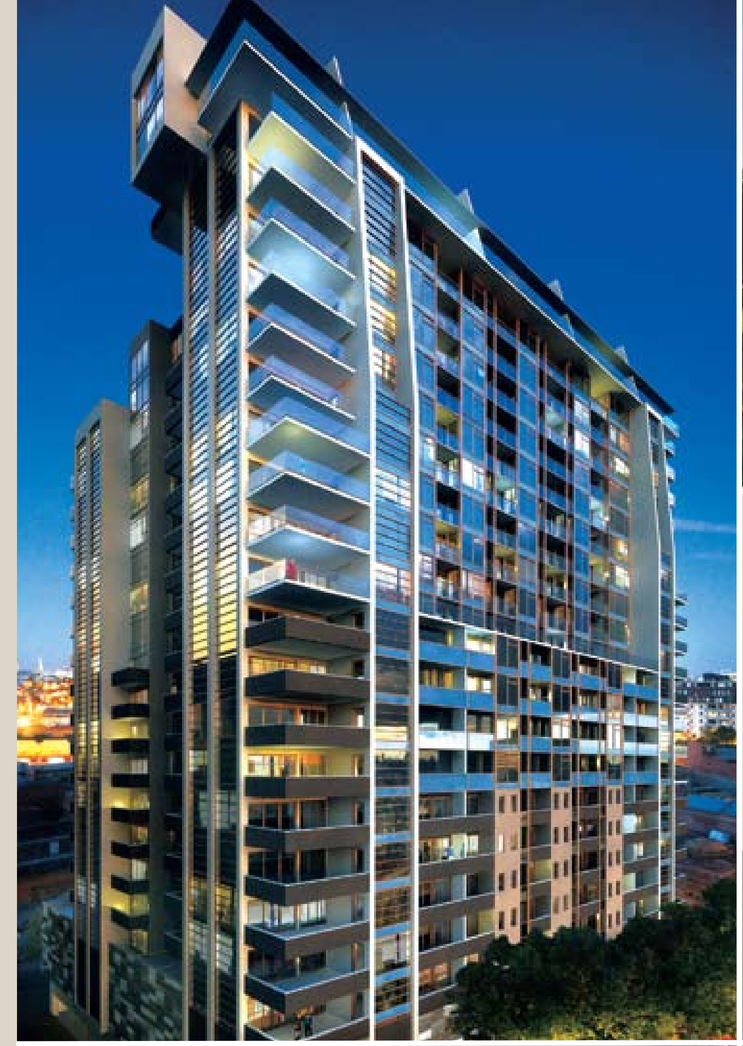
MAGNA PRIMA BERHAD
(369519-P)

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

Tel : +603 7801 5505
Fax : +603 7801 5270
Email : enquiry@magnaprima.com.my

www.magnaprima.com.my

MAGNA PRIMA BERHAD (369519-P) Annual Report 2011



MAGNA PRIMA BERHAD
(369519-P)

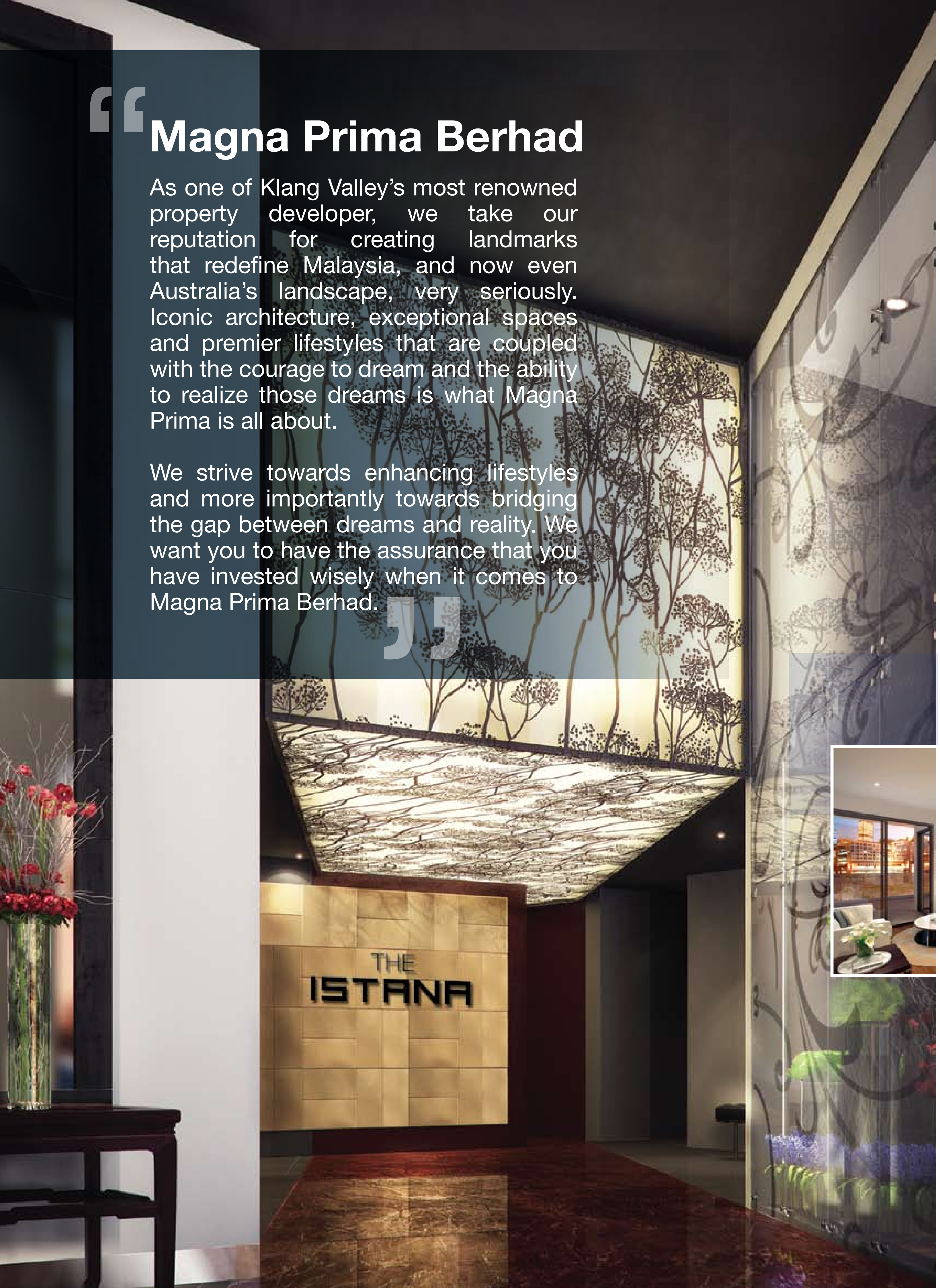
Focused on **Strengths**
Positioned for **Greatness**

ANNUAL REPORT

Magna Prima Berhad

As one of Klang Valley's most renowned property developer, we take our reputation for creating landmarks that redefine Malaysia, and now even Australia's landscape, very seriously. Iconic architecture, exceptional spaces and premier lifestyles that are coupled with the courage to dream and the ability to realize those dreams is what Magna Prima is all about.

We strive towards enhancing lifestyles and more importantly towards bridging the gap between dreams and reality. We want you to have the assurance that you have invested wisely when it comes to Magna Prima Berhad.



Content

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)
- **100%** **Magna Prima Australia Pty Ltd** (ACN No.151747910)

CONSTRUCTION & ENGINEERING

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

PROPERTY MANAGEMENT

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

TRADING

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

Corporate Information

Board of Directors

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

Dato' Rahadian Mahmud bin Mohammad Khalil
Chief Executive Officer

Dato' Mohamad Rizal bin Abdullah
Executive Director

Choh Kim Chiew
Executive Director

Dato' Dr. Manjit Singh a/l Harban Singh
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 Wong Kian Kheong
Manjit Singh Sachdev, Mohamad Radzi & Partners
JM Chong, Vincent Chee & Co
Teh & Lee
Zahir Razak & Co
Messrs Wang & S.B Wong
Messrs Ahmad Famy & Noh

Principal Bankers

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

Stock Exchange Listing

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

Chairman's Statement

"Dear Valued Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Magna Prima Berhad ('Magna Prima' or 'the Group') for the financial year ended 31 December 2011.

Our meticulous planning and precise execution of each property development has resulted in a portfolio of exceptional quality and a strong and diversified revenue stream for the Group as a whole."

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Chairman

Chairman's Statement

PROPERTY MARKET OVERVIEW

The 2011 property market turned cautious in the second half due to anticipated tightening by the financial institutions. Slower residential home sales and slightly dampened overall take up rates were attributed to the the 70% loan-to-value cap for third mortgages introduced by Bank Negara Malaysia in November 2010, the re-introduction of the real property gains tax (RPGT) in January 2012, as well as the recent loan approval criteria based on net salaries compared to gross income. All these initiatives were primarily aimed at ensuring a stable property market and the continued affordability of homes for the public.

Nevertheless, according to surveys conducted by the Real Estate, Housing and Development Association Malaysia Property, property prices were on the uptrend partly due to the rollout of Economic Transformation Programme projects by the federal government during the period under review. Furthermore, prices of Malaysian properties continue to be more competitive in comparison with other regional markets and are poised to appreciate more over the next decade.

REVIEW OF FINANCIAL PERFORMANCE

The Group's revenue increased by 73% or RM85.5 million to RM201.7 million year-on-year, driven largely by contributions from the progress of One Sierra, Alam D'16 and the completion of U1 Shah Alam (phase 1). The newly launched Seri Jalil residential development as well as the hybrid Boulevard Business Park at Jalan Kuching (phase 1) also garnered high sales take up rates which further contributed to the Group's bottom line.

The property development division continued to be the Group's key revenue flag bearer with a contribution of about 87% with the balance being attributed to our trading and construction divisions.

Prima U1 Office Tower
Shah Alam

Chairman's Statement

Magna Prima's year-end net profit after tax and minority interest of RM10.2 million, an increase of 82% compared to the previous corresponding period, represented an earnings per share of 3.71 sen and a return on equity of 6.4% based on the outstanding share capital as at end 2011.

Seri Jalil
Bukit Jalil

CORPORATE DEVELOPMENTS

I am pleased to inform shareholders of notable corporate developments, key among which were the completion of an acquisition proposal and Magna Prima announcing our maiden venture abroad:

- On 4 July 2011, Twinicon (M) Sdn Bhd, a wholly-owned subsidiary of the Group, completed the acquisition of 5.5-acres of freehold land in Bukit Jalil, Kuala Lumpur upon the full settlement of the purchase price.

- On 27 June 2011, a wholly owned subsidiary, Magna Prima Australia Pty Ltd was incorporated in Australia for the subsequent purchase of 2,763 sq meters of freehold land located at 218-236 A' Beckett Street in Melbourne, Australia for a cash considerationof AUD$26.0 million, or RM84.01 million. Shareholders' approval was obtained on 28 December 2011.

One Sierra
Selayang

Chairman's Statement

Boulevard Business Park
Jalan Kuching

Other key corporate developments are as follows:

- On 26 September 2011, notice was given to holders of the warrants 2006/2011 pursuant to its expiry and its delisting from Bursa Malaysia Securities Berhad Main Market with effect from 9.00 a.m. on 27 September 2011.

- On 13 June 2011, the Group announced the compulsory acquisition of a 6-acre parcel of land belonging to our subsidiary, Crossborder Team (M) Sdn Bhd ("Crossborder"), by the Ketua Pengarah Tanah dan Galian (Persekutuan) Negeri Selangor on behalf of the Ministry of Higher Education for expanding the Universiti Teknologi Mara campus in Selayang, Selangor. Crossborder is currently appealing for a compensation package that matches the fair market value of the parcel of land.

REVIEW OF OPERATIONS

Prima U1, Shah Alam

All works on the twin block, 16-storey apartment complex and shops at Prima U1 Shah Alam were completed and all units were

Alam D'16
Shah Alam

Chairman's Statement

awarded the necessary approvals by local authorities in July 2011 and were subsequently handed over to purchasers during the 3rd quarter of 2011.

Prima U1 Office Tower

Construction on the second phase of our U1 development, which features the 15-storey Prima U1 Office Tower adjacent to the apartments, is nearing completion. Work on the 15-storey tower began in the fourth quarter of 2010, and will be completed by the end of 2012.

