Magna Prima Berhad (369519-P)
Lot No. C-G11 & C-G12, Block C,
Jalan Persiaran Surian,
Palm Spring @ Damansara,
47810 Kota Damansara, Petaling Jaya,
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tel 603 7801 5505
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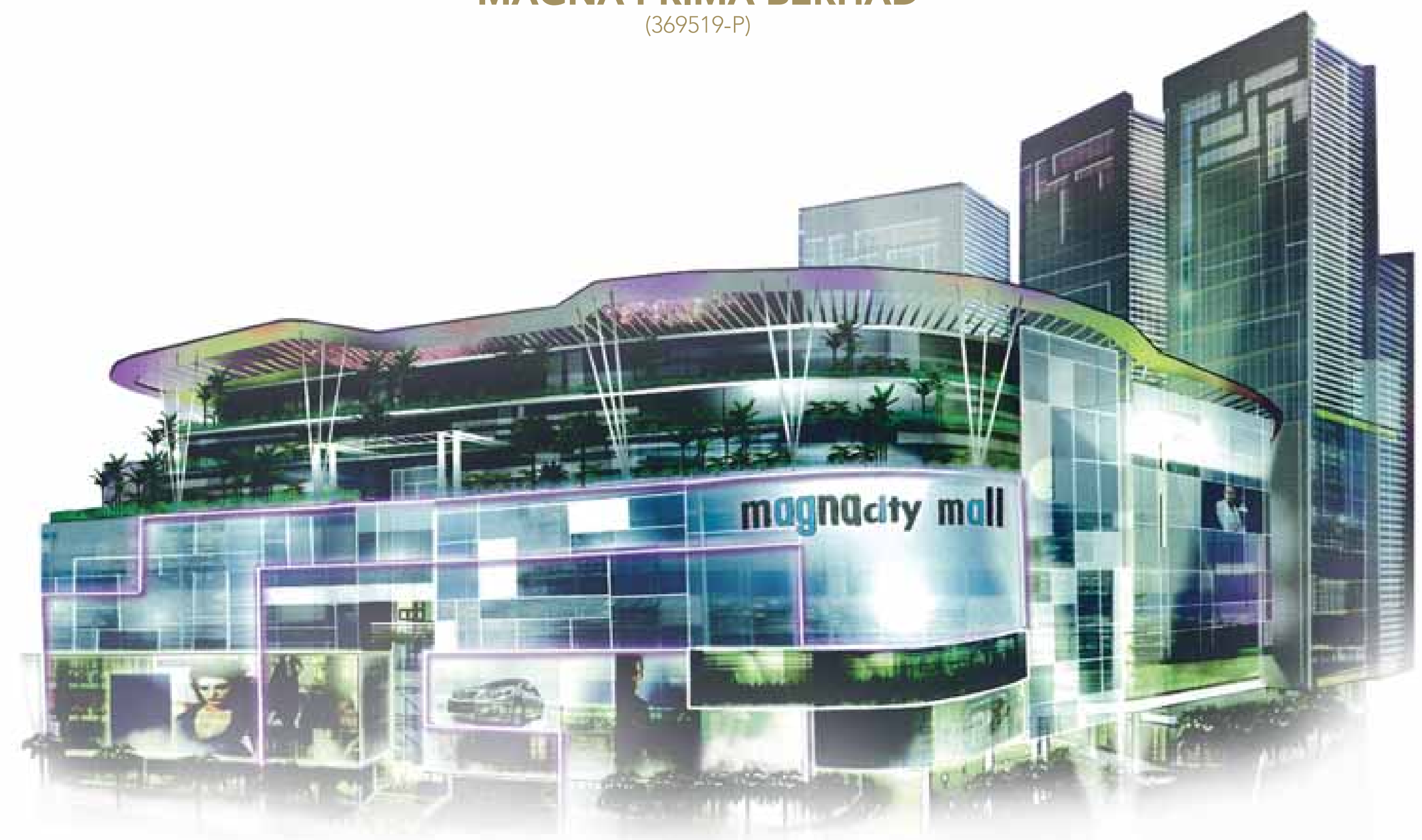
www.magnaprima.com.my

MAGNA PRIMA BERHAD (369519-P)

annual report 2007

MAGNA PRIMA BERHAD
(369519-P)



progressing from
strength to strength

annual report
2007

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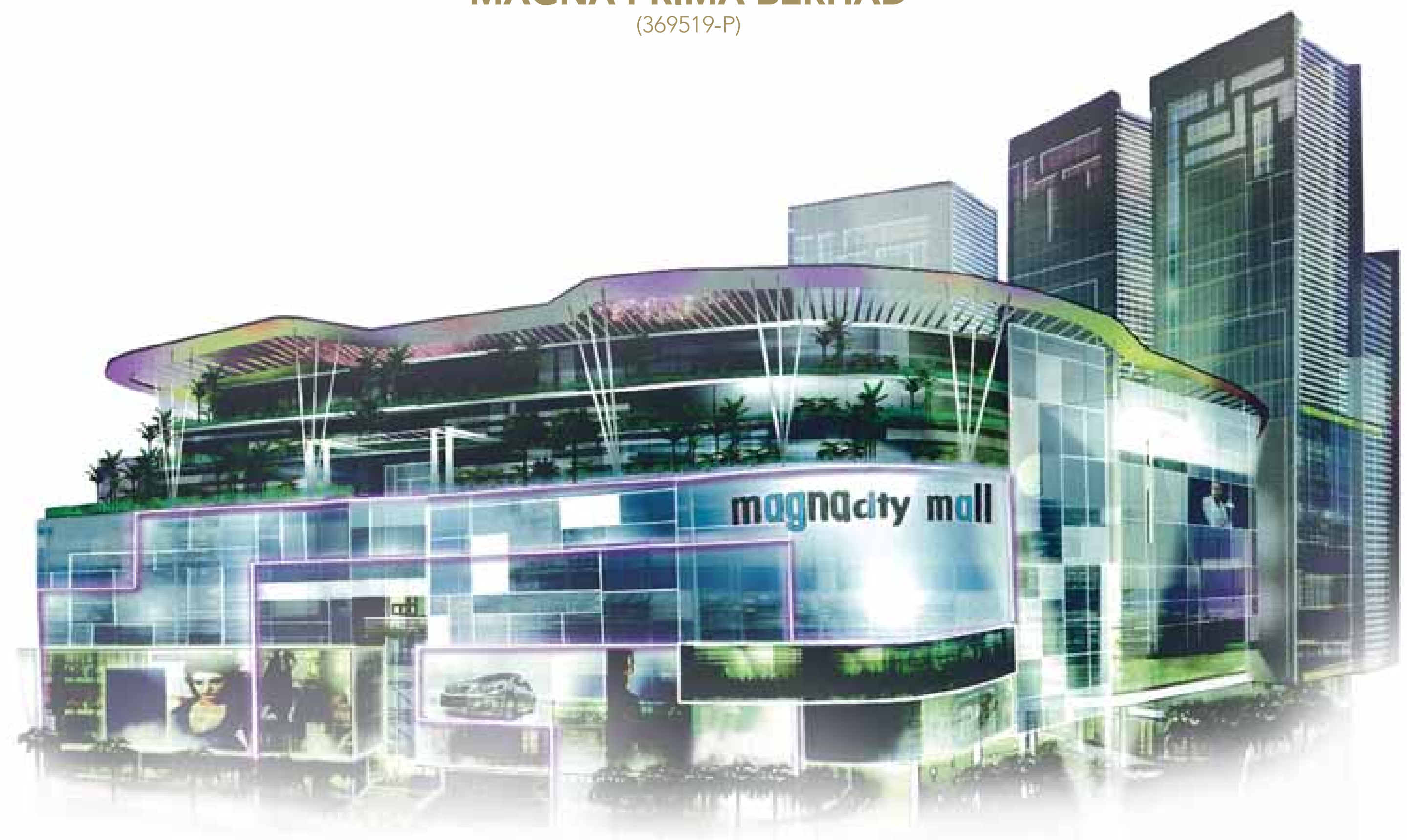

