	2,657,463

16. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

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

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% (2009: 1.99% to 2.15%).

18. FIXED DEPOSITS WITH LICENSED BANKS

	Group 2010 RM	Group 2009 RM
Fixed deposits pledged to licensed banks	**2,042,513**	1,025,938
Other short term deposits	**71,873**	–
	2,114,386	1,025,938

Included in fixed deposits with licensed banks are the fixed deposits pledged to licensed banks for bank overdrafts and bank guarantee facilities granted to the Group as disclosed in Note 22.

19. TRADE PAYABLES

	Group	
	2010	2009
	RM	RM
Trade payables	**116,017,767**	148,233,105
Retention sum payables	**6,851,895**	9,493,985
	122,869,662	157,727,090

The Group's normal trade credit terms range from 30 to 120 days (2009: 30 to 120 days).

20. OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables	**10,305,232**	8,290,135	**192,299**	38,477
Refundable deposits	**1,916,819**	2,024,470	–	–
Accruals	**7,650,854**	4,692,790	**144,416**	110,671
	19,872,905	15,007,395	**336,715**	149,148

21. HIRE PURCHASE PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
(a) Future minimum payments				
Repayable within one year	**243,768**	444,516	**40,188**	40,188
Repayable between one and five years	**320,655**	909,816	**73,677**	113,866
	564,423	1,354,332	**113,865**	154,054
Less: Finance charges	**(33,054)**	(93,066)	**(7,219)**	(13,116)
	531,369	1,261,266	**106,646**	140,938

21. HIRE PURCHASE PAYABLES (CONT'D.)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
(b) Present value representing hire purchase liabilities				
Repayable within one year	**222,009**	396,083	**36,038**	34,291
Repayable between one and five years	**309,360**	865,183	**70,608**	106,647
	531,369	1,261,266	**106,646**	140,938
Analysed as:				
Repayable within twelve months	**222,009**	396,083	**36,038**	34,291
Repayable after twelve months	**309,360**	865,183	**70,608**	106,647
	531,369	1,261,266	**106,646**	140,938

The hire purchase bear interest at the reporting date at rates between 4.80% to 6.14% (2009: 4.15% to 6.14%) per annum.

22. BANK BORROWINGS

	Group 2010 RM	Group 2009 RM
Secured:		
Bridging loan	–	2,305,465
Term loans	**106,021,097**	30,469,853
Bank overdrafts	**322,148**	793,829
Banker acceptance	**3,387,000**	3,450,000
	109,730,245	37,019,147

22. BANK BORROWINGS (CONT'D.)

	Group 2010 RM	2009 RM
Repayable within twelve months		
Secured:		
Term loans	**7,746,097**	22,291,087
Bank overdrafts	**322,148**	793,829
Banker acceptance	**3,387,000**	3,450,000
	11,455,245	26,534,916
Repayable after twelve months		
Secured:		
Bridging loan	–	2,305,465
Term loans	**98,275,000**	8,178,766
	98,275,000	10,484,231
	109,730,245	37,019,147
Maturity of borrowings:		
Within one year	**11,455,245**	26,534,916
Between one and two years	**98,275,000**	10,484,231
	109,730,245	37,019,147

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 RM173,398,900 (2009: 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 (2009: 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' acceptances are secured by corporate guarantees by the Company.

The Group's term loans are repayable by monthly instalments over 1 to 4.5 years (2009: 1 to 3.5 years).

22. BANK BORROWINGS (CONT'D.)

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

		Group	
		2010	**2009**
		%	**%**
Bridging loan	Floating rate	–	8.25
Term loans	Floating rate	**9.04**	8.97
Bank overdrafts	Floating rate	**7.80**	7.80
Banker acceptance	Floating rate	**5.62**	5.62

23. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares:		Amount	
	2010	**2009**	**2010**	**2009**
			RM	**RM**
Authorised				
Ordinary shares of RM1 each:				
At 1 January	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Ordinary shares of RM0.25 each:				
Increase due to share split exercise	**300,000,000**	–	**–**	–
At 31 December	**400,000,000**	100,000,000	**100,000,000**	100,000,000
Issued and fully paid				
Ordinary shares of RM1 each:				
At 1 January	**53,459,246**	53,459,246	**53,459,246**	53,459,246
Ordinary shares of RM0.25 each:				
Increase due to share split exercise	**160,377,738**	–	**–**	–
Issuance of shares				
– Ordinary shares	**33,000,000**	–	**8,250,000**	–
– Exercise of Warrants 2006/2011	**366,600**	–	**91,650**	–
At 31 December	**247,203,584**	53,459,246	**61,800,896**	53,459,246

During the financial year under review, the Company undertook a share split exercise whereby one ordinary share of RM1.00 each was divided into four new ordinary shares of RM0.25 each. The subdivided shares were subsequently listed and quoted on the Main Market at Bursa Malaysia Securities Berhad on 19 January 2010.