One Sierra @ Selayang

Ongoing building work of One Sierra's 146 units of landed properties has surpassed the 83% mark. We expect to complete construction of the 2.5 storey superlinks and zero lot villas as well as the 2-storey garden bungalows by mid-2012.

Seri Jalil, Bukit Jalil

With all earthwork and structural works completed at our 10.38-acre site in Bukit Jalil, the team has surpassed the 48% progress marker and is actively completing the architectural portion now. The construction of Seri Jalil commenced in June 2011 and is expected to be fully completed by end 2012.

Alam D'16, Shah Alam

Structural work on the 177-units of double storey link homes in Shah Alam has been successfully completed and architectural work is presently in progress. The team has surpassed the 66% mark and is on track to complete all work by end of 2012

Boulevard Business Park @ Jalan Kuching

The first phase of the hybrid, high value Boulevard Business Park @ Jalan Kuching was launched during the 3rd quarter of 2011. Necessary site clearing work has been completed and construction on the basement and foundation for the 94 units of shop offices has commenced. The

The Istana
Melbourne

Chairman's Statement

The Istana
Melbourne

units are expected to be completed by the third quarter of 2014. Phase 2 of this development, which entails the retail and serviced apartment components, will be launched in the second half of 2012, with overall construction to be concluded by end 2014.

The Istana, Melbourne

Our maiden venture abroad and much sought after property venture in Melbourne is located in an area with good prospects for rental growth and capital appreciation. Site clearing is in progress with construction targeted to commence by in the coming weeks and be completed by end 2014.

Jalan Ampang, Kuala Lumpur; Jalan Gasing & Heritage D'16, Selangor

We continue to fine tune our plans for these three parcels of land totaling approximately 18-acres. Based on forecast trends, we envision transforming both parcels of land into high value commercial and residential developments that will appeal to our existing customer base as well as new audiences.

TRADING DIVISION

Magna Mix recorded a marginal 6.4% increase in revenue to RM28.85 million from RM27.13 million in the previous year. Significant improvement was hampered by the volatility in raw material purchase prices and higher upkeep costs at the plants during the year under review.

MARKET OUTLOOK & PROSPECTS

Though Europe's sovereign debt crisis lingers and stability in the Middle Eastern region remains unpredictable, we are optimistic that with the prompt implementation of mammoth projects under the government's Economic Transformation Plan and the 10th Malaysia Plan will serve as a stimulus for increased economic opportunities and sound private consumption growth.

Chairman's Statement

The Group is well placed to take advantage of these opportunities and has shown a proven ability to select projects that provide long-term value and maximize shareholders returns.

We will therefore continue to remain strategically focused on launching and developing multiple projects that will propel Magna Prima into our next growth phase while simultaneously broadening and deepening our customer base.

We are also confident that our developments will provide the Group with the impetus to perform strongly and to further cement our brand and reputation as a developer of choice.

Alley Cafe
Melbourne

Our 2012 launches are estimated to total more than RM1 billion in gross development value, and with this in the pipeline, we expect our property development division to remain as the key earnings driver for the Group.


The Istana
Melbourne

PROPOSED DIVIDEND

The Board of Directors has recommended a final single tier exempt dividend of 1.5 sen per share of 25 sen par value for the financial year ended 2011. This will be paid on a date to be announced later.

CORPORATE SOCIAL RESPONSIBILITY

Magna Prima continues to make strides towards integrating CSR into our working practices and long term strategic goals. Highlights during FY11 include our continued support of Habitat for Humanity's house builds in the Greater Klang Valley area by lending our site supervisory and building expertise. The Group also extended financial assistance to

Chairman's Statement

organizations serving the sickly and handicapped, fund raising activities organized by children's homes, to associations promoting the arts and societies encouraging healthy lifestyles via sporting activities.

Internally, we continue place an emphasis on nurturing and developing our greatest asset – our employees. To this end, employees continue to be encouraged to pursue professional development courses in various areas ranging from risk management to accounting, construction and property management, information technology, seminars on updates in the housing and developers acts and soft skills training in topics such as leadership and self-development.

ACKNOWLEDGEMENT

I would like to acknowledge all quarters who have positively contributed towards our company's growth.

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

Last but least, I would like to congratulate and thank Dato' Rahadian Mahmud for graciously accepting his appointment as the CEO of Magna Prima Berhad. I am confident that under his leadership, the company will grow from strength to strength, sharing our successes and fostering new relationships as we thrive and expand our presence in the property development industry. I also welcome Choh Kim Chiew to the Board as an Executive Director.

TAN SRI DATUK ADZMI BIN
ABDUL WAHAB
Chairman

"Our 2012 launches are estimated to total more than RM1 billion in gross development value."

Board of Directors

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

2. **Dato' Rahadian Mahmud bin Mohammad Khalil**
   Chief Executive Officer

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

4. **Choh Kim Chiew**
   Executive Director

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

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

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

Profile of Directors

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Independent Non-Executive Director, Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 69, was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

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

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

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

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

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

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

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

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

Profile of Directors

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Chief Executive Officer

Dato' Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 38, was appointed to the Board on 16 July 2007 as Independent Non-Executive Director. He was re-designated to Executive Director on 12 May 2011.

On 12 April 2012, Dato' was re-designated to Chief Executive Officer.

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

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

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

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

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

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

DATO' MOHAMAD RIZAL BIN ABDULLAH

Executive Director

Dato' Mohamad Rizal bin Abdullah, a Malaysian, aged 62, was appointed to the Board on 28 September 2006 as Executive Director.

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

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

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

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

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

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

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

Profile of Directors

CHOH KIM CHIEW

Executive Director

Choh Kim Chiew, a Malaysian aged 36, was appointed to the Board on 12 April 2012 as Executive Director.

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

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

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

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

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

DATO' DR. MANJIT SINGH A/L HARBAN SINGH

Independent Non–Executive Director

Dato' Dr. Manjit Singh a/l Harban Singh, a Malaysian, aged 62, 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. However, on 18 August 2011, Dato' Dr. Manjit Singh was re-designated to 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 Singh 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 Singh 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 now a Consultant is exposed to the diverse fields of law, Dato' Dr. Manjit Singh is sought after as Legal Advisor and as a Lecturer in his areas of expertise.

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

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

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

Profile of Directors

ONG AH LENG

Independent Non-Executive Director

Ong Ah Leng, a Malaysian, aged 56, was appointed to the Board on 1 November 2006 as Independent Non-Executive Director.

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

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

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

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

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

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

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

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

SAZALI BIN SAAD

Independent Non-Executive Director

Sazali bin Saad, a Malaysian, aged 39, joined the Board on 2 May 2006 as Independent Non-Executive Director.

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

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

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

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

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

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

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

Statement on Corporate Governance

The Board of Directors ("Board") recognizes that the practice of good corporate governance is a fundamental element in the Group's continued growth and success. The Board remains fully committed to ensuring that the highest standards of corporate governance, based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("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 2011.

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

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

The Board has delegated specific responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. Other committees such as ESOS Committee 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	√			
**	Lee Yek Hui	√			
	Dato' Mohamad Rizal bin Abdullah	√			
***	Dato' Rahadian Mahmud bin Mohammad Khalil	√			
****	Choh Kim Chiew	√			
	Dato' Dr. Manjit Singh a/l Harban Singh	√	√	√	√
	Ong Ah Leng	√	√	√	√
	Sazali bin Saad	√	√	√	√

* Retired from Board effective from 25 May 2011.
** Resigned from Board effective from 31 January 2012.
*** Redesignated from Independent Non-Executive Director to Executive Director effective from 12 May 2011. Subsequently, appointed as Chief Executive Officer effective from 12 April 2012.
**** Appointed as Executive Director effective from 12 April 2012.

Statement on Corporate Governance

BOARD MEETINGS

The Board met a total of Eleven (11) times during the year ended 31 December 2011.

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

	Total meetings attended	%
Tan Sri Datuk Adzmi bin Abdul Wahab	10/11	90.91
Tan Sri Datin Paduka Seri Hajah Zaleha Binti Ismail	3/3	100.00
Lee Yek Hui	8/11	72.73
Dato' Mohamad Rizal bin Abdullah	10/11	90.91
Dato' Rahadian Mahmud bin Mohammad Khalil	11/11	100.00
Dato' Dr. Manjit Singh a/l Harban Singh	6/11	54.55
Ong Ah Leng	11/11	100.00
Sazali bin Saad	8/11	72.73

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

Supply of Information

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

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

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

The Directors have full and timely access to all information within the Company, whether as a full Board or in their individual capacity, in the furtherance of their duties.

In addition, the Board has ready and unrestricted access to all information within the Company and Group as well as the advice and services of senior management and Company Secretary in carrying out their duties. The Company Secretary is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. The Directors may also seek independent professional advice, at the Company expense, if required.

Statement on Corporate Governance

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 2011. A directors' training conducted by Epsilon Advisory Services Sdn Bhd was held on 12 July 2011 and the topic was Regulatory Updates for Directors and Executives. 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, key function and activities for the year under review are stated in pages 23 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 (3) members comprising three (3) Independent Non Executive Directors. During the financial year ended 31 December 2011, three (3) meetings were held.

THE REMUNERATION COMMITTEE

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

The Remuneration Committee has three (3) members comprising exclusively Independent Non Executive Directors. During the financial year ended 31 December 2011, two (2) meetings were held.

Statement on Corporate Governance

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

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salaries	1,148,299.32	-	1,148,299.32
Bonus	99,000.00	-	99,000.00
Fees	-	158,733.33	158,733.33
Meeting Allowance	-	36,500.00	36,500.00
Benefit-in-kind	40,771.34	-	40,771.34
Total	**1,288,070.66**	**195,233.33**	**1,483,303.99**

Range of Remuneration (RM)	Number of Directors Executive	Number of Directors Non-Executive
Up to 200,000	4	6
RM200,001 – RM400,000	1	-
RM400,001 – RM600,000	1	-
RM600,001 – RM800,000	-	-
RM800,001 – RM1,000,000	-	-

EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

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

The ESOS Committee has five (5) members comprising two (2) Independent Non Executive Directors and three (3) Executive Directors.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of communication and proper dissemination of information to its shareholders and investors. Major corporate developments and happenings in the Company have always been promptly announced to all shareholders, in line with Bursa 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, the shareholders have opportunity to enquire and comment on the Company's performance and operations.

Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

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

Directors' responsibility in financial reporting

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

The Board 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 2011 without the presence of the management.

Statement on Corporate Governance

ADDITIONAL COMPLIANCE INFORMATION

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

Share Buy-Back

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

Option, Warrant and Convertible Securities

During the current financial year ended 31 December 2011, the Company issued 85,686,356 ordinary shares of RM0.25 each for cash, pursuant to the exercise of 85,686,356 MPB Warrants 2006/2011 ("Warrants") at the exercise price of RM0.37 per ordinary share, details of which are disclosed in the Directors' Report on page 29.

Warrants were exercised prior to the expiry of the subscription Rights of Warrants 2006/2011 at 5.00p.m on Monday, 26 September 2011.

There was no option granted and the Company did not issue any convertible securities during the financial year ended 31December 2011.

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

No amounts of non-audit fees were paid to external auditors by the Group during the financial year ended 31 December 2011.

Variation in results

There were no material variances between the audited results for the financial year ended 31 December 2011 and the unaudited results previously announced.

Profit Guarantee

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

Material Contracts

There were no material contracts of the Company and its subsidiary companies which involve Directors and major shareholders interest, either still subsisting at the end of financial year ended 2011 or entered into since the end of the previous financial year.

The Audit Committee

The principal function 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 2011 are as follows:

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

Meetings

The Audit Committee convened (6) 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	Independent Non-Executive Director	5/6	83.3
Sazali bin Saad	Independent Non-Executive Director	6/6	100

Duties and Responsibilities

The duties and responsibilities of the Committee are to:

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

The Audit Committee

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The Audit Committee has carried out the following activities during the financial year under review.

- Reviewed 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 related party transactions entered into by the Company and the Group, and reported the same to the Board of Directors.
- Reviewed and discussed with the external auditors the nature and scope of their audit before reporting the same to the Board.
- Reviewed the issues as per the management letters from the external auditors.
- Reviewed audit plans for the year for the Company and the Group, prepared and reported by the internal auditors.
- Reviewed the internal audit reports and to discuss findings or issues that highlighted.