progressing from
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annual report
2007

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Board of Directors

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

Lee Kian Seng
Group Managing Director

Lim Ching Choy
Chief Executive Officer

Dato' Mohamad Rizal bin Abdullah
Executive Director

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

Datuk Lye Ek Seang
Independent Non-Executive Director

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

Ong Ah Leng
Independent Non-Executive Director

Sazali bin Saad
Independent Non-Executive Director

Audit Committee

Ong Ah Leng
Chairman

Dato' Dr. Manjit Singh a/l Harban Singh

Datuk Lye Ek Seang

Nomination Committee

Dato' Dr. Manjit Singh a/l Harban Singh
Chairman

Datuk Lye Ek Seang

Ong Ah Leng

Remuneration Committee

Dato' Dr. Manjit Singh a/l Harban Singh
Chairman

Ong Ah Leng

Sazali bin Saad

Company Secretary

Yuen Yoke Ping
(MAICSA 7014044)

Registered Office

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

Tel **603 - 7801 5505**
Fax **603 - 7801 5270**
Website **www.magnaprima.com.my**

Share Registrar

Symphony Share Registrars Sdn Bhd (378993-D)
Level 26, Menara Multi-Purpose,
Capital Square,
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur

Tel **603 - 2721 2222**
Fax **603 - 2721 2531**

Auditors

Anuarul Azizan Chew & Co.
Chartered Accountants

Solicitors

Messrs B.K. Goh & Goh

Nordin Torji & Yussof Ahmad

Manjit Singh Sachdev, Mohammad Radzi & Partners

Yip Kum Fook & Associates

Ringo Low & Associates

Principal Bankers

Kuwait Finance House (Malaysia) Berhad

Malayan Banking Berhad

OCBC Bank (M) Berhad

RHB Bank Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad

Second Board
Listed Since 16 January 1997
Bursa's Code: 7617

chairman's statement

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the performance of Magna Prima group for the financial year ended 31 December 2007.

Financial Review

For the financial year ended 31 December 2007, the Group posted a 10-fold year-on-year increase in profit before taxation from RM3.60 million to RM37.63 million. This remarkable performance was achieved on the back of a 326% jump in revenue from RM80.81 million for the previous financial year to RM344.44 million for the financial year under review.

After tax and minority interest, the Group registered a profit of RM26.58 million compared to only RM0.12 million the previous year.

The increase in revenue and net profit was driven largely by its development projects, namely Dataran Otomobil in Shah Alam and "The Avare", a 6-star luxury condominium project in the KLCC area, which in total, accounted for 78% of the Group's revenue.

74% of the Group revenue or RM255.14 million was contributed by the property development division while 23% or RM79.87 million was contributed by the construction division.

Property Market Overview

Initiatives taken by the Government in 2007, such as the abolition of real property gains tax, the 50% rebate of stamp duty for properties costing below RM250,000 coupled with the relaxation of requirements for foreigners to seek Foreign Investment Committee approval to purchase property in Malaysia and restrictions on borrowings by foreigners for the purchase of housing, have been very supportive of the domestic property sector.

These measures, together with the Government's ongoing commitment to the Malaysia My Second Home (MM2H) programme, augur well for domestic commercial, residential and retail real estate valuations and have already drawn increased foreign interest to the Malaysian property sector. Indeed, foreign interest in the Group's properties has continued to escalate as evident in our Avare project where foreign purchasers from Europe, Australia, USA, Hong Kong, Singapore, Japan and Indonesia account for 70% of sales.

Better protection of condominium owners' interest under the new Building and Common Property (Maintenance and Management) Act 2007, which came into force on 12 April 2007, is geared towards strengthening controls in the maintenance and management of strata title properties and has spurred demand for strata titled properties.

chairman's statement (cont'd)

Review of Property Development Division

A joint venture with Dewan Bandaraya Kuala Lumpur, the landowner of a 89-acre piece of land in Kepong, this Metro Prima project has seen a total of 4,457 units of shops and apartments with a total Gross Development Value of RM456 million completed and handed over to the purchasers. With only another 453 units of apartments remaining to be handed over to purchasers by 2008, this project has reached tail-end stage since it was launched in 1996.

The flagship iconic luxury condominium project, "The Avare", has set the benchmark in breaching a record price of RM2,100 per square foot and in the rapid speed at which construction was completed using the latest Industrialised Building System technology. Featuring 78 well-appointed 6-star condominiums and commanding a panoramic view of the Petronas Twin Towers, this masterpiece designed by world renowned architect, Robert Kessler, bears testimony to Magna Prima's commitment to and pursuit of excellence in building quality driven products. Within a year of launch, all the 78 units were sold out. This project which is the driver of revenue and earnings for 2007 will continue to contribute significantly for the financial year ending 2008 and is expected to be completed by the final quarter of 2008.

Also in progress is our Magnaville condominium project in Selayang that has an estimated gross development value of RM198 millon. With some 35% sold and 9% completed as at 31 Dec 2007, it will be the main driver of revenue and earnings for the financial year ending 2008.

Projects slated for launch soon are the U1 3-in-1 mixed development project in Shah Alam comprising 13 units of shops, 53 units of SOHOs and 378 units of service apartments targeted for launch in May 2008.

Following closely on the heels of the U1 project is our iconic 5-in-1 integrated commercial project in Jalan Kuching featuring 20 units 3-storey shops, 2 blocks of signature offices, 2 apartment blocks, a 250-room hotel, a 3-storey shopping mall, 3 levels of basement and 3 levels of elevated car park for a total of 5,500 bays. The soft launch is targeted for July 2008.

Review of Construction Division

As the turnkey developer for the Dataran Otomobil project in Section U 15 of Shah Alam, the Group derives contract income from building construction works for this mixed development comprising 1,074 shops, shop offices and apartments. For the financial year ended 2007, it was the main driver of revenue and earnings and will continue to contribute significantly in the financial year ending 2008 until its target completion in 2009.