24. RESERVES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Non-distributable:				
Share premium	**18,842,656**	10,521,169	**18,842,656**	10,521,169
Capital reserve	**29,994**	29,994	**–**	–
Warrants	**6,440,952**	6,468,447	**6,440,952**	6,468,447
Distributable:				
Retained profits	**32,548,537**	47,752,653	**8,220,627**	7,718,933
	57,862,139	64,772,263	**33,504,235**	24,708,549

25. REVENUE

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Sale of development properties	**89,037,630**	136,633,980	**–**	–
Value of construction works	**3,538,511**	32,258,562	**–**	–
Property management fee	**832,034**	1,154,144	**–**	–
Management fee received/receivable from subsidiary companies	**–**	–	**8,044,774**	8,912,373
Dividend income	**–**	–	**2,600,000**	2,600,000
Trading and other income	**22,884,512**	21,898,370	**–**	–
	116,292,687	191,945,056	**10,644,774**	11,512,373

26. PROFIT FROM OPERATIONS

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

	Group		Company	
		Restated		
	2010	2009	2010	2009
	RM	RM	RM	RM
Auditors' remuneration				
Statutory audit				
– Current year	**148,500**	155,460	**22,000**	22,000
– Under/(Over) provision in prior year	**509**	(17,065)	**–**	–
Other non-audit fee	**27,200**	10,000	**27,200**	10,000
Impairment of receivables	**2,414,824**	4,566,203	**–**	–
Bad debts written off	**52,290**	–	**52,290**	–
Depreciation of property, plant and equipment	**831,574**	1,008,119	**210,502**	209,687
Equipment rental	**81,758**	134,232	**62,140**	61,820
Impairment of other investment	**–**	455,000	**–**	–
Lease rental	**179,000**	144,000	**–**	–
Loss on disposal of quoted investment	**21,000**	–	**–**	–
Office rental	**–**	2,000	**–**	–
Overprovision for liquidated and ascertained damages	**–**	(485,627)	**–**	–
Property, plant and equipment written off	**19,490**	–	**–**	–
Provision for liquidated and ascertained damages	**960,589**	565,907	**–**	–
Provision for foreseeable loss	**–**	300,000	**–**	–
Rental of premises	**561,800**	487,187	**445,800**	456,000
Rental of machineries	**502,250**	986,085	**–**	–
Rental of computers	**691,067**	718,124	**681,275**	707,516
Rental of hall for road shows	**–**	141,731	**–**	–
Rental of trucks	**3,383,798**	3,661,725	**–**	–
Write-down in value of inventory	**3,252,550**	–	**–**	–
Overprovision for foreseeable loss	**(300,000)**	(41,521)	**–**	–
Write back of impairment of receivables	**(1,706,275)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(117,722)**	(91,511)	**–**	–
Interest income	**(519,000)**	(463,655)	**(5,996)**	(51,333)
Rental income	**(1,227,325)**	–	**–**	–
Rental income from unsold completed properties	**–**	(16,568)	**–**	–

27. FINANCE COSTS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest expenses on:				
Term loans	**996,780**	2,730,698	**–**	–
Hire purchase	**40,899**	77,472	**5,897**	7,644
Bank overdrafts	**61,499**	35,143	**–**	–
Bill payables	**199,892**	189,803	**–**	–
Others	**7,633**	389,843	**–**	–
	1,306,703	3,422,959	**5,897**	7,644

28. TAXATION

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Tax expenses for the financial year:				
– Current tax provision	**29,369**	2,235,328	**–**	–
– Under/(Over) provision in prior financial years	**2,386,628**	(1,339,553)	**23,930**	250,393
	2,415,997	895,775	**23,930**	250,393
Deferred tax:				
– Relating to origination and reversal of temporary differences	**(271,679)**	491,646	**(52,626)**	–
– Under provision in prior financial year	**–**	3,384,606	**–**	–
	(271,679)	3,876,252	**(52,626)**	–
	2,144,318	4,772,027	**(28,696)**	250,393

Income tax is calculated at the statutory rate of 25% (2009:25%) on chargeable income of the estimated assessable profit for the financial year.

28. TAXATION (CONT'D.)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
(Loss)/Profit before taxation	**(10,681,873)**	11,441,388	**2,943,115**	2,578,625
Taxation at statutory tax rate of 25% (2009: 25%)	**(2,670,468)**	2,860,347	**735,779**	644,656
Income not subject to tax	**–**	(31,478)	**(922,943)**	(662,833)
Expenses not deductible for tax purposes	**2,513,811**	1,542,475	**134,538**	18,177
Deferred tax asset not recognised	**–**	251,373	**–**	–
Utilisation of previously unrecognised income tax benefits	**(85,653)**	(1,895,743)	**–**	–
Under/(over) provision of current taxation in respect of prior years	**2,386,628**	(1,339,553)	**23,930**	250,393
Under provision of deferred tax asset in respect of prior year	**–**	3,384,606	**–**	–
Tax expense for the financial year	**2,144,318**	4,772,027	**(28,696)**	250,393

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

	Group	
	2010 RM	2009 RM
Accelerated capital allowances	**(33,739)**	–
Unutilised capital allowances	**4,095,698**	101,024
Unabsorbed tax losses	**14,346**	1,578,680
	4,076,305	1,679,704

29. EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The (loss)/earnings per share has been calculated based on the consolidated loss after taxation attributable to shareholders of the Company of RM12,410,191 (2009: consolidated profit RM6,625,318) for the Group and the weighted average number of ordinary shares in issue during the financial year of 217,859,806 (2009: 213,836,984).

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

Fully diluted (loss)/earnings per share has been calculated based on the consolidated (loss)/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.