INTERNAL AUDIT FUNCTION

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

The activities of the Internal Audit during the financial year ended 31 December 2011 were as follows:

- Prepared, presented and sought the Audit Committee's approval of the annual audit plan for the Group.
- Performed annual risk profiling on all the departments within the Group, and based on available resources, formed the basis of the annual audit plan for the Group.
- Reviewed the compliance of the Company's Standard Operating Procedure, Discretionary Authority Limit (DAL) and other statutory and regulatory requirements.
- Identified, reviewed and evaluated the adequacy and effectiveness of the Company's Policies and Procedures and the DAL.
- Evaluated the efficiency of processes, functions and current practices, and provided suitable recommendations to the Audit Committee.
- Prepared audit reports and sought management response on the issues found and highlighted in the report. Upon incorporating the response of Management into the final reports, the same were circulated to the Audit Committee.
- Presented the audit reports to the Audit Committee during the Audit Committee meetings held throughout the financial year.
- Carried out follow-up reviews on audit reports, and reported to the Audit Committee the status of implementation of agreed actions in the audit reports.
- Undertook additional tasks as directed by the Audit Committee or Management, such as investigations of complaints received.

During the financial year, the internal audit activities have been carried out according to the internal audit plans which have been approved by the Audit Committee. Six (6) audit reports and one (1) special audit report were issued during the financial year incorporating findings and recommendations with regard to system and control, weaknesses noted in the course of audit, the management's responses and the remedial actions on the implementation of all findings and recommendations in its review process.

In the course of auditing, the Internal Auditors have identified some internal control weaknesses, which have been or are being addressed and status of implementation were being monitored. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

The cost incurred for the Internal Audit Department for the financial year ended 31 December 2011 was RM98,602.

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

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

Statement on Internal Control

- 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 Securities' Statement of Internal Control: Guidance for Directors of Public Listed Companies.

For the financial year under review, the Board is satisfied with the adequacy and integrity of the Group's system of internal control and that no material losses, contingencies or uncertainties have arisen from any 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 12 April 2012.

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 2011.

PRINCIPAL ACTIVITIES

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

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit attributable to:		
Owners of the Company	10,186,524	14,292,359
Non-controlling interests	(1,814,197)	-
	8,372,327	14,292,359

DIVIDENDS

The Company paid a final single tier exempt dividend of 1 sen per share at par value of RM0.25 per share amounting to RM2,485,884 in respect of the previous financial year on 24 August 2011.

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

The financial statements for the current financial year do not reflect any proposed dividend. Such dividend, if approved by the Shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2012.

RESERVES AND PROVISIONS

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

Directors' Report

ISSUE OF SHARES AND DEBENTURES

The paid up share capital of the Company was increased from RM61,800,896 to RM83,222,485 by way of issuing 85,686,356 new ordinary shares of RM0.25 each arising from the exercise of Warrants 2006/2011 at the subscription price of RM0.37.

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.

(vi) The Exercise Price and/or the number of Warrants in issue may from time to time be adjusted in the event of any alteration to the share capital in accordance with the terms of the Deed Poll.

(vii) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such holders exercise the Warrants.

Directors' Report

WARRANTS (CONT'D)

On 19 January 2010, consequential to a share split exercise involving the subdivision of every one (1) ordinary shares 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 RM0.25 each				
	At 1.1.2011	Issued	Exercised	Cancelled	At 31.12.2011
Numbers of unexercised Warrants	85,879,356	-	85,686,356	193,000	-

DIRECTORS

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

Tan Sri Datuk Adzmi bin Abdul Wahab
Dato' Mohamad Rizal bin Abdullah
Dato' Rahadian Mahmud bin Mohammad Khalil
Dato' Dr. Manjit Singh a/l Harban Singh
Ong Ah Leng
Sazali bin Saad
Choh Kim Chiew (appointed on 12.4.2012)
Tan Sri Datin Paduka Seri Hajah Zaleha binti Ismail (retired on 25.5.2011)
Lee Yek Hui (resigned on 31.1.2012)

DIRECTORS INTERESTS

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

	No. of ordinary shares of RM0.25 each			
	At 1.1.2011	Acquired/ Converted	Disposed	At 31.12.2011
Magna Prima Berhad				
Direct interest:				
Dato' Dr. Manjit Singh a/l Harban Singh	4,060,000	8,161,232	-	12,221,232
Dato' Rahadian Mahmud bin Mohammad Khalil	6,000,000	-	-	6,000,000
Dato' Mohamad Rizal bin Abdullah	-	400,000	-	400,000

Directors' Report

DIRECTORS' INTERESTS (CONT'D)

	No. of warrants of RM0.075 each				
	At 1.1.2011	Acquired	Exercised	Lapsed on 26.9.2011	At 31.12.2011
Magna Prima Berhad					
Direct interest:					
Dato' Dr. Manjit Singh a/l Harban Singh	8,220,532	-	8,161,232	59,300	-
Dato' Mohamad Rizal bin Abdullah	400,000	-	400,000	-	-

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

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION

(a) Before the 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.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

(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 2011 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 39 to the financial statements.

AUDITORS

The auditors, Anuarul Azizan Chew & Co., retire at the forthcoming annual general meeting and do not wish to seek re-appointment. The Company has received a nomination to appoint the firm under another name Morison Anuarul Azizan Chew, as auditors for the ensuing year. Morison Anuarul Azizan Chew have expressed their willingness to accept nomination as auditors and a motion to resolve their appointment will be tabled at the forthcoming annual general meeting.

Signed in accordance with a resolution of the Directors.

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

KUALA LUMPUR

Statement by Directors

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

We, DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL and DATO' MOHAMAD RIZAL BIN ABDULLAH, being two of the Directors of MAGNA PRIMA BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 36 to 88 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 2011 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

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

KUALA LUMPUR

Statutory Declaration

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

I, CHOH KIM CHIEW, being the Director primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 36 to 88 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

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

CHOH KIM CHIEW

Before me,

COMMISSIONER FOR OATHS

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 2011 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 36 to 88 .

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 2011 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements of a subsidiary company of which we have not acted as auditors as indicated in Note 4(a).

Independent Auditors' Report

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

ANUARUL AZIZAN CHEW & CO
Firm Number: AF 0791
Chartered Accountants

CHEW KOK BIN
Approved Number: 1294/06/12 (J)
Partner of Firm

KUALA LUMPUR

Statements of Financial Position

As at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-Current Assets					
Property, plant and equipment	3	1,756,701	1,921,737	600,262	761,332
Investment in subsidiary companies	4	-	-	52,210,234	52,209,913
Land held for property development	5	153,365,516	76,549,247	-	-
Goodwill on consolidation	6	3,269,146	3,269,146	-	-
Deferred tax assets	7	2,876,505	3,222,380	-	52,626
Trade receivables	8	4,725,692	-	-	-
		165,993,560	84,962,510	52,810,496	53,023,871
Current Assets					
Inventories	9	2,771,843	9,631,413	-	-
Property development costs	10	178,070,401	146,318,308	-	-
Amount owing by customers on contracts	11	22,412,841	31,366,290	-	-
Trade receivables	8	43,292,876	32,862,876	-	-
Accrued billings	12	6,486,803	14,247,142	-	-
Other receivables	13	61,596,768	53,672,039	1,842,578	3,923,789
Amount owing by subsidiary companies	14	-	-	236,769,160	223,048,542
Tax recoverable		423,161	43,507	-	-
Cash held under Housing Development Accounts	15	3,984,523	4,667,997	-	-
Fixed deposits with licensed banks	16	3,655,530	2,114,386	1,831,071	-
Cash and bank balances		5,546,205	12,900,566	593,832	1,549,427
		328,240,951	307,824,524	241,036,641	228,521,758
Current Liabilities					
Trade payables	17	109,219,436	122,869,662	-	-
Other payables	18	17,320,918	19,872,905	202,048	336,715
Progress billings	12	62,326,092	-	-	-
Amount owing to subsidiary companies	14	-	-	151,474,406	185,752,549
Hire purchase payables	19	210,778	222,009	37,786	36,038
Bank borrowings	20	31,412,343	11,455,245	-	-
Taxation		7,402,467	17,106,062	3,239,929	-
		227,892,034	171,525,883	154,954,169	186,125,302
Net current assets		100,348,917	136,298,641	86,082,472	42,396,456
		266,342,477	221,261,151	138,892,968	95,420,327
Financed By:					
Share capital	21	83,222,485	61,800,896	83,222,485	61,800,896
Reserves	22	75,984,509	57,862,139	55,593,072	33,504,235
Equity attributable to owners of the Company		159,206,994	119,663,035	138,815,557	95,305,131
Non-controlling interests		1,131,404	2,945,601	-	-
Total equity		160,338,398	122,608,636	138,815,557	95,305,131
Non-Current Liabilities					
Trade payables	17	5,686,669	-	-	-
Hire purchase payables	19	145,255	309,360	32,823	70,608
Bank borrowings	20	100,125,000	98,275,000	-	-
Deferred tax liability	7	47,155	68,155	44,588	44,588
		106,004,079	98,652,515	77,411	115,196
		266,342,477	221,261,151	138,892,968	95,420,327

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

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	23	201,743,571	116,292,687	11,696,598	10,644,774
Cost of sales		(165,751,287)	(103,778,850)	-	-
Gross profit		35,992,284	12,513,837	11,696,598	10,644,774
Other operating income		5,421,742	2,889,567	14,328,927	5,996
Marketing and promotion expenses		(3,219,251)	(2,483,006)	-	-
Administration expenses		(13,151,262)	(14,528,681)	(6,391,822)	(6,994,919)
Other operating expenses		(11,625,215)	(7,766,887)	(1,993,571)	(706,839)
Profit/(Loss) from operations	24	13,418,298	(9,375,170)	17,640,132	2,949,012
Finance costs	25	(650,535)	(1,306,703)	(4,150)	(5,897)
Profit/(Loss) before taxation		12,767,763	(10,681,873)	17,635,982	2,943,115
Taxation	26	(4,395,436)	(2,144,318)	(3,343,623)	28,696
Net profit/(loss) for the financial year		8,372,327	(12,826,191)	14,292,359	2,971,811
Other comprehensive income:					
Exchange differences arising from translation of foreign operations		139,368	-	-	-
Total comprehensive income/(loss) for the financial year		8,511,695	(12,826,191)	14,292,359	2,971,811
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		10,186,524	(12,410,191)		
Non-controlling interests		(1,814,197)	(416,000)		
		8,372,327	(12,826,191)		
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		10,325,892	(12,410,191)		
Non-controlling interests		(1,814,197)	(416,000)		
		8,511,695	(12,826,191)		
Earnings/(Loss) per share attributable to owners of the Company:					
Basic (sen)	27(a)	3.71	(5.70)		
Diluted (sen)	27(b)	3.31	(4.65)		

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2011

		Attributable to Owners of the Company								
		Non-distributable					Distributable			
		Share Capital	Share Premium	Warrants Reserve	Translation Reserve	Capital Reserve	Retained Profits	Sub-Total	Non-Controlling Interests	Total Equity
Group	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2011		61,800,896	18,842,656	6,440,952	-	29,994	32,548,537	119,663,035	2,945,601	122,608,636
Net profit for the financial year		-	-	-	-	-	10,186,524	10,186,524	(1,814,197)	8,372,327
Other comprehensive income		-	-	-		139,368	-	139,368	-	139,368
Total comprehensive income		-	-	-	139,368	-	10,186,524	10,325,892	(1,814,197)	8,511,695
Dividend paid	28	-	-	-	-	-	(2,485,884)	(2,485,884)	-	(2,485,884)
Issuance of shares pursuant to										
exercise of Warrant 2006/2011		21,421,589	10,282,362	-	-	-	-	31,703,951	-	31,703,951
Transfer of warrants reserve		-	6,440,952	(6,440,952)	-	-	-	-	-	-
At 31 December 2011		83,222,485	35,565,970	-	139,368	29,994	40,249,177	159,206,994	1,131,404	160,338,398
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	28	-	-	-	-	-	(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)		-	-	-	-	-	(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