Property Market Outlook

Having moved into the growth phase after turning around in 2006, the Group is setting its sights on integrated development projects and in filling its order books for construction division to take it to the next level of growth. Apart from focusing on larger integrated development projects with fast project turnaround in prime areas of the Klang Valley for higher returns, it is looking at building up its sustainable recurring income base to even out any potential earnings volatility in the property development cycles.

For the year ahead the Group is expected to continue with its fine run in its financial performance given its strong unbilled sales position and the strategic locations of its upcoming projects which is expected to see take up rates being maintained at healthy levels. Being very market driven, the Group will remain focused on staying in touch with our customers' ever evolving needs by moving towards the development of niche integrated developments in selected prime locations.

Proposed Dividend

The management has always kept an optimal balance between expansion for earnings growth and rewarding our loyal shareholders by benchmarking our dividend payment to industry norms. In line with our excellent performance, I am pleased to announce that the Board of Directors has proposed a final dividend of 7 sen per share for the financial year ended 31 December 2007.

Corporate Developments

Due to our fast project turnaround and strong take-up for our launched projects, the Group takes a pro-active stance to replenish our prime landbank for earnings growth and visibility.

In line with the Group's land bank replenishment strategy, it has acquired two pieces of development land in financial year ended 2007 which should contribute positively to driving sustainable revenue and earnings growth.

On 2 November 2007, Magna Prima Berhad's wholly owned subsidiary, Magna City Development Sdn Bhd, acquired two parcels of freehold land fronting Jalan Kuching, Kuala Lumpur measuring approximately 10.23 acres for a total cash consideration of RM57.93 million. The acquisition was approved by the shareholders at an Extraordinary General Meeting on 7 January 2008 and by the Foreign Investment Committee on 19 February 2008. This site has been earmarked for a fully integrated commercial project comprising shops, shop offices, service apartments, hotel and retail podium with an estimated Gross Development Value of RM1.07 billion targeted for launch in July 2008.

chairman's statement (cont'd)

THE AVARE

MAGNA CITY

MAGNA VILLE

chairman's statement (cont'd)

On 10 December 2007, Magna Prima Berhad's wholly owned subsidiary, Magna Shah Alam Sdn Bhd acquired a piece of development land measuring approximately 19,350 square meters in Section 13, Shah Alam for a purchase cash consideration of RM9 million. Development of this site will comprise 13 shops, 53 offices and 378 units of apartments with an estimated Gross Development Value of RM135 million.

On 7 January 2008, the shareholders of Magna Prima Berhad approved the proposed termination of the existing Employees' Share Option Scheme and the establishment of a new Employees' Share Option Scheme of up to 15% of the issued and paid-up share capital of Magna Prima Berhad to replace the existing scheme.

Corporate Social Responsibility

It is our belief that Magna Prima is here to contribute to society by fulfilling its role as a responsible corporate organization. This is increasingly demonstrated by our continual efforts to encourage and promote education and address social inequities by providing low cost apartments in our developments in Kepong where 43% of the total units developed are low cost apartments. We have recognized that the handicapped and disadvant aged deserve a helping hand to lead a normal life in society and the Group has contributed substantial amounts annually to various charitable organizations and conducted charitable activities during the financial year under review.

Prospects

The Government in the 2008 Budget has projected a GDP growth at a healthy rate of 5.5% for the year 2008. The overall property outlook remains generally upbeat, encouraged by the friendly government policies on home ownership including the move to allow EPF contributors to utilize part of their EPF saving to finance monthly mortgage repayments. The intensive efforts by the Government to promote the Iskandar Development Region in South Johor, the Northern Growth Corridor and the Eastern Growth Corridor is expected to attract substantial investments from both local and overseas investors and this will contribute positively towards economic growth.

chairman's statement (cont'd)

Moving forward, the Group will continue to focus on strengthening its position as a developer of choice among property buyers of its target markets through innovative and modern lifestyle-themed development. The Group will continue to leverage on the demand for selected exclusive lifestyle integrated residential and commercial developments at prime locations to ensure sustainable growth in sales and earnings.

Against the backdrop of Malaysia's continued economic growth, the Board is confident that the Group will achieve better results for the financial year ending 31 December 2008.

Acknowledgement

On behalf of the Board of Directors, I would like to extend our sincere appreciation and thanks to our shareholders, valued customers, bankers, business associates and relevant authorities for their continued confidence and support in us.

I would also like to extend our heartfelt thanks to the management team and staff for their unwavering dedication and commitment, which has made the success of the Group possible.

Thank you.

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

corporate social responsibility

The Magna Prima Group has always been mindful of its surroundings and giving back to society. As part of its Corporate Social Responsibility (CSR) contributions towards the community, environment, its employees and the shareholders in delivering sustainable value to the society at large the Group has undertaken various initiatives in these areas: Employee Development, The Community, The Environment and Health & Safety.

Employee Development

We strongly believe that human capital is the most important resource to an organisation. Where we are today within the property development and construction industry is a joint effort of all employees within the Magna Prima Group.

As part of our human capital development, the Group arranged various training programmes focusing on; quality leadership, building effective performance and job related training which aims to equip the employees with the required skills and knowledge to stay ahead in their working capacity.

'Mind Go-Extra", was a brainstorming session held in Port Dickson during the year for the managerial staff. The purpose of this session was to brainstorm on the mission and future plans and strategies for the Group's growth in the next five years.

Besides this, in-house sports activities were carried out as well to foster a good working relationship and to build-up strong team spirit among the employees whilst instilling a sense of belonging among staff. The Group recognises the importance of non-work related activities amongst colleagues thus the Sports Club was established. It has organised several activities throughout the year, ranging from training sessions to social gatherings as well as recreational activities. In-house sports competitions held thus include futsal, bowling, darts and carom.

In addition to the sporting activities, short vacations were also arranged where staff enjoyed getaways to popular local holiday destinations such as Frasers Hill and Awana Kijal to relax and unwind.

The Community

As a caring and responsible corporate citizen, the Group has contributed funds to various charitable organisations and conducted charitable activities during the year. The recipients include Majlis Kebangsaan Kesatuan Pekerja-Pekerja Kerajaan Malaysia, Bulan Sabit Merah Malaysia, Kesatuan Pekerja Bomba dan Penyelamat and Pemadam Negeri Selangor to name a few.

In view of Magna Prima Group's involvement in property development, the Group had taken initiatives of building low-cost apartments that are affordable home units for purchasers from lower income groups at its mixed development project of Metro Prima in Kepong.

The Group has also conducted various preventive actions such as fire drills, lift awareness and fire safety talks for residents from the low-cost and low-medium-cost developments jointly organised with the Residents Committee.