	Group	
		Restated
	2010	**2009**
	RM	**RM**
Net (loss)/profit for the financial year attributable to shareholders of the Company	**(12,410,191)**	6,625,318
Weighted number of ordinary shares issued	**217,859,806**	213,836,984
Adjusted for:		
Assumed exercise of Warrants	**49,114,646**	28,748,652
Fully diluted weighted average number of shares	**266,974,452**	242,585,636
Diluted (loss)/earnings per share (sen)	**(4.65)**	2.73

30. DIVIDENDS

	Group/Company	
	2010	**2009**
	RM	**RM**
First and final dividend in respect of financial year ended 31 December 2008:		
– 5 sen per share single tier exempt dividend	–	2,672,963
Final dividend in respect of financial year ended 31 December 2009:		
– 1 sen per share single tier exempt dividend	**2,470,117**	–
	2,470,117	2,672,963

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Aggregate cost (Note 3)	**51,829**	259,687	**19,057**	23,428
Less: Hire purchase financing	**–**	(53,000)	**–**	–
Cash payments	**51,829**	206,687	**19,057**	23,428

32. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Company's Directors				
– Salaries and other emoluments	**1,590,650**	1,419,163	**1,590,650**	1,419,163
– EPF	**139,529**	275,299	**139,529**	275,299
– Socso	**1,719**	1,361	**1,719**	1,361
– Bonus	**134,980**	930,500	**134,980**	930,500
– Fees and meeting allowances	**306,000**	285,500	**306,000**	285,500
– Estimated money value of benefits-in-kind	**147,265**	225,620	**147,265**	225,620
Other Directors				
– Salaries and other emoluments	**–**	828,000	**–**	–
– EPF	**–**	141,750	**–**	–
– Socso	**–**	1,114	**–**	–
– Bonus	**–**	117,000	**–**	–
– Estimated money value of benefits-in-kind	–	55,002	**–**	–

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. STAFF INFORMATION

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Staff costs (excluding Directors) comprise:				
– charged to statements of comprehensive income	**7,591,870**	9,197,029	**2,174,555**	2,845,103
– capitalised in amount owing by/(to) customers on contracts (Note 12)	**1,573,206**	1,702,997	**–**	–
Total staff costs for the financial year	**9,165,076**	10,900,026	**2,174,555**	2,845,103

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 RM865,069 and RM231,274 (2009: RM1,069,998 and RM232,241) respectively.

34. 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	
	2010	**2009**
	RM	**RM**
Dividend received from subsidiary company:		
Dunia Epik Sdn Bhd	**2,600,000**	–
Magna Prima Construction Sdn. Bhd.	**–**	2,600,000
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	**1,986,603**	3,983,395
Dunia Epik Sdn. Bhd.	**3,093,061**	920,004
Embassy Court Sdn. Bhd.	**131,917**	229,705
Magna Prima Construction Sdn. Bhd.	**1,074,049**	1,504,715
MPrima (Shah Alam) Sdn. Bhd.	**74,024**	266,597
Monetary Icon (M) Sdn Bhd	**40,538**	–
Magna Shah Alam Sdn. Bhd.	**1,187,418**	537,155
Magna Mix Sdn. Bhd.	**402,239**	821,701
Pembinaan Contamaju-Infocast Sdn. Bhd.	**54,925**	649,101
	8,044,774	8,912,373

35. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Contingent Assets				
Settlement by defendant in a litigation matter by way of 4,088,000 ordinary shares at par value of RM0.25 per share:				
– at market value	**3,515,680**	3,086,440	**–**	–
– at par value	**(1,022,000)**	(1,022,000)	**–**	–
Inflow of economic benefit which is probable but not virtually certain	**2,493,680**	2,064,440	**–**	–
Contingent Liabilities				
Guarantees given to financial institutions for facilities granted to subsidiary companies:				
– Secured on assets of subsidiary companies	**–**	–	**130,377,166**	69,202,051
– Unsecured	**–**	–	**–**	1,000,000
Guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:				
– Unsecured	**–**	–	**22,300,000**	13,800,000
Limit of guarantees	**–**	–	**152,677,166**	84,002,051
Amount utilised by subsidiary companies	**–**	–	**114,647,924**	41,641,479
Claim made by a former Director of technical service on the Avare project against the Company for constructive dismissal	**–**	400,000	**–**	–
	–	400,000	**114,647,924**	41,641,479

36. SEGMENTAL REPORTING

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

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

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

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

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

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

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

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

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

The main business segments of the Group comprise the following:

2010	**Properties RM**	**Construction and Engineering RM**	**Trading RM**	**Others RM**	**Total RM**
Revenue					
Total revenue	89,037,630	80,801,429	27,125,847	11,476,808	208,441,714
Inter-segment revenue	–	(77,262,919)	(4,241,334)	(10,644,774)	(92,149,027)
Total segment revenue	89,037,630	3,538,510	22,884,513	832,034	116,292,687

36. SEGMENTAL REPORTING (CONT'D.)

The main business segments of the Group comprise the following (cont'd.):

2010	Properties RM	Construction and Engineering RM	Trading RM	Others RM	Non-reportable segments RM	Inter-segment eliminations RM	Total RM
Results							
Segment profit/(loss)	(968,511)	(9,828,064)	1,476,391	2,894,933	(28,800)	(4,227,822)	(10,681,873)
Included in the segment proft/(loss) are:-							
Interest income	299,316	213,688	–	5,996	–	–	519,000
Assets							
Segment assets	459,200,123	269,400,592	10,752,221	283,430,439	31,300,342	(661,296,683)	392,787,034
Liabilities							
Segment liabilities	403,215,597	241,922,543	7,682,589	188,057,618	20,054,772	(590,754,721)	270,178,398