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

Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2011

		Non-distributable			Distributable	
		Share Capital	Share Premium	Warrants Reserve	Retained Profits	Total Equity
Company	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2011		61,800,896	18,842,656	6,440,952	8,220,627	95,305,13
Total comprehensive income		-	-	-	14,292,359	14,292,359
Dividend paid	30	-	-	-	(2,485,884)	(2,485,884)
Issuance of shares pursuant to the exercise of Warrants 2006/2011		21,421,589	10,282,362	-	-	31,703,951
Transfer of warrants reserve		-	6,440,952	(6,440,952)	-	-
At 31 December 2011		83,222,485	35,565,970	-	20,027,102	138,815,557
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
Issurance 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

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		12,767,763	(10,681,873)	17,635,982	2,943,115
Adjustment for:					
Bad debts written off		-	52,290	-	52,290
Depreciation of property, plant and equipment		393,088	831,574	188,014	210,502
Impairment of receivables		-	2,414,824	-	-
Impairment of other receivables		1,741,267	-	1,741,267	-
Interest expense		142,947	1,306,703	4,150	5,897
Loss on disposal of quoted investment		-	21,000	-	-
Loss on initial measurement of financial assets		507,588	-	-	-
Property, plant and equipment written off		649	19,490	649	-
Provision for liquidated and ascertained damages		2,730,573	960,589	-	-
Write-down in value of inventory		6,845	3,252,550	-	-
Overprovision for liquidated and ascertained damages		(38,624)	-	-	-
Overprovision for foreseeable loss		-	(300,000)	-	-
Write-back of impairment of inventories		(479,520)	-	-	-
Net gain on disposal of property, plant and equipment		-	(117,722)	-	-
Gain on initial measurement of financial liabilities		(949,402)	-	-	-
Interest income		(228,169)	(519,000)	(94,671)	(5,996)
Dividend income		-	-	(5,018,000)	(2,600,000)
Operating profit/(loss) before working capital changes		16,595,005	(2,759,575)	14,457,391	605,808
Decrease/(Increase) in working capital					
Land held for property development		(76,816,269)	(70,490,708)	-	-
Inventories		7,834,169	(5,523,109)	-	-
Property development costs		(31,752,093)	(36,995,981)	-	-
Amount owing by/to customers on contracts		8,953,449	27,118,982	-	-
Trade receivables		(16,221,499)	(8,441,678)	-	-
Accrued billings		7,760,339	42,934,132	-	-
Other receivables		(9,526,628)	5,082,237	339,944	(1,322,152)
Amount owing by/to subsidiary companies		-	-	(42,980,437)	(30,238,990)
Trade payables		(7,014,155)	(34,857,428)	-	-
Progress billings		62,326,092	-	-	-
Other payables		(5,243,936)	4,865,510	(134,992)	187,564
		(59,700,531)	(76,308,043)	(42,775,485)	(31,373,578)
Cash generated/(used in) from operations		(43,105,526)	(79,067,618)	(28,318,094)	(30,767,770)
Taxation paid		(14,153,810)	(12,390,143)	(51,067)	(427,584)
Interest received		228,169	519,000	94,671	5,996
Interest paid		(142,947)	(1,306,703)	(4,150)	(5,897)
		(14,068,589)	(13,177,846)	39,454	(427,485)
Net cash from/(used in) operating activities		(57,174,115)	(92,245,464)	(28,278,640)	(31,195,255)

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	29	(124,405)	(51,829)	(27,593)	(19,057)
Subscription of additional shares in existing subsidiary companies		-	-	(2)	-
Subscription of shares in subsidiary companies		-	-	(319)	-
Dividend received		-	-	-	2,600,000
Net proceeds from disposal of property, plant and equipment		-	530,200	-	-
Proceeds from disposal of quoted investment		-	214,000	-	-
Net cash from/(used in) investing activities		(124,405)	692,371	(27,914)	2,580,943
Cash Flows From Financing Activities					
Dividend paid	28	(2,485,884)	(2,470,117)	(2,485,884)	(2,470,117)
Repayment of hire purchase liabilities		(223,336)	(729,897)	(36,037)	(34,292)
Repayment of bank borrowings		(38,609,396)	(31,305,502)	-	-
Fixed deposits withdrawn from/(pledged to) licensed banks		218,054	(1,016,575)	-	-
Drawdown from bank borrowings		60,738,642	104,400,000	-	-
Issuance of shares by the Company					
- Ordinary shares		-	16,500,000	-	16,500,000
- Exercise of Warrant 2006/2011		31,703,951	135,642	31,703,951	135,642
Net cash from/(used in) financing activities		51,342,031	85,513,551	29,182,030	14,131,233
Net (decrease)/increase in cash and cash equivalents		(5,956,489)	(6,039,542)	875,476	(14,483,079)
Cash and cash equivalents at beginning 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		11,361,799	17,318,288	2,424,903	1,549,427
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		5,546,205	12,900,566	593,832	1,549,427
Cash held under Housing Development Accounts		3,984,523	4,667,997	-	-
Fixed deposits with licensed banks		3,655,530	2,114,386	1,831,071	-
Bank overdrafts		-	(322,148)	-	-
		13,186,258	19,360,801	2,424,903	1,549,427
Less: Fixed deposits pledged with licensed banks		(1,824,459)	(2,042,513)	-	-
		11,361,799	17,318,288	2,424,903	1,549,427

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

During the financial year, the Group and the Company have adopted the following new FRSs, revised FRSs, Issues Committee ("IC Int") Interpretations, amendments to FRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations:-

	Effective date for financial periods beginning on or after
Amendments to FRS 132: Financial Instruments: Presentation:- paragraphs 11,16 and 97E	1 March 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011

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 the Company except as disclosed in Note 37.

To converge with International Financial Reporting Standards ("IFRS") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretations 15 Agreements for the Construction of Real Estate, including its parent significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional one year. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group and the Company qualify as Transitioning Entities and therefore, the adoption of MFRS framework will be mandatory for annual financial period beginning on or after 1 January 2013.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of accounting (Cont'd)

MFRSs effective on 1 January 2012/1 January 2013 (Alternative available to Transitioning entities)

MFRS 1	First time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economics
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentation
MFRS 133	Earnings per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of accounting (Cont'd)

MFRSs effective on 1 January 2012/1 January 2013 (Alternative available to Transitioning entities) (Cont'd)

IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 15	Agreements for the Construction of Real Estate
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Service Concession Arrangements: Disclosures
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

MFRSs effective on 1 July 2012/1 January 2013 (for transitioning entities)

MFRS 101	Presentation of Financial Statement: Amendments in relation to Presentation of Items of Other Comprehensive Income

MFRSs effective on 1 January 2012/1 January 2013 (for transitioning entities)

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

MFRSs effective on 1 January 2012/1 January 2013 (Alternative available to Transitioning entities) (Cont'd)

Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013

MFRSs effective on 1 January 2014

Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of accounting (Cont'd)

MFRSs effective on 1 January 2015

MFRS 9	Financial Instruments (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

New FRSs

		Effective for financial periods beginning on or after
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013

Revised FRS

		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
FRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
FRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
FRS 128	Investments in Associates and Joint Ventures (as amended in November 2011)	1 January 2013

Amendments/Improvements to FRSs and IC Int

FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS 7	Disclosure - Transfers of Financial Assets	1 July 2012
FRS 112	Deferred Tax : Recovery of Underlying Assets	1 January 2011
FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
IC Int 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

Withdrawal of FRSs and IC Int

The following FRSs and IC Int will be withdrawn upon the adoption of the new/revised standards as disclosed above.

FRSs

FRS 119	Employee Benefits (2007)
FRS 127	Consolidated and Separate Financial Statements (2010)
FRS 128	Investments in Associates (2006)
FRS 131	Interests in Joint Venturers (2006)

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of accounting (Cont'd)

Withdrawal of FRSs and IC Int (Cont'd)

IC Int

IC Int 9	Reassessment of Embedded Derivatives (2008)
IC Int 112	Consolidation – Special Purpose Entities (2006)
IC Int 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers (2006)
IC Int 121	Income Taxes – Recovery of Revalued Non-depreciable Assets (2006)

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 and the Company's operations when they become effective.

The Directors of the Group and 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 the Company except the following:-

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

This new interpretation provides clarification when entity renegotiates the term of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully and partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit and loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in statements of comprehensive income.

Amendments to FRS 7 Disclosure – Transfer of financial assets

These Amendments amended the required disclosures to help users of financial statements evaluate the risk exposure relating to transfers of financial assets and the effect of those risks on an entity's financial position.

Amendments to FRS 101 Presentation of Other Comprehensive Income

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

FRS 9: Financial Instruments

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

FRS 10 Consolidated Financial Statements

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of accounting (Cont'd)

Withdrawal of FRSs and IC Int (Cont'd)

FRS 127 Separate Financial Statements (revised)

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

Technical Release 3: Guidance on Disclosures of Transition to IFRSs ("TR3")

TR3 provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. The quantified impact of the implementation of most of the MFRSs would only be observable in the subsequent financial years. The potential impact arising from differences between the current FRS framework versus the MFRS framework are as follows:

(i) IC Interpretation 15: Agreements for Construction of Real Estate

This interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components. An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract. An agreement for the construction of the real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.). This new interpretation further provides guidance on accounting for revenue from the construction of real estate.

Where the Group undertakes a property development project involving sale of goods, the implementation of this interpretation will change the Group's revenue recognition to take place at the time of delivery when risk and reward is transferred instead of recognised based on the percentage of completion method.

(ii) FRS 116: Property, Plant and Equipment

FRS 116 contains an additional disclosure to require an entity to disclose if it had applied the transitional provision provided by the MASB when FRS 116 was first adopted in 1998. The said transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost. However, MFRS 116 does not have similar requirements for such transition.

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

FRS 139 contains two transitional provisions, namely:

(a) Transitional provision for first-time adoption of FRS 139 which prohibits retrospective application and instead, requires an initial application of the recognition, classification and measurement on the effective date of the Standard.

(b) An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the revised Standard.

However, MFRS 139 does not have similar requirements for such a transition.

(iv) FRS 7: Financial Instruments: Disclosures

FRS 7 contains two transitional provisions; namely:

(a) An entity is not required to present any comparative disclosures required by the Standard when it first applied the Standard.

(b) An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 7 does not have similar requirements for such a transition.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Functional and presentation currency

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

(c) Significant accounting estimates and judgements

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

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

(i) Revenue recognition of property development activities and construction contracts

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

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

(ii) Depreciation of property, plant and equipment

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

(iii) Income taxes

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

(iv) Deferred tax asset

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

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

(v) Allowance for inventory write down

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vi) Contingent liabilities

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

(vii) Fair values of borrowings

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

(viii) Provisions for liabilities

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

(d) Basis of consolidation

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

(i) Subsidiary companies

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

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

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

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date when the Group attains control and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

When increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss. Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on acquisition date. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(ii) Changes in Group composition

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

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

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

(iii) Transactions eliminated on consolidation

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation (Cont'd)

(iv) Transaction costs

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

(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.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation

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

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

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

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

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

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

(h) Leases

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

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

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

(i) Impairment of non-financial assets

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

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

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Property development costs (Cont'd)

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.

(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 probableA that an outflow of resources will be required to settle the obligation.

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

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

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs (Cont'd)

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.

Liquidated ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are recognised in the statement of comprehensive income.

(s) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items, such as financial assets held for trading held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available-for-sale financial assets, are included in the exchange fluctuation reserve in the equity. The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

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

	2011 RM	**2010 RM**
Australian Dollars	3.223	N/A

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Equity instruments

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

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

(u) Reserves

(i) Warrant Reserve

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

(ii) Capital Reserve

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

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

(iii) Foreign currency translation reserve

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

(v) Revenue recognition

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Revenue recognition (Cont'd)

(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.

(w) Income tax

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

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

(x) 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

(z) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statements of comprehensive income.

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

(aa) 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Financial guarantee contracts

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

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

(ac) 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.

(ad) 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.