In addition to this, a blood donation campaign was carried out at Mutiara Magna jointly organised by the Group and the Residents Committee which was attended by residents from Metro Prima project.

corporate social responsibility (cont'd)

The Environment

Magna Prima is responding to the government's call for the protection and conservation of the environment, including minimising pollution. The Group is committed to preventing, minimising and appropriately mitigating, adverse environmental impacts resulting from our activities/projects.

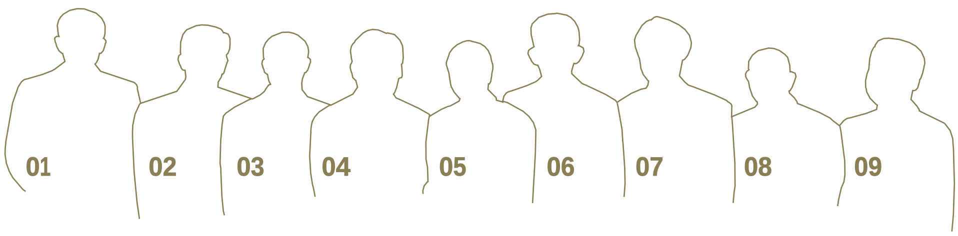
Extensive infrastructure and development projects sometimes inevitably result in some amount of negative impact on the environment. Stemming from our philosophy of responsible conduct, programmes to mitigate or minimise adverse impacts, including inconvenience to our community and existing users, are mandated and are standard operating practice adopted for all our development. Generous expanse of space is set aside for recreational facilities and landscaping.

Health & Safety

One of our most important priorities is to provide a healthy and safe working environment for our employees and other relevant parties directly involved in our projects. To ensure a safe and healthy working condition for our employees and support workers, the Group has adopted the Malaysian Standard on the Occupational Safety and Health Management System. In addition to this, necessary preventive actions and risk mitigation measures such as site safety briefing / training sessions have been conducted from time to time.

U1 SHAH ALAM

board of directors



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

02 Ong Ah Leng
Independent Non-Executive Director

03 Datuk Lye Ek Seang
Independent Non-Executive Director

04 Lim Ching Choy
Chief Executive Officer

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

06 Lee Kian Seng
Group Managing Director

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

08 Dato' Mohamad Rizal bin Abdullah
Executive Director

09 Sazali bin Saad
Independent Non-Executive Director

profile of directors

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 65, was appointed to the Board of Directors of the Company on 2 May 2006 as an Independent Non-Executive Director, Chairman.

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

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

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

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

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

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

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

His working experiences in property development included being a director of Hicom Properties Sdn Bhd (1983-1996), which developed the 2,000-acre Hicom industrial estate into a mixed development comprising industrial, residential and commercial blocks; Director of Hicom Megah Sdn Bhd (1995-2005), development of Tekka Mall in Singapore; Chairman of EON Properties Sdn Bhd (1992-2005), development of over 100 acres of land all over the country costing over RM100 million into offices, showrooms and workshops.

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

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

profile of directors (cont'd)

LEE KIAN SENG

Group Managing Director

Lee Kian Seng, a Malaysian, aged 46 years old, was appointed to the Board of Magna Prima Berhad (MPB) on 8 December 2005 as an Independent Non-Executive Director. Lee Kian Seng was redesignated to Group Managing Director on 1 March 2006.

He is a graduate with a Bachelor of Science in Business Administration, US, majoring in Finance. He was involved in project construction and development in the 80's, namely the Shah Alam Industrial Park in Batu 3, Shah Alam and Ehsan Jaya Industrial Park in Taman Ehsan, Kepong.

In 1993, he developed the Selayang Mall Shopping Centre in Selayang Utama. The Mall was successfully opened for business in September 1995 with full occupancy. As Executive Director, he led a team of competent staff and ensured the smooth and successful management and operations of the Mall, which remains a top retail destination in the northern Klang Valley until today.

After the successful establishment of the Selayang Mall Shopping Centre and following a corporate exercise in 1998, Lee Kian Seng was appointed as Executive Director to SEAL Incorporated Berhad (SEAL), a public listed company, managing the operations and property management division of the company.

In the same year, he was also appointed as Managing Director of the Great Eastern Mill, a timber manufacturing mill wholly owned by SEAL. As Managing Director, he is solely responsible for the smooth and successful operations of the company's timber logging activity and the production of plywood. He is also responsible for SEAL's international marketing operations.

Lee Kian Seng is a member of the Tender Committee, Land Acquisition Committee and Business Development Committee of the Company.

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

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

LIM CHING CHOY

Executive Director / Chief Executive Officer

Lim Ching Choy, a Malaysian, aged 47, was appointed to the Board of Directors of Magna Prima Berhad on 1 November 2006 as an Executive Director / Chief Executive Officer.

He has had a diversed and broad involvement in various capacities in the corporate and financial sectors. He spent a total of 22 years in the banking and financial services industry where he acquired administrative, operational and management skills in new ventures, expansion and turnaround situations.

Lim Ching Choy spent 12 years with the Arab-Malaysian Banking Group before joining Bolton Finance Berhad as Chief Executive Officer in 1996, a post which he held for 5 years until 2001. In that year, he was appointed Chief Executive Director of Alliance Finance Berhad (formerly known as Bolton Finance Berhad).

He was appointed as the Chief Executive Officer/ Executive Director of Mah Sing Group Berhad from July 2002 to October 2006. His presence in Mah Sing Group Berhad was significant in helping the group increase the number of projects from one to eight as well as increasing the group's turnover from RM180.0 million to RM495.6 million and pre-tax profit from RM5.9 million to RM93.3 million.

During the leadership of Lim Ching Choy, Mah Sing Group Berhad had undertaken the following projects with total GDV of RM2.0 billion: -

i) Semi-detached homes and bungalows for the high-end Damansara Legenda in Petaling Jaya (the Legenda series)
ii) Perdana Residence in Selayang
iii) Aman Perdana Township in the Meru - Shah Alam Growth Corridor (the Perdana series)
iv) Austin Perdana Township in Tebrau
v) Sri Pulai Perdana Township in Skudai

Lim Ching Choy was appointed as a member of the Tender Committee, Land Acquisition Committee and Business Development Committee of the Company.

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

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

profile of directors (cont'd)

DATO' MOHAMAD RIZAL BIN ABDULLAH

Executive Director

Dato' Mohamad Rizal bin Abdullah, a Malaysian, aged 58, was appointed to the Board of Directors of Magna Prima Berhad on 28 September 2006 as an Executive Director.

Dato' Mohamad Rizal graduated from Technical College in 1971 with a Diploma in Quantity Surveying and he attended the Management Programme (AIM) in 1989. He has 39 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.

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

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

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

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

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

DATO' DR. MANJIT SINGH A/L HARBAN SINGH

Independent Non – Executive Director

Dato' Dr. Manjit Singh a/l Harban Singh, a Malaysian, aged 58 years, was appointed to the Board on 5 December 2005 as an Independent Non-Executive Director. He graduated from Lincoln's Inn London in 1975 and has been in private practice since that year.