2009	Properties RM	Construction and Engineering RM	Trading RM	Others RM	Total RM
Revenue					
Total revenue	136,633,981	113,466,963	30,469,664	12,666,516	293,237,124
Inter-segment revenue	–	(81,208,401)	(8,571,294)	(11,512,373)	(98,692,068)
Total segment revenue	136,633,981	32,258,562	21,898,370	1,154,143	191,945,056

36. SEGMENTAL REPORTING (CONTINUED)

2009	Properties RM	Construction and Engineering RM	Trading RM	Others RM	Non-reportable segments RM	Inter-segment eliminations RM	Total RM
Results							
Segment profit/(loss)	7,338,520	7,815,627	(1,409,817)	2,684,002	(959,033)	(4,027,911)	11,441,388
Included in the segment proft/(loss) are:-							
Interest income	412,213	109	–	51,333	–	–	463,655
Assets							
Segment assets	210,556,802	284,209,527	11,206,873	218,875,055	151,415,825	(512,992,184)	363,271,898
Liabilities							
Segment liabilities	173,022,575	241,180,736	9,575,363	140,592,754	119,311,215	(443,680,047)	240,002,596

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

	2010 RM	2009 RM
Total (loss)/profit for segments	**(10,681,873)**	11,441,388
Adjustment for taxation	**(2,144,318)**	(4,772,027)
Consolidated (loss)/profit before tax	**(12,826,191)**	6,669,361

There were no major customers with revenue equal or more than 10% of the Group's revenue for the financial year ended 31 December 2010 (2009: RM Nil).

37. COMMITMENTS

	Group 2010 RM	2009 RM
Approved and contracted for:		
Contractual obligation for development project	**152,571,233**	19,002,560

38. FINANCIAL INSTRUMENTS

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

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

(a) Interest Rate Risk

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

Exposure to interest rate risk

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

	2010 RM	2009 RM
Floating rate instruments		
Bank borrowings	**109,730,245**	37,019,147

Interest rate risk sensitivity analysis

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increase/ decrease on profit net of tax by the amounts shown below, assuming all other variables remain constant.

	(Loss)/Profit after taxation	
Group	**50bp increase RM**	**50bp decrease RM**
Floating rate instruments	**(548,651)**	**548,651**

(b) Credit risk

Exposure to credit risk

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

Credit risk concentration profile

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

38. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Liquidity and Cash Flow Risks

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

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

Maturity analysis

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

	On demand or within one year RM	**Two to five years RM**	**Total RM**
Financial liabilities:-			
Trade and other payables	142,742,567	–	142,742,567
Bank borrowings	11,455,245	98,275,000	109,730,245
Hire purchase payables	222,009	309,360	531,369
	154,419,821	98,584,360	253,004,181

(d) Market risk

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

The Group has no significant exposure to other market risk.

(e) Fair value of financial instruments

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

38. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Fair value of financial instruments (cont'd.)

The aggregate fair values of the other financial liabilities as at 31 December 2010 are as follows:-

	2010		2009	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liabilities				
Bank borrowings	**98,275,000**	**88,504,060**	10,484,231	9,478,387
Long term hire purchase	**309,360**	**255,907**	865,183	755,038
Company				
Financial liability				
Long term hire purchase	**70,608**	**54,704**	106,647	100,709

The fair value of long term hire purchases estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

Interest rates used to determined fair value:-

	2010 % p.a.	2009 % p.a.
Bank borrowings	**7.2**	8.0
Hire purchase payables	**3.48**	4.18

39. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW AND REVISED FRS

The effects on adoption of the following new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations in 2010 are set out below:-

FRS 7 Financial Instruments: Disclosures and the consequential amendments resulting from FRS 7 replaces the disclosure requirements of the existing FRS 132 Financial Instruments: Disclosure and Presentation. The standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance.

The standard requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

The qualitative disclosures describe the management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information on the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

39. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW AND REVISED FRS (CONT'D.)

FRS 123 Borrowing Costs (revised) which replaces FRS 123_{2004}, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

FRS 101 Presentation of financial statements (revised) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated statements of financial position as at the beginning of the comparative period in addition to the current requirement to present statements of financial position at the end of the current period and comparative period.

FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

Amendments to FRS 117 Leases requires entities with existing leases of land and buildings (combined) to reassess the classification of land as a finance or operating lease.

The Company has adopted the amendment to FRS 117. The Company has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

Summary of effects on adoption of Amendments to FRS 117 Leases:-

	Increase/(Decrease)	
	As at 31 December 2010 RM	**As at 1 January 2010 RM**
Statements of financial position:		
Property, plant and equipment	**234,359**	**239,466**
Prepaid lease payments	**(234,359)**	**(239,466)**

40. EFFECTS ON FINANCIAL STATEMENTS ON EARLY ADOPTION OF A REVISED FRS

The effects on early adoption of FRS 127: Consolidated and Separate Financial Statements (Revised) in 2010 is on the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (Revised), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the company, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (Revised) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts.

Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

During the financial year, the Company acquired the remaining 10% equity interest not owned by the Group in Pembinaan Contamaju-Infocast Sdn. Bhd. ("PCI") representing 75,000 ordinary shares of RM1.00 each in PCI for a total consideration of RM2. In this regards, the effects on early adoption of FRS 127: Consolidated and Separate Financial Statements (Revised) are as follows:

	Increase/(Decrease)	
	As at 31 December 2010 RM	**As at 1 January 2010 RM**
Consolidated Statement of Financial Position:		
Retained profits	(323,808)	–
Non-controlling interest	323,808	–
	RM	**RM**
Consolidated Statement of Changes in Equity:		
Retained profits	(323,808)	–
Non-controlling interest	323,808	–

41. CAPITAL MANAGEMENT

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	2010 RM	**2009 RM**
Total interest bearing borrowings	**110,261,614**	38,280,413
Less: Cash and cash equivalents	**(19,682,949)**	(25,177,597)
Net borrowings	**90,578,665**	13,102,816
Equity attributable to owners of the Company	**119,663,035**	118,231,509
Gearing ratio	**0.76**	0.11

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

42. SIGNIFICANT EVENTS

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

(a) Magna Prima Berhad ("MPB")

On 23 October 2009, the Board of Directors of the MPB announced that the Company has proposed to undertake a share split exercise whereby one ordinary share 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. The subdivided shares were subsequently listed and quoted on the Main Market at Bursa Malaysia Securities Berhad on 19 January 2010.

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

On 2 March 2009, MPB announced that its subsidiary, PJSB had entered into a conditional sale and purchase agreement with Bukit Jalil Development Sdn. Bhd. ("BJD"), wherein BJD shall sell and PJSB shall purchase all the parcel of freehold land held under Lot 38476 in the Mukim of Petaling, Kuala Lumpur and State of Wilayah Persekutuan for a cash consideration of RM19,408,370.57. This proposal was approved by the shareholders at the Extraordinary General Meeting on 11 June 2009. The acquisition was completed on 24 August 2010.

42. SIGNIFICANT EVENTS (CONT'D.)

During the financial year, the following significant events took place:- (cont'd.)

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

On 23 March 2009, MPB 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 respectively all in Section 44, Town and District of Kuala Lumpur, Negeri Wilayah Persekutuan together with the buildings erected thereon for a cash consideration of RM148,151,380. This proposal was approved by the shareholders at the Extraordinary General Meeting on 11 March 2010.

On 10 December 2009, MPB announced that its subsidiary, TSB had entered into a sale and purchase agreement with Santari Sdn. Bhd. for the proposed acquisition of one parcel of freehold land measuring 22,280 square metres held under Geran 55267, Lot 38474, Mukim of Petaling, District Kuala Lumpur 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, MPB 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 Selayang, 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 and the transaction was completed on 2 February 2011.

(e) 33 Sentral Park Sdn. Bhd.

On 4 September 2009, MPB 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, Daerah 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, Daerah 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 and the transaction was completed on 25 August 2010.

(f) Crossborder Team (M) Sdn. Bhd.

On 14 October 2009, MPB 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 vacant leasehold residential development 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 MPB at an issue price of RM0.50 per MPB share. The transaction was completed on 4 November 2010.

43. MATERIAL LITIGATION

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

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

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

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

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

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

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

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

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

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

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

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

43. MATERIAL LITIGATION (CONT'D.)

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 2010.

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

On 24 March 2010, the 5th Defendant filed an application to strike out the Plantiff's Writ and Statement of Claim ("Striking Out Application"). The Court has fixed the Striking Out Application hearing on 30 April 2010. The Court also has vacated the trial dates on 25 March 2010 to 26 March 2010 and 5 April 2010. The case management was held on 29 March 2011 before Judicial Commissioner for both parties to fix the trial date. On 29 March 2011, the case management date fixed on 22 April 2011 before Judicial Commissioner for both parties to fix the trial date.

(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 abovesaid 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 filling 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 both parties to submit the relevant documents.

On 26 May 2010, the case was further adjourned to 13 October 2010. On 13 October 2010, the trial date was fixed on 10 and 11 March 2011.

On 11 March 2011 a consent judgement was recorded that the Defendant is to pay a sum of RM800,000 to the Plaintiff. This amount has been accounted for in the current financial year end.

43. MATERIAL LITIGATION (CONT'D.)

(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.

The trial dates was fixed from 18 to 28 October 2010 and 15 December 2010. The hearing dates was fixed on 17, 18, 23, 24, 27 February 2011 and 22 March 2011. However, the case is pending for new dates from the Court.

(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.

The case was further adjourned to 29 June 2010 and the case management was fixed on 30 September 2010. The case management was adjourned to 10 December 2010. The final date for case management was fixed on 28 March 2011 and later fixed on 6 April 2011.

44. REALISED AND UNREALISED PROFITS/LOSSES (SUPPLEMENTARY INFORMATION)

	Group RM	Company RM
Total retained profits of the Company and its subsidiary companies:-		
Realised profit	34,036,013	8,168,001
Unrealised loss	(1,487,476)	52,626
	32,548,537	8,220,627

Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure set out by the Bursa Malaysia Securities Berhad.

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purpose.

45. COMPARATIVES FIGURES

On adoption of Amendments to FRS 117 Leases, certain comparative figures have been reclassified where necessary to conform with the current year's presentation:-

	As previously reported RM	Reclassification RM	As restated RM
Statements of Financial Position			
Property, plant and equipment	2,874,493	239,466	3,113,959
Prepaid lease payments	239,466	(239,466)	–
Statements of Comprehensive Income			
Amortisation of prepaid lease payments	5,107	(5,107)	–
Depreciation of property, plant and equipment	1,003,012	5,107	1,008,119
Statements of Cash Flows			
Adjustments for:			
Amortisation of prepaid lease payments	5,107	(5,107)	–
Depreciation of property, plant and equipment	1,003,012	5,107	1,008,119

46. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 6 April 2011.