Notes to the Financial Statements

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
2011								
Cost								
At 1.1.2011	269,199	372,635	866,322	1,350,724	2,036,544	11,600	614,222	5,521,246
Additions	-	558,220	69,050	34,348	54,557	14,450	-	730,625
Reclassification to inventories	(239,400)	(262,524)	-	-	-	-	-	(501,924)
Write-off	-	-	-	(1,199)	-	-	-	(1,199)
At 31.12.2011	29,799	668,331	935,372	1,383,873	2,091,101	26,050	614,222	5,748,748
Accumulated depreciation								
At 1.1.2011	34,840	93,332	714,702	799,994	1,732,031	3,640	220,970	3,599,509
Charge for the financial year	1,915	5,364	77,972	131,371	207,885	1,722	61,422	487,651
Other movements	(31,521)	(63,042)	-	-	-	-	-	(94,563)
	(29,426)	(57,678)	77,972	131,371	207,885	1,722	61,422	393,088
Write-off	-	-	-	(550)	-	-	-	(550)
At 31.12.2011	5,234	35,654	792,674	930,815	1,939,916	5,362	282,392	3,992,047
Carrying amount								
At 31.12.2011	24,565	632,677	142,698	453,058	151,185	20,688	331,830	1,756,701
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

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Company	Furniture, fittings and equipment RM	Computers RM	Motor vehicles RM	Office renovation RM	Total RM
2011					
Cost					
At 1.1.2011	369,561	278,949	293,599	614,222	1,556,331
Additions	2,375	25,218	-	-	27,593
Write-off	(1,199)	-	-	-	(1,199)
At 31.12.2011	370,737	304,167	293,599	614,222	1,582,725
Accumulated depreciation					
At 1.1.2011	137,203	187,666	249,559	220,571	794,999
Charge for the financial year	35,997	46,556	44,039	61,422	188,014
Write-off	(550)	-	-	-	(550)
At 31.12.2011	172,650	234,222	293,598	281,993	982,463
Carrying amount					
At 31.12.2011	198,087	69,945	1	332,229	600,262
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

The remaining periods of the long term leasehold lands of the Group is 85 years. (2010: 78 years to 86 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 RM36,871 and RM12,210 (2010: RM157,621 and RM44,040) respectively.

Notes to the Financial Statements

4. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost		
At 1 January	52,209,913	52,209,911
Addition during the financial year	321	2
At 31 December	52,210,234	52,209,913
Represented by:		
Ordinary shares	52,209,234	52,208,913
Redeemable preference shares	1,000	1,000
	52,210,234	52,209,913

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

Name of company	Country of incorporation	Effective Equity interest 2011 %	Effective Equity interest 2010 %	Principal Activities
Direct holding -				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Specialist in civil engineering and building construction
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	100	100	Property development
Magna Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	100	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	100	Civil engineering and building construction

Notes to the Financial Statements

4. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of company	Country of incorporation	Effective Equity interest 2011 %	2010 %	Principal Activities
Magna City Shah Alam Sdn. Bhd.	Malaysia	100	100	Dormant
Magna City Development Sdn Bhd.	Malaysia	100	100	Property development
Permata Juang (M) Sdn. Bhd.	Malaysia	100	100	Property development
Monetary Icon (M) Sdn. Bhd.	Malaysia	100	100	Property development
* Magna Prima Australia Pty Ltd	Australia	100	-	Property development
Subsidiary of Dunia Epik Sdn. Bhd.				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Subsidiaries companies 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
Subsidiaries company of Magna Prima Construction Sdn. Bhd.				
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and projec management
Subsidiaries companies of Magna Park Sdn. Bhd.				
Embassy Court Sdn. Bhd.	Malaysia	91	91	Property development
Amanabina Sdn. Bhd.	Malaysia	91	91	Property development and project management services
Subsidiary company of Winicon (M) Sdn. Bhd.				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	100	100	Property development and property investment

* *Company not audited by Anuarul Azizan Chew & Co.*

(b) On 1 April 2011, the Company purchased from its subisidiary company, Kontrakmal 1 (M) Sdn Bhd ("K1") two ordinary shares shares for a total purchase consideration of Ringgit Malaysia Two (RM2.00) only which represent the remaining shares of K1 not already owned by the Company and has agreed to purchase all the shares at the said price free from all charges, pledges, encumbrances and options and with all rights of whatsoever nature attached thereto and ultimately own 100% of the entire paid up capital of K1.

(c) On 27 June 2011, a wholly-owned subsidiary of the Company, Magna Prima Australia Pty Ltd ("MPA") was incorporated in Australia with a paid up share capital of Australian Dollar One Hundred (AUD100.00) only. The principal activity of MPA is property development.

Notes to the Financial Statements

5. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2011 RM	Group 2010 RM
Freehold land at cost:		
At 1 January	67,887,730	-
Addition during the financial year	91,102,129	67,887,730
Reclassified to property development costs (Note 10)	(19,408,370)	-
At 31 December	139,581,489	67,887,730
Leasehold land at cost:		
At 1 January/31 December	5,187,540	5,187,540
Development expenditure:		
At 1 January	3,473,977	870,999
Addition during the financial year	5,850,336	2,602,978
Reclassified to property development costs (Note 10)	(727,826)	-
At 31 December	8,596,487	3,473,977
	153,365,516	76,549,247

6. GOODWILL ON CONSOLIDATION

	Group 2011 RM	Group 2010 RM
At 1 January/31 December	3,269,146	3,269,146

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

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

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

7. DEFERRED TAXATION

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
At 1 January	3,154,225	2,882,546	8,038	(44,588)
Recognised in statement of comprehensive income	198,541	271,679	(52,626)	52,626
Under provision in prior financial years	(523,416)	-	-	-
At 31 December	2,829,350	3,154,225	(44,588)	8,038
Represented by:				
Deferred tax liability	(47,155)	(68,155)	(44,588)	(44,588)
Deferred tax asset	2,876,505	3,222,380	-	52,626
	2,829,350	3,154,225	(44,588)	8,038

Notes to the Financial Statements

7. DEFERRED TAXATION (CONT'D)

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 2011 RM	2010 RM
At 1 January	68,155	70,186
Recognised in statements of comprehensive income	(21,000)	(2,031)
At 31 December	47,155	68,155

Deferred tax asset of the Group:

	Unused tax losses 2011 RM	2010 RM
At 1 January	3,222,380	2,952,732
Recognised in statements of comprehensive income	(345,875)	269,648
At 31 December	2,876,505	3,222,380

Deferred tax liability of the Company:

	Accelerated capital allowances 2011 RM	2010 RM
At 1 January/31 December	44,588	44,588

Deferred tax asset of the Company:

	Unused tax losses 2011 RM	2010 RM
At 1 January	52,626	-
Recognised in statements of comprehensive income	(52,626)	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.

8. TRADE RECEIVABLES

	Group 2011 RM	2010 RM
Trade receivables	53,271,800	33,843,099
Retention sum receivables	-	4,387,925
	53,271,800	38,231,024
Less: Allowance for impairment	(5,253,232)	(5,368,148)
	48,018,568	32,862,876
Analysis as:		
Non-current asset	4,725,692	-
Current asset	43,292,876	32,862,876
	48,018,568	32,862,876

Notes to the Financial Statements

8. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

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

	Group 2011 RM	Group 2010 RM
Neither past due or impaired	18,034,664	16,334,296
1 - 90 days past due but not impaired	10,294,226	1,716,958
91 - 180 days past due but not impaired	3,229,692	1,153,416
181 days - 1 year past due but not impaired	5,967,657	566,470
More than 1 year past due but not impaired	10,492,329	13,091,736
	29,983,904	16,528,580
Fully impaired	5,253,232	5,368,148
	53,271,800	38,231,024
Trade receivables that are impaired		
Individually	5,253,232	5,368,148
Allowance for impairment		
At 1 January	5,368,148	4,780,467
Additions during the financial year	-	2,414,824
Write-back	-	(1,706,275)
Bad debt written off	(114,916)	(120,868)
At 31 December	5,253,232	5,368,148

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

The Group's trade receivables of RM29,983,904 (2010: RM16,528,580) that are past due at the reporting date but not impaired are unsecured. The detail are as follows:

		Group 2011 RM	Group 2010 RM
Trade receivables from trading activities	@	3,751,784	1,198,282
Trade receivables from constructions activities	@	1,703,315	2,332,093
Trade receivables from development properties	#	11,372,753	2,502,060
Stakeholders sum	+	13,156,052	10,496,145
		29,983,904	16,528,580

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

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

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

The Group's normal trade credit terms range from 30 to 120 days (2010: 30 to 120 days).

Notes to the Financial Statements

9. INVENTORIES

	Group	
	2011 RM	2010 RM
Unsold units of completed properties		
At 1 January	9,377,241	7,065,796
Transfer from property development costs (Note 10)	-	15,270,784
Transfer from property, plant and equipment (Note 3)	501,924	-
Sales of properties	(7,793,665)	(9,706,789)
Reversal of impairment loss	479,520	-
Impairment losses	(6,845)	(3,252,550)
At 31 December	2,558,175	9,377,241
Finished goods	213,668	254,172
	2,771,843	9,631,413

10. PROPERTY DEVELOPMENT COSTS

	Group	
	2011 RM	2010 RM
Freehold land at cost	101,268,788	90,430,444
Leasehold land at cost	80,849,607	48,139,640
Planning, survey and strata titles fees	4,416,864	4,416,864
Development and construction cost	703,132,326	623,849,167
	889,667,585	766,836,115
Cost recognised as an expense in previous years	(723,019,498)	(652,471,293)
Transfer to inventories	(20,329,779)	(5,058,995)
At 1 January	146,318,308	109,305,827
Reclassified from land held for property development (Note 5)		
- Freehold land at cost	19,408,370	-
- Development expenditure	727,826	-
	20,136,196	-
Cost incurred during the financial year		
- Acquisition of land	11,100,000	43,548,311
- Authority contributions	11,371,646	3,636,296
- Professional fees	6,068,384	4,272,476
- Building and construction	100,421,303	59,554,320
- Sales and marketing	689,975	-
- Planning, survey and strata titles fees	74,859	259,682
- Finance costs (Note 25)	8,794,808	11,560,385
	138,520,975	122,831,470
Cost recognised as an expense in the current financial year	(126,905,078)	(70,548,205)
Transfer to inventories (Note 9)	-	(15,270,784)
At 31 December	178,070,401	146,318,308

Notes to the Financial Statements

11. AMOUNT OWING BY CUSTOMERS ON CONTRACTS

	Group	
	2011 RM	2010 RM
Contract costs	831,857,141	740,488,298
Attributable profits	138,928,288	123,926,124
	970,785,429	864,414,422
Progress billings including retention sum	(948,372,588)	(833,048,132)
	22,412,841	31,366,290
Represented by:		
Amount owing by customer on contracts	22,412,841	31,366,290
Retention sum included in progress billings	13,656,572	9,175,113

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

		Group	
	Note	2011 RM	2010 RM
Hire of machinery		587,373	794,961
Staff costs capitalised	31	1,454,421	1,573,206

12. ACCRUED BILLINGS/(PROGRESS BILLINGS)

	Group	
	2011 RM	2010 RM
Revenue recognised in statements of comprehensive income to-date	446,152,430	599,042,858
Progress billing to-date	(501,991,719)	(584,795,716)
	(55,839,289)	14,247,142
Accrued billings	6,486,803	14,247,142
Progress billings	(62,326,092)	-
	(55,839,289)	14,247,142

Notes to the Financial Statements

13. OTHER RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	10,868,877	4,783,527	2,724,119	2,702,857
Deposits	32,399,741	29,891,050	144,830	131,330
Prepayments	20,069,417	20,158,131	714,896	1,089,602
	63,338,035	54,832,708	3,583,845	3,923,789
Less: Allowance for impairments	(1,741,267)	(1,160,669)	(1,741,267)	-
	61,596,768	53,672,039	1,842,578	3,923,789
Allowance for impairment				
At 1 January	1,160,669	1,160,669	-	-
Additions during the financial year	1,741,267	-	1,741,267	-
Bad debt written off	(1,160,669)	-	-	-
At 31 December	1,741,267	1,160,669	1,741,267	-

14. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

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

15. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act 1966. The interest earned on the above ranges from 1.99% to 2.15% (2010: 1.99% to 2.15%).

16. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits pledged to licensed banks	1,824,459	2,042,513	-	-
Other short term deposits	1,831,071	71,873	1,831,071	-
	3,655,530	2,114,386	1,831,071	-

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

The interest rates and maturities of deposits range from 1.8% to 3% (2010: 1.8% to 3%) per annum and 1 to 365 days (2010: 1 to 365 days) respectively.