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

Dato' Dr. Manjit specialises in Corporate Law and his forte includes Company Listing, Restructuring, Mergers and Takeovers, and Corporate Finance and Security Law with special emphasis on Contracts and legal documentations. In litigation work, his concentration is on Civil and Criminal Law, Banking and Property, and Insolvency.

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

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

Dato' Dr. Manjit is also the Chairman of the Nomination and Remuneration Committees. Dato' also sits in the Audit Committee, ESOS Committee and Land Acquisition Committee.

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

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

profile of directors (cont'd)

DATUK LYE EK SEANG
Independent Non-Executive Director

Datuk Lye Ek Seang, a Malaysian aged 43 years old, attained a B.SC (Hons), majoring in Mathematics from University of Malaya.

He was appointed to the Board of Magna Prima Berhad on 16 July 2007 as an Independent Non-Executive Director and also a member of the Audit Committee and Nomination Committee.

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

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

He is also founder of Malaysia's biggest decorative tiles manufacturing company, Roman Décor Sdn Bhd (affiliated with Italian tile manufacturer, STUDIO EMME S.R.L) and an industrial brush manufacturing company, MYBRUSH Industry Sdn Bhd.

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

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Independent Non-Executive Director

Dato' Rahadian Mahmud bin Mohammad Khalil, a Malaysian aged 34 was appointed to the Board as an Independent Non-Executive Director on 16 July 2007.

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

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

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

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

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

profile of directors (cont'd)

ONG AH LENG

Independent Non-Executive Director

Ong Ah Leng, a Malaysian, aged 52, was appointed to the Board of Directors of Magna Prima Berhad on 1 November 2006 as an Independent Non-Executive Director.

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

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

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

He was the Finance Manager of a Group listed in the New Zealand Stock Exchange from 1987 to 1991 before his appointment as Audit Manager in 1 of the Big 6 audit companies based in Malaysia. He was in audit practice in Kuala Lumpur for 3 years.

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

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

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

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

SAZALI BIN SAAD

Independent Non-Executive Director

Sazali bin Saad, a Malaysian, aged 36, joined the Board of Directors on 2 May 2006 as an Independent Non-Executive Director.

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

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

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

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

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

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

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

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

Group Structure

MAGNA PRIMA BERHAD
(369519 - P)

Property Development

- 100% Magna Prima Development Sdn Bhd (formerly known as Magna Realty Sdn Bhd)
  - 90.69% Magna Park Sdn Bhd
    - 100% Amanabina Sdn Bhd
    - 100% Embassy Court Sdn Bhd
  - 100% Magna Ecocity Sdn Bhd (formerly known as Magna Park (Seremban) Sdn Bhd)
- 100% Magna Shah Alam Sdn Bhd (formerly known as Prima Hardware Sdn Bhd)
- 100% Magna City Shah Alam Sdn Bhd (formerly known as Dealhall (M) Sdn Bhd)

Civil Engineering & Building Construction

- 100% Magna Prima Construction Sdn Bhd
  - 100% MPrima (Shah Alam) Sdn Bhd
  - 100% Magna City Development Sdn Bhd * (formerly known as Magna Quarry Services Sdn Bhd)
- 100% Dunia Epik Sdn Bhd
  - 100% Magna Park (Mentakab) Sdn Bhd

Property Investment

- 100% Everhall (M) Sdn Bhd

Property Management

- 100% Prima Awan (M) Sdn Bhd

Trading

- 100% Build Horse (M) Sdn Bhd

* Principal activity is property development.

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 2007.

BOARD OF DIRECTORS

The Board

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

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

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

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

The composition of the Board is as follows:

		Board	Audit Committee	Nomination Committee	Remuneration Committee
	Tan Sri Datuk Adzmi bin Abdul Wahab	•			
	Lee Kian Seng	•			
*	Lim Ching Choy	•	•		
	Dato' Mohamad Rizal bin Abdullah	•			
	Dato' Dr. Manjit Singh a/l Harban Singh	•	•	•	•
**	Datuk Lye Ek Seang	•	•	•	
***	Dato' Rahadian Mahmud bin Mohammad Khalil	•			
	Ong Ah Leng	•	•	•	•
	Sazali bin Saad	•			•
****	Lee Ching Kion	•			
*****	Ng Yak Hee	•		•	

statement on corporate governance (cont'd)

*	Resigned as Audit Committee Member effective 22 November 2007
**	Appointed as Independent Non-Executive Director effective 16 July 2007 Appointed as Nomination Committee Member effective 23 August 2007 Appointed as Audit Committee Member effective 22 November 2007
***	Appointed as Independent Non-Executive Director effective 16 July 2007
****	Resigned from Board effective 1 January 2007
*****	Retired from Board effective 7 June 2007 Retired as Nomination Committee Member effective 7 June 2007

Board meetings

The Board met a total of six (6) times during the year ended 31 December 2007.

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

	Total meetings attended	**%**
Tan Sri Datuk Adzmi bin Abdul Wahab	6/6	100
Lee Kian Seng	5/6	83
Lim Ching Choy	6/6	100
Dato' Dr. Manjit Singh a/l Harban Singh	6/6	100
Dato' Mohamad Rizal bin Abdullah	6/6	100
Datuk Lye Ek Seang	2/3	67
Dato' Rahadian Mahmud bin Mohammad Khalil	2/3	67
Ong Ah Leng	6/6	100
Sazali bin Saad	4/6	67
Ng Yak Hee	2/3	67

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

Supply of Information

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

statement on corporate governance (cont'd)

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
- Acquisition and disposal 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.

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 2007. A directors' training conducted by Epsilon Advisory Services Sdn Bhd was held on 6 March 2008 and the topic was Updates on Corporate Law Changes. The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

Appointment and Re-election to the Board

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

THE AUDIT COMMITTEE

The Board is also assisted by the Audit Committee whose members, terms of reference and activities for the year under review are stated in pages 23 to 26 of the Annual Report.

THE NOMINATION COMMITTEE

The Board has established a Nomination Committee which has the primary responsibility to assess the suitability of proposed Board members and to recommend such appointments to the Board. The objective of the establishment of this committee is to ensure independent assessment of appointments to the Board. The Committee is also responsible for annual assessment of the mix, skills and experience possessed by Board members to ensure effectiveness of the Board, the committees of the Board and the contribution of individual Directors.

The Nomination Committee has three (3) members comprising three (3) Independent Non-Executive Directors. During the financial year ended 31 December 2007, one (1) meeting was held.

statement on corporate governance (cont'd)

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 2007, one (1) meeting was held.