Properties Held by the Group
as at 31 December 2010

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	19 years	101,515.00
	Unit No. J5-03, Third Floor, PN No. 30338, Lot No. 57708, Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	6 years	157,106.00
	Unit No. J6-03, Third Floor, PN No. 30339, Lot No. 57709, Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	6 years	157,106.00
	Unit No. L5-03, Third Floor, PN No. 30356, Lot No. 57726, Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	6 years	157,106.00
	Unit No. L2-03, Third Floor, PN No. 30353, Lot No. 57723, Metro Prima	Office Lot	Leasehold (Expiring on 2096)	1,428	6 years	157,106.00

Analysis of Shareholdings

as at 11 April 2011

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Share Capital	:	RM61,832,071
Class of Shares	:	Ordinary Shares of RM0.25 each
Voting Rights	:	One (1) for each ordinary shares held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less Than 100	7	0.38	244	0
100 to 1,000	75	4.08	51,840	0.02
1,001 to 10,000	1,036	56.31	5,675,380	2.29
10,001 to 100,000	578	31.41	19,784,476	8.00
100,001 to less than 5%	141	7.66	143,669,944	58.09
5% and above	3	0.16	78,146,400	31.60
TOTAL	**1,840**	**100.00**	**247,328,284**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS as at 11 April 2011

No.	Names	No. of shares held			
		Direct	%	Indirect	%
1	Muafakat Kekal Sdn Bhd	33,000,000	13.34	–	–
2	Fantastic Realty Sdn Bhd	32,975,200	13.33	–	–
3	Lee Choon Hooi	20,171,200	8.16	–	–
4	Dato' Haji Abdul Hanif bin Abdullah	–	–	*33,000,000	13.34
5	Lee Yek Hui	–	–	*33,000,000	13.34
6	Lee Equity Holdings Sdn Bhd	–	–	#32,975,200	13.33
7	Lee Hing Lee	–	–	#32,975,200	13.33
8	Lee Ban Chuan	–	–	#32,975,200	13.33

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

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 11 April 2011

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	32,975,200	13.33
2	M&A Nominee (Tempatan) Sdn Bhd for Muafakat Kekal Sdn Bhd	25,000,000	10.11
3	Lee Choon Hooi	20,171,200	8.16
4	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Seong Hen (MGN – CSH0008M)	8,460,000	3.42
5	Muafakat Kekal Sdn Bhd	8,000,000	3.23
6	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor (M02)	6,617,400	2.68
7	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching (473650)	6,615,000	2.67
8	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rahadian Mahmud bin Mohammad Khalil (Dealer 01Q)	6,000,000	2.43
9	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Hwa (E-KPG)	5,635,200	2.28
10	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Fatt Thai (E-KPG)	5,471,200	2.21
11	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	4,628,100	1.87
12	Lee Equity Holdings Sdn Bhd	4,511,600	1.82
13	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Citibank NA, Singapore (Julius Baer)	4,460,000	1.80
14	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Pee Leong	4,423,700	1.79
15	Lee Kung Meng	3,895,000	1.57
16	Magna Prima Berhad	3,812,000	1.54
17	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching	3,743,000	1.51
18	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Kim Leng	3,628,600	1.47
19	Lee Kung Wah	3,496,200	1.41
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Sew Hong (E-KPG)	3,326,900	1.35
21	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kong Meng (E-KPG)	3,059,800	1.24
22	Leow Ya Seng	3,000,000	1.21

Analysis of Shareholdings (cont'd.)
as at 11 April 2011

THIRTY LARGEST SHAREHOLDERS as at 11 April 2011 (cont'd.)

No.	Names	Shareholdings	%
23	Manjit Singh a/l Harban Singh	2,400,000	0.97
24	Ply Century Sdn Bhd	2,400,000	0.97
25	Koh Pee Leong	1,882,700	0.76
26	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor	1,862,400	0.75
27	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Manjit Singh a/l Harban Singh	1,660,000	0.67
28	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chun Mei Ngor (SMART)	1,618,400	0.65
29	Tan Teong Han	1,602,268	0.65
30	Wong Ee Fung	1,432,800	0.58

DIRECTORS' SHAREHOLDINGS as at 11 April 2011

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi bin Abdul Wahab	–	–	–	–
Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail	–	–	–	–
Lee Yek Hui	–	–	–	–
Dato' Mohamad Rizal bin Abdullah	–	–	–	–
Dato' Dr. Manjit Singh a/l Harban Singh	*4,060,000	1.64	–	–
Dato' Rahadian Mahmud bin Mohammad Khalil	*6,000,000	2.43	–	–
Ong Ah Leng	–	–	–	–
Sazali bin Saad	–	–	–	–

* Includes shares held through nominee companies

Analysis of Warrant Holdings

as at 11 April 2011

No. of Warrants Issued	:	93,595,356
No. of Warrants Exercised todate	:	7,840,700
No. of Warrants Unexercised to-date	:	85,754,656
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	0	0
100 to 1,000	12	8.70	4,900	0.01
1,001 to 10,000	54	39.13	287,200	0.33
10,001 to 100,000	51	36.96	1,721,200	2.00
100,001 to less than 5%	17	12.31	11,964,200	13.96
5% and above	4	2.90	71,777,156	83.70
TOTAL	**138**	**100**	**85,754,656**	**100**