Notes to the Financial Statements

17. TRADE PAYABLES

	Group 2011 RM	Group 2010 RM
Trade payables	103,388,671	116,017,767
Retention sum payables	11,517,434	6,851,895
	114,906,105	122,869,662
Analysis as:		
Non-current liabilities	5,686,669	-
Current liabilities	109,219,436	122,869,662
	114,906,105	122,869,662

The Group's normal trade credit terms range from 30 to 120 days (2010: 30 to 120 days).

18. OTHER PAYABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Other payables	9,166,215	10,305,232	134,708	192,299
Refundable deposits	2,184,157	1,916,819	-	-
Accruals	5,970,546	7,650,854	67,340	144,416
	17,320,918	19,872,905	202,048	336,715

19. HIRE PURCHASE PAYABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
(a) Future minimum payments				
Repayable within one year	223,291	243,768	40,188	40,188
Repayable between one and five years	152,117	320,655	33,490	73,677
	375,408	564,423	73,678	113,865
Less: Finance charges	(19,375)	(33,054)	(3,069)	(7,219)
	356,033	531,369	70,609	106,646
(b) Present value representing hire purchase liabilities				
Repayable within one year	210,778	222,009	37,786	36,038
Repayable between one and five years	145,255	309,360	32,823	70,608
	356,033	531,369	70,609	106,646
Analysed as:				
Repayable within twelve months	210,778	222,009	37,786	36,038
Repayable after twelve months	145,255	309,360	32,823	70,608
	356,033	531,369	70,609	106,646

The hire purchase bear interest at the reporting date at rates between 4.80 % to 6.14% (2010: 4.80% to 6.14%) per annum.

Notes to the Financial Statements

20. BANK BORROWINGS

	Group	
	2011 RM	2010 RM
Secured:		
Bridging loan	5,348,640	-
Term loans	124,974,703	106,021,097
Bank overdrafts	-	322,148
Banker acceptance	1,214,000	3,387,000
	131,537,343	109,730,245
Repayable within twelve months		
Secured:		
Bridging loan	5,348,640	-
Term loans	24,849,703	7,746,097
Bank overdrafts	-	322,148
Banker acceptance	1,214,000	3,387,000
	31,412,343	11,455,245
Repayable after twelve months		
Secured:		
Term loans	100,125,000	98,275,000
	131,537,343	109,730,245
Maturity of borrowings:		
Within one year	31,412,343	11,455,245
Between one and two years	100,125,000	98,275,000
	131,537,343	109,730,245

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

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

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

(c) Trade financing general agreement;

(d) Letter of negative pledge;

(e) Blanket counter indemnity;

(f) Facility Agreement for the total borrowings which amounts to RM125,000,000 (2010: RM173,398,900);

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

(h) A registered Debenture covering a first fixed and floating charge for RM125,000,000 (2010: RM61,600,000) on all current and future assets of certain subsidiary companies; and

(i) 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 3.5 years (2010: 1 to 4.5 years).

Notes to the Financial Statements

20. BANK BORROWINGS (CONT'D)

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

		Group 2011 %	Group 2010 %
Bridging loan	Floating rate	7.60	-
Term loans	Floating rate	7.30 - 8.10	9.04
Bank overdrafts	Floating rate	8.10	7.80
Banker acceptance	Floating rate	5.62	5.62

21. SHARE CAPITAL

	Group/Company Number of ordinary shares: 2011	2010	Amount 2011 RM	2010 RM
Authorised				
Ordinary shares of RM0.25/RM1 each:				
At 1 January	400,000,000	100,000,000	100,000,000	100,000,000
Increase due to share split exercise	-	300,000,000	-	-
At 31 December	400,000,000	400,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.25/RM1 each:				
At 1 January	247,203,584	53,459,246	61,800,896	53,459,246
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	85,686,356	366,600	21,421,589	91,650
At 31 December	332,889,940	247,203,584	83,222,485	61,800,896

22. RESERVES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-distributable:				
Share premium	35,565,970	18,842,656	35,565,970	18,842,656
Capital reserve	29,994	29,994	-	-
Warrants	-	6,440,952	-	6,440,952
Foreign currency translation reserve	139,368	-	-	-
Distributable:				
Retained profits	40,249,177	32,548,537	20,027,102	8,220,627
	75,984,509	57,862,139	55,593,072	33,504,235

Notes to the Financial Statements

23. REVENUE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Sale of development properties	166,872,818	89,037,630	-	-
Value of construction works				
- current year	8,402	3,538,511	-	-
- over recognised in prior year	(1,412,933)	-	-	-
Property management fee	606,342	832,034	-	-
Management fee received/receivable from subsidiary companies				
- current year	-	-	7,654,888	8,044,774
- over recognised in prior year	-	-	(976,290)	-
Dividend income	-	-	5,018,000	2,600,000
Trading and other income	35,668,942	22,884,512	-	-
	201,743,571	116,292,687	11,696,598	10,644,774

24. PROFIT/(LOSS) FROM OPERATIONS

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Auditors' remuneration				
Statutory audit				
- Current year	167,025	148,500	22,000	22,000
- Under provision in prior year	5,000	509	-	-
Other non-audit fee	-	27,200	-	27,200
Impairment of receivables	-	2,414,824	-	-
Impairment of other receivables	1,741,267	-	1,741,267	-
Bad debts written off	-	52,290	-	52,290
Depreciation of property, plant and equipment	393,088	831,574	188,014	210,502
Equipment rental	81,146	81,758	70,816	62,140
Lease rental	154,450	179,000	-	-
Loss on disposal of quoted investment	-	21,000	-	-
Overprovision for liquidated and ascertained damages	(38,624)	-	-	-
Property, plant and equipment written off	649	19,490	649	-
Provision for liquidated and ascertained damages	2,730,573	960,589	-	-
Rental of premises	530,900	561,800	452,400	445,800
Rental of machineries	863,691	502,250	-	-
Rental of computers	396,868	691,067	386,076	681,275
Rental of trucks	3,726,920	3,383,798	-	-
Write back of impairment of inventories	(479,520)	-	-	-
Write-down in value of inventory	6,845	3,252,550	-	-
Overprovision for foreseeable loss	-	(300,000)	-	-
Write back of impairment of receivables	-	(1,706,275)	-	-
Gain on disposal of property, plant and equipment	-	(117,722)	-	-
Gain on initial measurement of financial liabilities	(949,402)	-	-	-
Interest income	(228,169)	(519,000)	(94,671)	(5,996)
Rental income	(2,725,728)	(1,227,325)	-	-

Notes to the Financial Statements

25. FINANCE COSTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expenses on:				
Term loans	8,811,190	12,557,165	-	-
Hire purchase	19,954	40,899	4,150	5,897
Bank overdrafts	21,944	61,499	-	-
Banker acceptances	77,054	199,892	-	-
Loss on initial measurement of financial assets	507,588	-	-	-
Others	7,613	7,633	-	-
	9,445,343	12,867,088	4,150	5,897
Less: Finance costs capitalised:				
Property development cost (Note 10)	(8,794,808)	(11,560,385)	-	-
	650,535	1,306,703	4,150	5,897

26. TAXATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Tax expenses for the financial year:				
- Current tax provision	2,630,195	29,369	3,239,929	-
- Under provision in prior financial years	1,440,366	2,386,628	51,068	23,930
	4,070,561	2,415,997	3,290,997	23,930
Deferred tax:				
- Relating to origination and reversal of temporary differences	(198,541)	(271,679)	52,626	(52,626)
- Under provision in prior financial year	523,416	-	-	-
	324,875	(271,679)	52,626	(52,626)
	4,395,436	2,144,318	3,343,623	(28,696)

Income tax is calculated at the statutory rate of 25% (2010: 25%) on chargeable income of the estimated assessable profit for the financial year. A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) before taxation	12,767,763	(10,681,873)	17,635,982	2,943,115
Taxation at statutory tax rate of 25% (2010: 25%)	3,191,941	(2,670,468)	4,408,996	735,779
Income not subject to tax	-	-	(1,254,500)	(922,943)
Expenses not deductible for tax purposes	472,932	2,513,811	700,311	134,538
Utilisation of previously unrecognised income tax benefits	(1,233,219)	(85,653)	-	-
Under provision of current taxation in respect of prior years	1,440,366	2,386,628	51,068	23,930
Under provision of deferred taxation in prior year	523,416	-	-	-
Group relief	-	-	(562,252)	-
Tax expense for the financial year	4,395,436	2,144,318	3,343,623	(28,696)

Notes to the Financial Statements

26. TAXATION (CONT'D)

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

	Group	
	2011 RM	**2010 RM**
Accelerated capital allowances	(33,739)	(33,739)
Unutilised capital allowances	4,095,698	4,095,698
Unabsorbed tax losses	14,346	14,346
	4,076,305	4,076,305

27. EARNINGS PER SHARE

(a) Basic earnings/(loss) per share

The earnings/(loss) per share has been calculated based on the consolidated profit after taxation attributable to shareholders of the Company of RM10,186,524 (2010: consolidated loss RM12,410,191) for the Group and the weighted average number of ordinary shares in issue during the financial year of 274,258,551 (2010: 217,859,806).

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

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

	Group	
	2011 RM	**2010 RM**
Net profit/(loss) for the financial year attributable to shareholders of the Company	10,186,524	(12,410,191)
Weighted number of ordinary shares issued	274,258,551	217,859,806
Adjusted for :		
Assumed exercise of Warrants	-	49,114,646
Shares deemed to have been issued at fair value	33,218,478	-
Fully diluted weighted average number of shares	307,477,029	266,974,452
Diluted earnings/(loss) per share (sen)	3.31	(4.65)

28. DIVIDENDS

	Group	
	2011 RM	**2010 RM**
Final dividend paid in respect of financial year ended 31 December 2009:		
-1 sen per share single tier exempt dividend	-	2,470,117
Final dividend paid in respect of financial year ended 31 December 2010:		
-1 sen per share single tier exempt dividend	2,485,884	-
	2,485,884	2,470,117

Notes to the Financial Statements

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Aggregate cost (Note 3)	730,625	51,829	27,953	19,057
Less: Hire purchase financing	(48,000)	-	-	-
Less: Contra of debts	(558,220)	-	-	-
Cash payments	124,405	51,829	27,953	19,057

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group/Company	
	2011 RM	2010 RM
Company's Directors		
- Salaries and other emoluments	1,153,935	1,590,650
- EPF	108,816	139,529
- Socso	1,786	1,719
- Bonus	99,000	134,980
- Fees and meeting allowances	239,717	306,000
- Estimated money value of benefits-in-kind	61,446	147,265

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

31. STAFF INFORMATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Staff costs (excluding Directors) comprise:				
- charged to statements of comprehensive income	9,089,503	7,591,870	2,590,888	2,174,555
- capitalised in amount owing by customers on contracts (Note 11)	1,454,421	1,573,206	-	-
Total staff costs for the financial year	10,543,924	9,165,076	2,590,888	2,174,555

Included in staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM1,020,205 and RM262,420 (2010: RM865,069 and RM231,274) respectively.