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

	Executive Directors (RM)	**Non-Executive Directors (RM)**	**Total (RM)**
Basic Salaries	1,549,560	-	1,549,560
Bonus	768,000	-	768,000
Fees	-	172,000	172,000
Meeting Allowance	-	25,000	25,000
Benefits-in-kind	99,768	-	99,768
EPF	133,200	-	133,200
Socso	1,240	-	1,240
Total	2,551, 768	197,000	2,748,768

Range of Remuneration (RM)	**Number of Directors Executive**	**Number of Directors Non-Executive**
Below 50,000	-	6
RM 50,001 – RM 100,000	-	1
RM 400,001 – RM 450,000	1	-
RM 650,001 – RM 700,000	1	-
RM 800,001 – RM 850,000	1	-

EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

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

The ESOS Committee has three (3) members comprising two (2) Independent Non-Executive Directors and Financial Controller.

statement on corporate governance (cont'd)

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

The financial performance of the Group, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report and corporate announcements to Bursa Malaysia. During the Annual General Meeting, shareholders are given a briefing on the performance and major activities of the Group during the financial year under review, whereby the shareholders have opportunity to enquire and comment on the Company's performance and operations.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

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

Directors' responsibility in financial reporting

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

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

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

Relationship with Auditors

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

additional compliance information

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

Share Buy Back

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

Option, Warrant and Convertible Securities

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

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) Programme

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

Imposition of Sanctions/Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the Group’s external auditors for the financial year ended 31 December 2007 was RM3,000.

Variation in results

There were no material variances between the audited results for the financial year ended 31 December 2007 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 2007 or entered into since the end of the previous financial year.

Revaluation of Properties

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

the audit commmittee

The Audit Committee was established on 13 January 1997 to act as committee of the Board of Directors. The principal functions of this Committee are to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting as well as the development of internal controls.

Members

Members of the Audit Committee during the financial year ended 31 December 2007 are as follows:

	Members	Status
	Ong Ah Leng (Chairman)	Independent Non-Executive Director
	Dato' Dr. Manjit Singh a/l Harban Singh	Independent Non-Executive Director
*	Datuk Lye Ek Seang	Independent Non-Executive Director
**	Lim Ching Choy	Executive Director/Chief Executive Officer

* Appointed as Audit Committee Member effective 22 November 2007

** Resigned as Audit Committee Member effective 22 November 2007

Meetings

The Audit Committee convened six (6) meetings during the financial year. The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members with sufficient notification.

Members	Status	No. of meetings attended	%
Ong Ah Leng (Chairman)	Independent Non-Executive Director	6/6	100
Dato' Dr. Manjit Singh a/l Harban Singh	Independent Non-Executive Director	6/6	100
Lim Ching Choy	Executive Director / Chief Executive Officer	6/6	100
Datuk Lye Ek Seang	Independent Non-Executive Director	-	-

Representatives of the external auditors as well as the internal auditor also attended the meetings upon invitation.

the audit committee (cont'd)

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

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

- Reviewed and sought management explanations and recommended actions on the quarterly and annual financial results and performance of the Company and the Group prior to submission to the Board for consideration and approval;
- Reviewed and discussed with the external auditors the nature and scope of their audit before reporting the same to the Board of Directors;
- Reviewed and sought management explanation on the major issues as per the Management Letters from the external auditor;
- Reviewed the proposals by Audit Committee members to outsource the internal audit function by engaging external consultants in carrying out the internal audit function; and
- Reported to the Board on its activities and significant findings and results.

SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

The major activities conducted by Internal Audit Department for the year ended 31 December 2007 for the Group are summarized as follows:

- Formulated the internal audit plan, strategy and scope of work;
- Evaluated and assessed the internal controls and efficiency of processes, and provided appropriate recommendations to management to address the issues highlighted in the internal audit reports;
- Sought management explanations and action plans on issues highlighted in the internal audit reports, and conducted subsequent follow-up reviews;
- Compiled, reviewed and updated the yearly Corporate Governance report of the Group;
- Conducted site visits to the project sites and provided appropriate recommendations; and
- Performed other additional tasks such as review of project budgets.

terms of reference of the audit committee

1. COMPOSITION

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

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

COMMITTEE MEMBERS

a) Ong Ah Leng (Chairman)
b) Dato' Dr Manjit Singh a/l Harban Singh
c) Datuk Lye Ek Seang

2. OBJECTIVES

The primary objectives of the Audit Committee are to: -

- Maintain a direct line of communication between the Board, external auditors, management and internal auditors through regularly scheduled meetings;
- Avail to the external and internal auditor private and confidential audiences at any time they desire with or with out prior knowledge of management; and
- Review existing practice and recommend to Management to formalize an ethics code for all executives and staff of the Group.

3. AUTHORITY

The committee is authorized by the Board to:

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

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

4. MEETINGS

The Audit Committee shall meet at least five (5) times a year. Additional meetings may be called at the Chairman's discretion. The Committee has the discretion to invite relevant personnel including external auditors and other advisors, if deemed necessary. The quorum for each meeting shall be two (2) members and majority of the attendees must be independent directors.

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

statement of internal control

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

Board's Responsibility

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

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

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

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

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

CONTROL ENVIRONMENT AND STRUCTURE

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

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

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

- Audit Committee comprises Non-Executive Directors, a majority of whom are independent 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 (1) who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. They have full and unimpeded access to both the internal as well as external auditors during the financial year. They also meet with the external auditors without the presence of the Management at least once a year.

statement of internal control (cont'd)

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

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

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

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

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

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

RISK MANAGEMENT FRAMEWORK

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

- Risk Monitoring and Compliance - the Audit Committee with the assistance of the Internal Audit Department has set in place an on-going process of formalising the risk management systems.

- Heads of each business unit are in charge of identifying principal risks and establishing relevant processes and systems to monitor and manage those risks.

- Employees are encouraged to give feedback on risk management issues and make suggestions for improvement at the operating unit level.

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

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

This Statement is made in accordance with the resolution of the Board dated 16 April 2008.

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 2007.

Principal Activities

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

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

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

Financial Results

	Group RM	Company RM
Profit before taxation	37,634,427	8,187,985
Taxation	(10,764,626)	(1,830,566)
Net profit for the financial year	26,869,801	6,357,419
Attributable to:		
Equity holders of the Company	26,580,804	6,357,419
Minority interests	288,997	-
	26,869,801	6,357,419

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the current financial year.

Dividends

A proposed final dividend of 7 sen per share (previous corresponding year – Nil) has been recommended for the current financial year subject to shareholders' approval at the forthcoming Annual General Meeting. Amount of proposed dividend per share is made up as follows:

- 1 sen less taxation at 26% franked dividend
- 6 sen single tier exempt dividend

directors' report (cont'd)

Dividends (cont'd)

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2008.

Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM51,477,446 to RM51,621,896 by way of the issuance of:

(a) 124,250 new ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.19 per ordinary share;

(b) 3,300 new ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.23 per ordinary share; and

(c) 16,900 new ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.36 per ordinary share.

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

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

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review, except for Employee Share Option Scheme.

Employees Share Option Scheme

The Magna Prima Berhad Employees Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting on 28 April 2003.