SUBSTANTIAL WARRANT HOLDERS' WARRANT HOLDINGS as at 11 April 2011

No.	Names	Warrant Holdings	%
1	Fantastic Realty Sdn Bhd	50,656,624	59.07
2	Lee Equity Holdings Sdn Bhd	8,600,000	10.03
3	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Manjit Singh a/l Harban Singh	8,220,532	9.59
4	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor (MO2)	4,300,000	5.01

THIRTY LARGEST WARRANT HOLDERS as at 11 April 2011

No.	Names	Warrants holdings	%
1	Fantastic Realty Sdn Bhd	50,656,624	59.07
2	Lee Equity Holdings Sdn Bhd	8,600,000	10.03
3	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Manjit Singh a/l Harban Singh	8,220,532	9.59
4	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor (M02)	4,300,000	5.01
5	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Fatt Thai (E-KPG)	2,619,600	3.05
6	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chun Mei Ngor (SMART)	2,200,000	2.57
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor	1,935,200	2.26
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Sew Hong (E-KPG)	1,571,800	1.83
9	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Hwa (E-KPG)	712,800	0.83
10	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	437,600	0.51
11	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching	406,800	0.47
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Rizal bin Abdullah (CEB)	400,000	0.47
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kong Meng (E-KPG)	298,500	0.35
14	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Kim Leng	289,200	0.34
15	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Soo Ya	226,800	0.26
16	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Wei Dar	178,500	0.21
17	Lee Wai Fong	158,400	0.18
18	Chai Youn Nyok	158,000	0.18
19	Joan Yong Mun Ching	144,300	0.17
20	Lau Chee Ching	120,000	0.14
21	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Vai Yan	106,700	0.12
22	Wu Kong Hon @ Hoo Ah Kow	90,000	0.10

THIRTY LARGEST WARRANT HOLDERS as at 11 April 2011 (cont'd.)

No.	Names	Warrants holdings	%
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	Chong Sang @ Chong Thian Sang	79,500	0.09
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koay Chee Seng (100397)	70,000	0.08
28	Pang Yang Chung	70,000	0.08
29	Ooi Meng Khin	62,300	0.07
30	Ooi Gaik Kim	56,000	0.07

DIRECTORS' WARRANT HOLDINGS as at 11 April 2011

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	–	–	–	–
Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	–	–	–	–
Lee Yek Hui	–	–	–	–
Dato' Mohamad Rizal Bin Abdullah	*400,000	0.47	–	–
Dato' Dr. Manjit Singh A/L Harban Singh	*8,220,532	9.59	–	–
Dato' Rahadian Mahmud Bin Mohammad Khalil	–	–	–	–
Ong Ah Leng	–	–	–	–
Sazali Bin Saad	–	–	–	–

* Includes warrants held through nominee companies

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting ("AGM") of Magna Prima Berhad ("Magna Prima") will be held at Ideal Convention Centre, Jalan PS 8/3, Taman Prima Selayang, 68100 Selangor Darul Ehsan on Wednesday, 25 May 2011 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 2010 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:-

   Dato' Dr Manjit Singh a/l Harban Singh **Resolution 3**
   Dato' Mohamad Rizal bin Abdullah **Resolution 4**
   Ong Ah Leng **Resolution 5**

4. To re-elect the following Director who retires in accordance with Article 105 of the Company's Articles of Association:-

   Lee Yek Hui **Resolution 6**

5. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2010. **Resolution 7**

6. To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Board of Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS:

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

7. Proposed renewal of the authority for Directors to issue shares **Resolution 9**

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

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

"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 2010 allocated by the Company for the Proposed Renewal of Share Buy-Back;

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

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

(i) the conclusion of the next AGM of Magna Prima in 2012, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

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

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

whichever occurs first

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

By order of the Board

YUEN YOKE PING (MAICSA 7014044)
Company Secretary

Petaling Jaya
3 May 2011

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

   The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 17 June 2010. The Company has not issued any new share pursuant to Section 132D of the Act which was approved at the Fifteenth AGM held on 17 June 2010 and which will lapse at the conclusion of the forthcoming Sixteenth 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 10, if passed, will empower the Directors to purchase Magna Prima shares through Bursa Securities of up to 10% of the total issued and paid-up share capital of the Company. The details on Ordinary Resolution 10 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.

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

1. INTRODUCTION

On 17 June 2010, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting ("AGM").

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

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

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

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

Based on the issued and paid-up share capital of Magna Prima as at 11 April 2011 of RM61,832,071 comprising 247,328,284 Magna Prima shares and an outstanding 85,754,656 Warrants, a total of 24,732,828 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 Employees Share Option Scheme (ESOS).

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

(i) the conclusion of the next AGM of Magna Prima in 2012 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or

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

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

whichever occurs first.

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

The Board proposes to allocate funds of up to an amount of the retained profits and/or share premium account of the Company for the purchase of its own shares subject to the compliance with Section 67A of the Companies Act, 1965 ("Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Magna Prima as at 31 December 2010, the retained profits amounted to approximately RM32.5 million and the share premium account amounted to approximately RM18.8 million.