Notes to the Financial Statements

32. SIGNIFICANT RELATED PARTIES TRANSACTIONS

	Company	
	2011 RM	**2010 RM**
Dividend received from subsidiary company:		
Dunia Epik Sdn Bhd	5,018,000	2,600,000
Commitment payment received/receivable from a subsidiary company, Embassy Court Sdn Bhd for gross development value entitlement	14,234,056	-
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	98,302	1,986,603
Dunia Epik Sdn. Bhd.	3,108,218	3,093,061
Embassy Court Sdn. Bhd.	266,045	131,917
Magna Prima Construction Sdn. Bhd.	49,663	1,074,049
MPrima (Shah Alam) Sdn. Bhd.	36,327	74,024
Monetary Icon (M) Sdn Bhd	2,281,637	40,538
Magna Shah Alam Sdn. Bhd.	947,364	1,187,418
Magna Mix Sdn. Bhd.	382,744	402,239
Pembinaan Contamaju-Infocast Sdn. Bhd.	50,358	54,925
Crossborder Team (M) Sdn. Bhd.	33,630	-
Ibsul Development (Sel) Sdn. Bhd.	276,206	-
Permata Juang (M) Sdn. Bhd.	88,422	-
Magna City Development Sdn. Bhd.	35,972	-
	7,654,888	8,044,774
Overprovision of management fee from subsidiary companies in prior years:		
Magna Park Sdn. Bhd.	(314,926)	-
Embassy Court Sdn. Bhd.	(129,696)	-
Magna Shah Alam Sdn. Bhd.	(4,149)	-
Dunia Epik Sdn. Bhd.	(172,901)	-
Magna Prima Construction Sdn. Bhd.	(58,832)	-
Magna Mix Sdn. Bhd.	(247,105)	-
Pembinaan Contamaju-Infocast Sdn. Bhd.	(48,681)	-
	(976,290)	-

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

33. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 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	3,352,160	3,515,680	-	-
- at par value	(1,022,000)	(1,022,000)	-	-
Inflow of economic benefit which is probable but not virtually certain	2,330,160	2,493,680	-	-

Notes to the Financial Statements

33. CONTINGENT ASSETS AND CONTINGENT LIABILITIES (CONT'D)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Contingent Liabilities				
Guarantees given to financial institutions for facilities granted to subsidiary companies:				
- Secured on assets of subsidiary companies	-	-	132,844,742	130,377,166
- Unsecured	-	-	-	-
Guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:				
- Unsecured	-	-	25,300,000	22,300,000
Limit of guarantees	-	-	158,144,742	152,677,166
Amount utilised by subsidiary companies.	-	-	136,743,649	114,647,924

34. SEGMENTAL REPORTING

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

34. SEGMENTAL REPORTING (CONT'D)

The main business segments of the Group comprise the following:

2011	Properties RM	Construction & Engineering RM	Manufacturing & Trading RM	Others RM	Total RM
Revenue					
Total revenue	174,582,818	103,722,681	28,852,891	12,655,461	319,813,851
Inter-segment revenue	-	(105,127,212)	(893,949)	(12,049,119)	(118,070,280)
Total segment revenue	174,582,818	(1,404,531)	27,958,942	606,342	201,743,571

2011	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Non-reportable segments Total RM	Inter-segment eliminations RM	Total RM
Results							
Segment profit/(loss)	2,959,915	10,295,448	(791)	3,544,431	(16,757)	(4,014,483)	12,767,763
Included in the segment profit/(loss) are:-							
Interest income	133,498	-	-	94,671	-	-	228,169
Assets							
Segment assets	579,180,152	148,974,600	13,451,269	301,057,926	33,272,462	(581,701,898)	494,234,511
Liabilities							
Segment liabilities	538,800,354	118,568,220	10,409,180	162,071,125	20,124,422	(516,077,188)	333,896,113

2010	Properties RM	Construction & Engineering RM	Manufacturing & 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

2010	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Non-reportable segments Total 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

Notes to the Financial Statements

34. SEGMENTAL REPORTING (CONT'D)

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

	2011 RM	2010 RM
Total profit/(loss) for segments	12,767,763	(10,681,873)
Adjustment for taxation	(4,395,436)	(2,144,318)
Consolidated profit/(loss) before tax	8,372,327	(12,826,191)

There were no major customers with revenue equal or more than 10% of the Group's revenue for the financial year ended 31 December 2011 (2010: RM Nil).

Geographical segments

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

	Malaysia RM	Australia RM	Total RM
2011			
Revenue	201,743,571	-	201,743,571
Non-current assets	66,218,389	96,898,666	163,117,055
2010			
Revenue	116,292,687	-	116,292,687
Non-current assets	81,740,130	-	81,740,130

35. COMMITMENTS

	Group	
	2011 RM	2010 RM
Approved and contracted for:		
Contractual obligation for development project	124,181,104	152,571,233

36. FINANCIAL INSTRUMENTS

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

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

(a) Foreign currency exchange risk

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

Notes to the Financial Statements

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Foreign currency exchange risk (Cont'd)

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

	Company	
	2011 RM	2010 RM
Amount owing by subsidiary companies		
Denominated in Australian Dollar	102,760,898	-

Currency risk sensitivity analysis

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

	Company	
	2011 RM	2010 RM
AUD/RM		
- strengthened 5%	5,138,045	-
- weakened 5 %	(5,138,045)	-

(b) Interest Rate Risk

The Group's and Company'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 and the Company does not hedge the interest rate risk.

Exposure to interest rate risk

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

	Group/Company	
	2011 RM	2010 RM
Floating rate instruments		
Financial liabilities:-		
Bank borrowings	131,537,343	109,730,245

Interest rate risk sensitivity analysis

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

Notes to the Financial Statements

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk (Cont'd)

Group	Profit/(Loss) after taxation 25bp increase RM	25bp decrease RM
Bank borrowings	(3,288,433)	3,288,433

(c) Credit risk

Exposure to credit risk

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

Credit risk concentration profile

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

(d) Liquidity and Cash Flow Risks

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

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

Maturity analysis

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

	On demand or within one year RM	Two to five years RM	Total RM
Financial liabilities:-			
Trade and other payables	188,866,446	5,686,669	194,553,115
Taxation	7,402,467	-	7,402,467
Bank borrowings	31,412,343	100,125,000	131,537,343
Hire purchase payables	210,778	145,255	356,033
	227,892,034	105,956,924	333,848,958

(e) Market risk

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

The Group has no significant exposure to other market risk.

Notes to the Financial Statements

36. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair value of financial instruments

The aggregate fair values of financial asset and liabilities of the Group as at 31 December 2011 are as follows:-

	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial asset				
Non-current asset				
Trade receivables	4,725,692	4,725,692	-	-
Financial liabilities				
Non-current liabilities				
Trade payables	5,686,669	5,686,669	-	-
Bank borrowings	100,125,000	100,125,000	98,275,000	98,275,000
Hire purchase payables	145,255	125,743	309,359	255,907
Company				
Financial liability				
Non-current liability				
Hire purchase payable	32,823	16,919	70,608	54,704

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

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

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

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

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

Fair value hierarchy

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

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

Notes to the Financial Statements

36. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair value of financial instruments (Cont'd)

Interest rates used to determined fair value:-

	2011 % p.a.	2010 % p.a.
Trade payables	7.80	-
Trade receivables	7.80	-
Hire purchase payables	3.48	3.48

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

The effects on adoption of the following revised FRSs and amendments to FRSs which are relevant to the operations of the Group and the Company during the current financial year are set out below:-

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.

Amendments to FRS 101: Presentation of Financial Statements

The Amendments clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Group.

Improvement to FRS 3 : Business Combination

This improvement clarifies that :-

- the choice of measuring non-controlling interest at fair value or at the proportionate share of the acquiree's nest assets applies only to instruments that represent present ownership interest and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by FRS.

- The amendments to FRS 7, FRS 132 and FRS 139 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of FRS 3 (2010). Those contingent consideration arrangements are to be accounted for in accordance with the guidance of FRS 3 (2005).

Notes to the Financial Statements

38. CAPITAL MANAGEMENT

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

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

	Company	
	2011 RM	2010 RM
Total interest bearing borrowings	131,893,376	110,261,614
Less: Cash and cash equivalents	(13,186,258)	(19,682,949)
Net borrowings	118,707,118	90,578,665
Equity attributable to owners of the Company	159,206,990	119,663,035
Gearing ratio	0.75	0.76

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

39. SIGNIFICANT EVENTS

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

(a) Magna Prima Berhad ("MPB")

On 1 April 2011, the Company purchased from its subisidiary company, Kontrakmal 1 (M) Sdn Bhd ("K1") two ordinary shares shares for a total purchase consideration of Ringgit Malaysia Two (RM2.00) only which represent the remaining shares of K1 not already owned by the Company and has agreed to purchase all the said shares at the said price free from all charges, pledges, encumbrances and options and with all rights of whatsoever nature attached thereto and ultimately owned 100% of the entire paid up capital of K1.

On 27 June 2011, a wholly-owned subsidiary of the Company, Magna Prima Australia Pty Ltd ("MPA") was incorporated in Australia with a paid up share capital of Australian Dollars One Hundred (AUD$100.00) only. The principal activity of MPA is property development.

(b) Magna City Development Sdn Bhd ("MCD")

On 2 November 2007, the Company announced that its subsidiary, Magna City Development Sdn Bhd. had entered into Sale and Purchase Agreement with Muafakat Kekal Sdn. Bhd. to acquire two parcels of freehold land held under Geran Mukim No. Hakmilik 1343 and 1344 with Lot 1075 and 1073 respectively, all in Mukim of Batu and Tempat Bangkong, District of Kuala Lumpur, State of Wilayah Persekutuan for a total area of approximately 10.23 acres for a total cash consideration of RM57,930,444. The proposed acquisition, which was approved by the shareholders at the Extraordinary General Meeting on 7 January 2008 and by Foreign Investment Committee on 19 February 2008, was completed on 3 March 2011.

(c) Crossborder Team (M) Sdn Bhd ("Crossborder")

On 13 June 2011, the Company announced that Crossborder, its wholly-owned subsidiary has received a letter from Jabatan Ketua Pengarah Tanah dan Galian (Persekutuan) Negeri Selangor ("JKPTG"), on behalf of the Ministry of Higher Education ("MOHE") imposing a compulsory acquisition pursuant to Section 8 of the Land Acquisition Act 1960 on 2.43 hectares of land ("the Affected Area") belonging to Crossborder for MOHE to construct the access, additional building and recreation centre for Universiti Teknologi Mara Campus in Selayang. The Affected Area is the overall land of the "D'Sierra Anggun Selayang" development by Crossborder on Lot 2466, PM 2780 Mukim Bandar Selayang Daerah Gombak.

Notes to the Financial Statements

39. SIGNIFICANT EVENTS (CONT'D)

(c) Crossborder Team (M) Sdn Bhd ("Crossborder") (Cont'd)

On 27 October 2011, Crossborder has received from JKPTG vide their Notice of Offer for Compensation granting RM16,880,032 as compensation which Crossborder has accepted with objection and will appeal for a higher amount on the ground that the compensation granted does not match the fair market value of the Affected Area acquired.

(d) Magna Prima Australia Pty Ltd ("MPA")

On 30 June 2011, the Company announced that MPA, its wholly-owned subsidiary had entered into an Memorandum of Understanding with Yucal Australia Pty Ltd for the proposed acquisition of approximately 2,763 square metres of freehold land held under certificate of title volume 11145 folio 423, together with improvements, including the development project thereon, located on 218 – 236 A'Beckett Street, Melbourne, Australia for a cash consideration of AUD26,491,244 equivalent to RM85,593,209. This proposal was ractified and approved by the shareholders at the Extraordinary General Meeting on 28 December 2011.

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

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.

The transaction was completed on 4 July 2011.

40. MATERIAL LITIGATION

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

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

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

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

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

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

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

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

Notes to the Financial Statements

40. MATERIAL LITIGATION (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

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

MPK denied the above and has brought about a counter claim against BMK for RM6,803,438. On 5 May 2009, the documents were filed and exchanged by both parties and the mutual exchange of revised witness statements was conducted.

The hearing was proceeded before the Arbitrator on 10 February 2010 and additional dates up to July 2010 has been fixed. The trial dates were fixed from 18 to 28 October 2011 and 15 December 2011. The hearing dates were fixed on 17, 18, 23, 24, 27 February 2011 and 22 March 2011. However, the case is pending for new dates from the Court.

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

Notes to the Financial Statements

40. MATERIAL LITIGATION (CONT'D)

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

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

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

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

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

	Group	
	2011 RM	**2010 RM**
Total retained profits		
Realised	36,978,312	34,036,013
Unrealised loss	(507,888)	(1,487,476)
Unrealised profits	3,778,753	-
	40,249,177	32,548,537

	Company	
	2011 RM	**2010 RM**
Total retained profits		
Realised	20,071,690	8,168,001
Unrealised (loss)/profit	(44,588)	52,626
	20,027,102	8,220,627

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

42. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 12 April 2012.