The main features of the ESOS are as follows:

(a) Eligible employees who fulfil the following conditions shall be eligible to participate in the Scheme:

   (i) An eligible employee need not be a Malaysian citizen but must be at least eighteen (18) years of age on or before the date of offer. An executive director must be at least eighteen (18) years of age on the date of offer and need not be a Malaysian;

directors' report (cont'd)

Employees Share Option Scheme (cont'd)

(ii) An eligible employee or an executive director must fall under one of the categories of employees listed in By-Law 6.1;

(iii) An eligible employee or an executive director must be employed in the Group and his employment must have been confirmed on or prior to the date of offer;

(iv) If an eligible employee or an executive director is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary company of the Company upon such acquisition, the employment of the eligible employee or executive director must have been confirmed on or prior to the date of offer; and

(v) If an eligible employee is employed by way of contract, he must, in addition to the conditions stipulated in paragraphs (i) to (iv) above, also fulfil the following conditions:

- the employee must be serving the Group on a full time basis; and
- in the event that the employee is serving under an employment contract, the contract should be for a duration of at least one (1) year.

(b) The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.

(c) The ESOS shall be in force for a period of five years with effect from the date of the confirmation letter from the Securities Commission (SC) dated 9 July 2003, subject to any extension of the ESOS as may be approved by the relevant authorities. However, as per clause 19.1 of the ESOS By-Laws, the Company may, if the Board deems fit upon recommendation of the ESOS Committee, renew the ESOS for a further five years subject to the approval of SC.

(d) The option is personal to the grantee and is non-assignable.

(e) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.

(g) The options granted may be exercised at any time within a period of five years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.

(h) The persons to whom the options have been granted shall not participate in more than one employee share option scheme implemented by any company within the Group.

directors' report (cont'd)

Employees Share Option Scheme (cont'd)

The movements of options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

<--- Number of share options --->					Subscription price per ordinary share	
At 1.1.2007	Granted	Cancelled	Exercised	At 31.12.2007	RM	Exercise period
205,150	-	80,900	124,250	-	1.19	9.7.2003 to 8.7.2008
5,200	-	1,900	3,300	-	1.23	15.4.2004 to 8.7.2008
16,900	-	-	16,900	-	1.36	14.3.2005 to 8.7.2008
227,250	-	82,800	144,450	-		

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.

directors' report (cont'd)

Warrants (cont'd)

(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.

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

	Entitlement for ordinary shares of RM1 each			
	At 1.1.2007	**Issued**	**Exercised**	**At 31.12.2007**
Numbers of unexercised Warrants	23,398,839	-	-	23,398,839

Directors

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

Tan Sri Datuk Adzmi bin Abdul Wahab
Lee Kian Seng
Lim Ching Choy
Dato' Mohamad Rizal bin Abdullah
Dato' Dr. Manjit Singh a/l Harban Singh
Ong Ah Leng
Sazali bin Saad
Datuk Lye Ek Seang (appointed on 16.7.2007)
Dato' Rahadian Mahmud bin Mohammad Khalil (appointed on 16.7.2007)
Ng Yak Hee (retired on 7.6.2007)

Directors' Interests

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

	No. of ordinary shares of RM1 each			
	At 1.1.2007	**Acquired**	**Disposed**	**At 31.12.2007**
Magna Prima Berhad				
Direct interest:				
Dato' Dr. Manjit Singh a/l Harban Singh	1,175,100	-	575,100	600,000
Datuk Lye Ek Seang	-	2,097,000	369,300	1,727,700
Dato' Rahadian Mahmud bin Mohammad Khalil	-	2,000,000	500,000	1,500,000
Ong Ah Leng	-	10,000	-	10,000
Indirect interest:				
Lee Kian Seng	-	1,142,000	-	1,142,000
Datuk Lye Ek Seang	-	658,000	308,000	350,000

directors' report (cont'd)

Directors' Interests (cont'd)

	No. of warrants of RM0.30 each			
	At 1.1.2007	Acquired	Disposed	At 31.12.2007
Magna Prima Berhad				
Direct interest:				
Dato' Dr. Manjit Singh a/l Harban Singh	4,492,683	-	-	4,492,683

None of the other Directors holding office at the end of the financial year had any interest in the shares 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 aforementioned ESOS and Warrants entitlements to subscribe for new ordinary shares.

Other Statutory Information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

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

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

directors' report (cont'd)

Other Statutory Information (cont'd)

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

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

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

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

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

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

Significant Events

The significant events are disclosed in Note 36 to the financial statements.

Subsequent Events

The subsequent events after the financial year are disclosed in Note 37 to the financial statements.

Auditors

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

Signed in accordance with a resolution of the Directors.

LEE KIAN SENG

LIM CHING CHOY

KUALA LUMPUR

16 April 2008

statement by directors

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

We, LEE KIAN SENG and LIM CHING CHOY, 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 40 to 84 are drawn up in accordance with applicable approved accounting 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 2007 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

LEE KIAN SENG

LIM CHING CHOY

KUALA LUMPUR

16 April 2008

statutory declaration

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

I, PHAN GAIK CHER, being the officer primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 40 to 84 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed PHAN GAIK CHER
at KUALA LUMPUR in the
Federal Territory this 16 April 2008

PHAN GAIK CHER

Before me,

COMMISSIONER FOR OATHS

MAISHARAH BINTI ABU HASAN

report of the auditors to the members of MAGNA PRIMA BERHAD

(Company No. : 369519-P)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 40 to 84 of Magna Prima Berhad.

The financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of: -

  (i) the state of affairs of the Group and of the Company as at 31 December 2007 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; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