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

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

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

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

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

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

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

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

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

(i) to cancel the purchased shares;

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

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

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

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

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

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

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

As at 11 April 2011, the public shareholding spread of the Company based on the issued and paid-up share capital of 247,328,284 Magna Prima Shares was 61.10%. 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 2010.

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

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

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

4. ADVANTAGES AND DISADVANTAGES

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

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

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

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

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

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

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

4. ADVANTAGES AND DISADVANTAGES (CONT'D.)

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

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

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

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

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

Minimum scenario : Assuming that 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*	247,328	61,832	247,328	61,832
To be issued pursuant to:				
– Assuming full exercise of outstanding Warrants[1]	–	–	85,755	21,439
– Assuming all the options are granted and exercised under the Company's ESOS	–	–	49,962	12,491
Enlarged share capital	**247,328**	**61,832**	**383,045**	**95,762**
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(24,733)	(6,183)	(38,304)	(9,576)
Upon completion of the Proposed Renewal of Share Buy-Back	**222,595**	**55,649**	**344,741**	**86,186**

Notes:-

* *As at 11 April 2011.*

[1] *As at 11 April 2011, Magna Prima has 85,754,656 Warrants outstanding.*

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

5.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the substantial shareholdings of the Company are set out below based on the Register of Substantial Shareholders as at 11 April 2011:-

(i) Minimum Scenario

	As at 11 April 2011				After the Proposed Renewal of Share Buy-Back^			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	13.34	–	–	33,000	14.83	–	–
Fantastic Realty Sdn Bhd	32,975	13.33	–	–	32,975	14.81	–	–
Lee Choon Hooi	20,171	8.16	–	–	20,171	9.06	–	–

(ii) Maximum Scenario

	As at 11 April 2011 and assuming full exercise of the Warrants / ESOS options#				After the Proposed Renewal of Share Buy-Back^			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	8.62	–	–	33,000	9.57	–	–
Fantastic Realty Sdn Bhd	83,632*	21.83	–	–	83,632	24.26	–	–
Lee Choon Hooi	20,171	5.27	–	–	20,171	5.85	–	–

Notes:-

* *As at 11 April 2011, Fantastic Realty Sdn Bhd holds 50,656,624 Warrants.*

\# *Assuming 49.962 million options were granted and exercised under the Company's ESOS.*

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

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

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

	As at 11 April 2011				Scenario 1				Scenario 2			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors*	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	N.o of shares '000	%	No of shares '000	%	No of shares '000	%
Tan Sri Datuk Adzmi bin Abdul Wahab	–	–	–	–	–	–	–	–	–	–	–	–
Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail	–	–	–	–	–	–	–	–	–	–	–	–
Lee Yek Hui	–	–	–	–	–	–	–	–	–	–	–	–
Dato' Mohamad Rizal bin Abdullah	–	–	–	–	–	–	–	–	400	0.12	–	–
Dato' Dr. Manjit Singh a/l Harban Singh	4,060	1.64	–	–	4,060	1.82	–	–	12,281	3.56	–	–
Dato' Rahadian Mahmud bin Mohammad Khalil	6,000	2.43	–	–	6,000	2.70	–	–	6,000	1.74	–	–
Ong Ah Leng	–	–	–	–	–	–	–	–	–	–	–	–
Sazali bin Saad	–	–	–	–	–	–	–	–	–	–	–	–

Notes:-

* *Based on the Register of Directors as at 11 April 2011.*

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 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 the Company has not been finalised and as such, for illustrative purposes, the effects under Scenario 2 excludes allocation of ESOS options to Directors

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

5.3 Net Assets

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

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

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

5.4 Earnings

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

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

5.5 Working capital

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

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

6. APPROVAL REQUIRED

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

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

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period. However, an exemption from undertaking a mandatory offer when the company purchases its own voting shares may be granted by the Securities Commission under Practice Note 2.9.10 of the Code.

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

8. DIRECTORS' RECOMMENDATION

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

9. SHARE PRICES

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

	Highest (RM)	Lowest (RM)
2010		
March	0.91	0.88
April	0.99	0.98
May	0.95	0.92
June	0.88	0.86
July	0.82	0.79
August	0.90	0.88
September	0.80	0.76
October	0.83	0.81
November	0.80	0.79
December	0.77	0.75
2011		
January	0.88	0.87
February	0.89	0.88
March	0.84	0.82
April	0.79	0.79

(Source: Bloomberg)

10. DISCLAIMER STATEMENT

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

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

Proxy Form

I/We, ____ of

____

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

____

of ____

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of Magna Prima Berhad will be held at Ideal Convention Centre, Jalan PS 8/3, Taman Prima Selayang, 68100 Selangor Darul Ehsan on Wednesday, 25 May 2011 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 2010 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:-			
Dato' Dr Manjit Singh a/l Harban Singh	3		
Dato' Mohamad Rizal bin Abdullah	4		
Ong Ah Leng	5		
To re-elect Lee Yek Hui who retires in accordance with Article 105 of the Company's Articles of Association	6		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2010	7		
To re-appoint Messrs. Anuarul Azizan Chew & Co. as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Board of Directors to fix their remuneration	8		
As SPECIAL BUSINESS:- To consider and, if thought fit, pass the following ordinary resolutions:			
Proposed renewal of the authority for Directors to issue shares	9		
Proposed Renewal of Share Buy-Back	10		

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

NO. OF SHARES

______________________ ______________

Signature/Common Seal Date

Notes:

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

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
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