Properties Held by the Group

As at 31 December 2011

Registered Owner	Location	Description and Existing Use	Tenure Area (sq.ft.	Land / Built-up) Building	Age of Property / RM	Net Book Value
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211 Mukim Mentakab Daerah Temerloh	Semi-Detached House	Leasehold (Expiring on 2088)	3,249	20 years	99,023.92

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Analysis of Shareholdings

As at 16 April 2012

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

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less Than 100	7	0.44	244	0
100 to 1,000	65	4.07	42,640	0.01
1,001 to 10,000	956	59.90	5,233,180	1.57
10,001 to 100,000	440	27.57	14,665,076	4.40
100,001 to less than 5%	125	7.83	184,145,776	55.32
5% and above	3	0.19	128,803,024	38.69
TOTAL	**1,596**	**100.00**	**332,889,940**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 16 APRIL 2012

No.	Names	No. of shares held			
		Direct	%	Indirect	%
1	Muafakat Kekal Sdn Bhd	33,000,000	9.91	-	-
2	Fantastic Realty Sdn Bhd	83,631,824	25.12	-	-
3	Lee Choon Hooi	20,171,200	6.06	-	-
4	Chun Mei Ngor	18,003,300	5.41	-	-
5	Dato' Haji Abdul Hanif bin Abdullah	-	-	* 33,000,000	9.91
6	Lee Yek Hui	-	-	* 33,000,000	9.91
7	Lee Equity Holdings Sdn Bhd	-	-	# 83,631,824	25.12
8	Lee Hing Lee	-	-	# 83,631,824	25.12
9	Lee Ban Chuan	-	-	# 83,631,824	25.12

* 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

Analysis of Shareholdings
As at 16 April 2012

THIRTY LARGEST SHAREHOLDERS AS AT 16 APRIL 2012

No.	Names	Shareholdings	%
1	Fantastic Realty Sdn Bhd	83,631,824	25.12
2	M&A Nominee (Tempatan) Sdn Bhd for Muafakat Kekal Sdn Bhd	25,000,000	7.51
3	Lee Choon Hooi	20,171,200	6.06
4	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor (M02)	10,812,400	3.25
5	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Manjit Singh a/l Harban Singh	9,821,232	2.95
6	Lee Equity Holdings Sdn Bhd	9,511,600	2.86
7	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Seong Hen (MGN-CSH0008M)	8,460,000	2.54
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Fatt Thai (E-KPG)	8,090,800	2.43
9	Muafakat Kekal Sdn Bhd	8,000,000	2.40
10	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching (473650)	6,490,000	1.95
11	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rahadian Mahmud bin Mohammad Khalil (Dealer 01Q)	6,000,000	1.80
12	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	6,000,000	1.80
13	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Equity Holdings Sdn Bhd	5,950,000	1.79
14	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	5,311,100	1.60
15	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Sew Hong (E-KPG)	4,898,700	1.47
16	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Pee Leong	4,287,700	1.29
17	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Citibank NA, Singapore (Julius Baer)	4,000,000	1.20
18	Lee Kung Meng	3,895,000	1.17
19	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account-Ambank (M) Berhad for Chun Mei Ngor (SMART)	3,818,400	1.15
20	Magna Prima Berhad	3,812,000	1.15
21	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kong Meng (E-KPG)	3,794,900	1.14
22	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Kim Leng	3,787,800	1.14

Analysis of Shareholdings

As at 16 April 2012

THIRTY LARGEST SHAREHOLDERS AS AT 16 APRIL 2012 (CONT'D)

No.	Names	Shareholdings	%
23	Lee Kung Wah	3,496,200	1.05
24	M&A Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kung Wah (M&A)	3,410,000	1.02
25	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Mei Ngor	3,372,500	1.01
26	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joan Yong Mun Ching	3,340,000	1.00
27	Leow Ya Seng	3,100,000	0.93
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Hwa (E-KPG)	2,726,100	0.82
29	Koh Pee Leong	2,526,700	0.76
30	Manjit Singh A/L Harban Singh	2,400,000	0.72

DIRECTORS' SHAREHOLDINGS AS AT 16 APRIL 2012

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	*6,000,000	1.80	-	-
Dato' Mohamad Rizal Bin Abdullah	*270,000	0.08	-	-
Choh Kim Chiew	-	-	-	-
Dato' Dr. Manjit Singh A/L Harban Singh	*12,221,232	3.67	-	-
Ong Ah Leng	-	-	-	-
Sazali Bin Saad	-	-	-	-

* Includes shares held through nominee companies

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth 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, 30 May 2012 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 2011 and the Reports of the Directors and Auditors thereon. **Resolution 1**

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

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

   Tan Sri Datuk Adzmi bin Abdul Wahab **Resolution 3**
   Sazali bin Saad **Resolution 4**

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

   Choh Kim Chiew **Resolution 5**

5. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2011. **Resolution 6**

6. To appoint the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which has been received by the Company for the nomination of Messrs Morison Anuarul Azizan Chew who have given their consent to act, for appointment as Auditors of the Company and of the intention to propose the following Ordinary Resolution:

   "That Messrs Morison Anuarul Azizan Chew (AF 001977) be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Anuarul Azizan Chew & Co (AF 0791) to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

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 8**

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

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

   "THAT subject to the provisions under the Act, the Memorandum and Articles of Association of Magna Prima, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.25 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed 10% of the total issued and paid-up

Notice of Annual General Meeting

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 2011 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 2013, 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."

SPECIAL RESOLUTION:

9. Proposed Amendments to the Articles of Association **Resolution 10**

i. THAT the existing Article 79 which read as follows:-

79. A proxy need not be a Member of the Company. Where a Member of the Company is an authorized nominee as defined in the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

be amended to read as follows:-

New Article 79

A proxy need not be a Member of the Company. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

By order of the Board

YUEN YOKE PING (MAICSA 7014044)
Company Secretary
Petaling Jaya
7 May 2012

Notice of Annual General Meeting

Notes:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
6. Depositors who appear in the Record of Depositors as at 24 May 2012 shall be regarded as Member of the Company entitled to attend the Seventeenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business:

7. The Ordinary Resolution 8, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

   The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 25 May 2011. The Company has not issued any new share pursuant to Section 132D of the Act which was approved at the Sixteenth AGM held on 25 May 2011 and which will lapse at the conclusion of the forthcoming Seventeenth AGM. The renewal of the general mandate, if granted, is to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

8. The Ordinary Resolution 9, if passed, will empower the Directors to purchase Magna Prima shares through Bursa Securities of up to 10% of the total issued and paid-up share capital of the Company. The details on Ordinary Resolution 9 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.

9. The Special Resolution 10 is proposed pursuant to compliance with the amendments made to Chapter 7 of the Listing Requirements in relation to appointment of multiple proxies by an exempt authorised nominee.

FANTASTIC REALTY SDN BHD (683236-M)

L8-02, 8TH Floor, Brem Mall, Off Jalan Kepong, 52000 Kuala Lumpur.
Tel : 03-6250 4798 Fax : 03-6250 2410

Date: 04th May 2012

THE BOARD OF DIRECTORS
MAGNA PRIMA BERHAD
Lot No. C-G11 & C-G12
Block C, Jalan Persiaran Surian
Palm Spring@Damansara
47810 Kota Damansara
Petaling Jaya, Selangor

Dear Sirs

CHANGE OF AUDITORS

We, Fantastic Realty Sdn Bhd, being a shareholder of the Company, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs Morison Anuarul Azizan Chew for appointment as Auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Anuarul Azizan Chew & Co.

"That Messrs Morison Anuarul Azizan Chew (AF 001977) be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Anuarul Azizan Chew & Co (AF 0791) and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
Fantastic Realty Sdn Bhd

LEE HING LEE
Director

Share Buy-Back Statement

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

1. INTRODUCTION

On 25 May 2011, 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 16 April 2012 of RM83,222,485 comprising 332,889,940 Magna Prima shares a total of 332,889,940 Magna Prima shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming no options are granted under the Company's existing Employees Share Option Scheme (ESOS).

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

(i) th e conclusion of the next AGM of Magna Prima in 2013 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

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

The Board proposes to allocate funds up to an amount of the retained profits and/or share premium account of the Company for the purchase of its own shares subject to the compliance with Section 67A of the Companies Act, 1965 ("Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Magna Prima as at 31 December 2011, the retained profits amounted to approximately RM40,249,177 and the share premium account amounted to approximately RM35,565,970.

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

Share Buy-Back Statement

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

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

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

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

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

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

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

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

(i) to cancel the purchased shares;

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

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

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

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

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

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

As at 16 April 2012, the public shareholding spread of the Company based on the issued and paid-up share capital of 332,889,940 Magna Prima Shares was 47.95% 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 2011.

Share Buy-Back Statement

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

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

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

4. ADVANTAGES AND DISADVANTAGES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Share Buy-Back Statement

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

5.1 Share Capital

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

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

Notes:-
* *As at 16 April 2012*

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 16 April 2012:-

(i) Minimum Scenario

	As at 16 April 2012				After the Proposed Renewal of Share Buy-Back^			
Substantial shareholders	Direct No. of shares '000	%	Indirect No. of shares '000	%	Direct No. of shares '000	%	Indirect No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	9.91	-	-	33,000	11.01	-	-
Fantastic Realty Sdn Bhd	83,632	25.12	-	-	83,632	27.91	-	-
Lee Choon Hooi	20,171	6.06	-	-	20,171	6.73	-	-
Chun Mei Ngor	18,000	5.41	-	-	18,000	6.01	-	-

(ii) Maximum Scenario

	As at 16 April 2012 assuming full exercise of the ESOS options#				After the Proposed Renewal of Share Buy-Back^			
Substantial shareholders	Direct No. of shares '000	%	Indirect No. of shares '000	%	Direct No. of shares '000	%	Indirect No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	8.62	-	-	33,000	9.58	-	-
Fantastic Realty Sdn Bhd	83,632	21.85	-	-	83,632	24.27	-	-
Lee Choon Hooi	20,171	5.27	-	-	20,171	5.85	-	-
Chun Mei Ngor	18,000	4.70	-	-	18,000	5.22	-	-

Notes:-
Assuming 49.933 million options were granted and exercised under the Company's ESOS
^ *Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10 %) of the issued and paid-up share capital, the purchased shares are acquired from public shareholders and the purchased shares are held as treasury shares or cancelled*

Share Buy-Back Statement

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

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

	As at 16 April 2012				Scenario 1				Scenario 2			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors*	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	6,000	1.80	-	-	6,000	2.0	-	-	6,000	1.74	-	-
Dato' Mohamad Rizal bin Abdullah	270	0.08	-	-	270	0.09	-	-	270	0.08	-	-
Choh Kim Chiew	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Dr. Manjit Singh a/l Harban Singh	12,221	3.67	-	-	12,221	4.08	-	-	12,221	3.55	-	-
Ong Ah Leng	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Based on the Register of Directors as at 16 April 2012.*

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

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

Share Buy-Back Statement

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

5.3 Net Assets

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

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

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

5.4 Earnings

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

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

5.5 Working capital

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

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

6. APPROVAL REQUIRED

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

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

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

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

Share Buy-Back Statement

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)
2011		
March	0.84	0.77
April	0.80	0.73
May	0.95	0.76
June	1.04	0.92
July	1.04	0.90
August	0.93	0.76
September	0.83	0.74
October	0.84	0.76
November	0.84	0.80
December	0.83	0.80
2012		
January	0.91	0.81
February	0.88	0.85
March	0.88	0.82
April	0.85	0.82

(Source: The Star Online)

10. DISCLAIMER STATEMENT

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

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

PROXY FORM

I/We, ____ of

____

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

____

of ____

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Seventeenth 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, 30 May 2012 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 2011 and the Reports of the Directors and Auditors thereon.	1		
To declare a final single tier exempt dividend of 1.5 sen per share.	2		
To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association:-			
Tan Sri Datuk Adzmi bin Abdul Wahab	3		
Sazali bin Saad	4		
To re-elect Choh Kim Chiew who retires in accordance with Article 105 of the Company's Articles of Association.	5		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2011.	6		
To appoint Messrs. Morison Anuarul Azizan Chew as Auditors of the Company in place of retiring Auditors, Messrs Anuarul Azizan Chew & Co.	7		
AS SPECIAL BUSINESS:- To consider and, if thought fit, pass the following ordinary and special resolutions:			
Proposed renewal of the authority for Directors to issue shares	8		
Proposed Renewal of Share Buy-Back	9		
Proposed Amendments to the Articles of Association	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.*
5. *Depositors who appear in the Record of Depositors as at 24 May 2012 shall be regarded as Member of the Company entitled to attend the Seventeenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

Fold here to seal

STAMP

THE COMPANY SECRETARY

MAGNA PRIMA BERHAD (369519-P)

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

Tel **:** +603 7801 5505
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www.magnaprima.com.my

Fold here to seal