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

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/08 (J/PH)
Partner of Firm

KUALA LUMPUR

16 April 2008

balance sheets as at 31 december 2007

	Note	Group 2007 RM	Group 2006 RM As restated	Company 2007 RM	Company 2006 RM As restated
Non-Current Assets					
Property, plant and equipment	3	3,763,125	4,968,985	1,389,871	2,237,082
Prepaid lease payments	4	310,627	693,113	60,947	438,326
Investment in subsidiary companies	5	-	-	33,587,126	30,750,998
Other investment	6	690,000	690,000	-	-
Property development costs	7	-	25,984,933	-	-
Goodwill on consolidation	8	-	46,207	-	-
Deferred tax asset	21	6,242,000	-	-	-
		11,005,752	32,383,238	35,037,944	33,426,406
Current Assets					
Inventories	9	2,006,801	2,006,801	-	-
Property development costs	7	79,135,929	63,692,659	-	-
Amount owing by customers on contracts	10	57,122,485	28,625,573	-	-
Trade receivables	11	166,452,417	42,332,561	-	-
Other receivables	12	12,665,321	6,724,116	2,575,957	836,174
Amount owing by subsidiary companies	13	-	-	51,967,993	42,503,738
Cash held under Housing Development Accounts	14	11,991,167	2,746,620	-	-
Cash and bank balances		16,500,721	4,603,567	1,030,753	1,150,978
		345,874,841	150,731,897	55,574,703	44,490,890
Current Liabilities					
Amount owing to customers on contracts	10	6,573,816	-	-	-
Trade payables	15	138,207,876	48,569,022	-	-
Other payables	16	15,263,980	17,906,126	1,729,174	4,406,644
Amount owing to subsidiary companies	13	-	-	10,883,282	1,809,057
Hire purchase payables	17	296,316	273,206	105,552	99,407
Bank borrowings	18	30,983,177	36,692,724	838,104	852,865
Taxation		27,301,755	10,948,202	668,241	791,824
		218,626,920	114,389,280	14,224,353	7,959,797
Net current assets		127,247,921	36,342,617	41,350,350	36,531,093
		138,253,673	68,725,855	76,388,294	69,957,499
Financed By:					
Share capital	19	51,621,896	51,477,446	51,621,896	51,477,446
Reserves	20	36,984,130	10,372,876	24,321,089	17,933,220
Equity attributable to equity holders of the parent		88,606,026	61,850,322	75,942,985	69,410,666
Minority interests		2,457,112	2,168,115	-	-
Total equity		91,063,138	64,018,437	75,942,985	69,410,666
Non-Current Liabilities					
Hire purchase payables	17	1,176,884	1,315,143	400,721	506,274
Bank borrowings	18	45,943,465	3,318,775	-	-
Deferred taxation	21	70,186	73,500	44,588	40,559
		47,190,535	4,707,418	445,309	546,833
		138,253,673	68,725,855	76,388,294	69,957,499

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

income statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Revenue	22	344,438,784	80,809,442	16,492,878	5,150,989
Cost of sales		(294,615,048)	(64,702,392)	-	-
Gross profit		49,823,736	16,107,050	16,492,878	5,150,989
Other operating income		558,329	4,077,152	99,210	4,034,371
Distribution expenses		(41,410)	(77,332)	-	-
Administration expenses		(11,661,900)	(15,204,362)	(8,115,752)	(4,526,471)
Other operating expenses		(829,411)	(357,499)	(188,722)	(312,871)
Profit from operations	23	37,849,344	4,545,009	8,287,614	4,346,018
Finance costs	24	(214,917)	(949,091)	(99,629)	(90,907)
Profit before taxation		37,634,427	3,595,918	8,187,985	4,255,111
Taxation	25	(10,764,626)	(3,502,690)	(1,830,566)	(237,122)
Net profit for the financial year		26,869,801	93,228	6,357,419	4,017,989
Net profit for the financial year attributable to:					
Equity holders of the parent		26,580,804	118,471		
Minority interests		288,997	(25,243)		
		26,869,801	93,228		
Earnings per share attributable to equity holders of the parent:					
Basic (sen)	27(a)	51.59	0.25		
Diluted (sen)	27(b)	42.93	-		

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

consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Group	<---------- Attributable to Equity Holders of the Parent					---------->		
	Non-distributable				Distributable			
	Share Capital RM	Share Premium RM	Warrants Reserve RM	Capital Reserve RM	(Accumulated losses)/ Retained profits RM	Total RM	Minority Interests RM	Total Equity RM
At 1 January 2006								
- As previously stated	46,797,679	9,388,308	-	29,994	(8,859,664)	47,356,317	1,928,686	49,285,003
- Prior years adjustment (Note 28)	-	-	-	-	2,676,115	2,676,115	264,672	2,940,787
- As restated	46,797,679	9,388,308	-	29,994	(6,183,549)	50,032,432	2,193,358	52,225,790
Issue of shares	4,679,767	-	-	-	-	4,679,767	-	4,679,767
Rights issue of Warrants	-	-	7,019,652	-	-	7,019,652	-	7,019,652
Net profit for the financial year	-	-	-	-	118,471	118,471	(25,243)	93,228
At 31 December 2006	51,477,446	9,388,308	7,019,652	29,994	(6,065,078)	61,850,322	2,168,115	64,018,437
At 1 January 2007	51,477,446	9,388,308	7,019,652	29,994	(6,065,078)	61,850,322	2,168,115	64,018,437
Issue of shares pursuant to ESOS	144,450	30,450	-	-	-	174,900	-	174,900
Net profit for the financial year	-	-	-	-	26,580,804	26,580,804	288,997	26,869,801
At 31 December 2007	51,621,896	9,418,758	7,019,652	29,994	20,515,726	88,606,026	2,457,112	91,063,138

The accompanying notes form an integral part of the financial statements

company statement of changes in equity (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Non-distributable			Distributable	
Company	Share Capital RM	Warrants Reserve RM	Share Premium RM	(Accumulated Losses)/ Retained Profits RM	Total Equity RM
At 1 January 2006	46,797,679	-	9,388,308	(2,492,729)	53,693,258
Issue of shares	4,679,767	-	-	-	4,679,767
Rights issue of Warrants	-	7,019,652	-	-	7,019,652
Net profit for the financial year	-	-	-	4,017,989	4,017,989
At 31 December 2006	51,477,446	7,019,652	9,388,308	1,525,260	69,410,666
At 1 January 2007	51,477,446	7,019,652	9,388,308	1,525,260	69,410,666
Issue of shares pursuant to ESOS	144,450	-	30,450	-	174,900
Net profit for the financial year	-	-	-	6,357,419	6,357,419
At 31 December 2007	51,621,896	7,019,652	9,418,758	7,882,679	75,942,985

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

cash flow statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM	2006 RM As restated	2007 RM	2006 RM As restated
Cash Flows From Operating Activities				
Profit before taxation	37,634,427	3,595,918	8,187,985	4,255,111
Adjustment for:				
Depreciation of property, plant and equipment	942,170	1,144,736	299,987	225,431
Amortisation of prepaid lease payments	11,755	13,314	6,648	8,207
Gain on disposal of investment in associated company	-	(3,006,491)	-	(4,034,371)
Bad debts written off	-	4,148,133	-	60,506
Allowance for doubtful debts	-	75,834	-	75,834
Gain on disposal of property, plant and equipment	(105,952)	(76,552)	(97,153)	-
Write back of allowance for diminution in value of other investment	-	(395,000)	-	-
Impairment of goodwill	46,207	-	-	-
Provision for liquidated and ascertained damages	-	3,000,000	-	-
Interest income	(69,904)	(303,956)	-	-
Interest expense	214,917	949,091	99,629	90,907
Dividend income	-	-	(7,466,400)	-
Operating profit before working capital changes	38,673,620	9,145,027	1,030.696	681,625
Decrease/(Increase) in working capital				
Inventories	-	1,186,571	-	-
Property development costs	10,541,662	4,951,902	-	-
Amount owing by/to customers on contracts	(21,923,096)	(17,480,570)	-	-
Trade receivables	(124,119,856)	(12,855,391)	-	-
Other receivables	(5,941,204)	2,091,689	(1,739,783)	(661,794)
Amount owing by/to subsidiary companies	-	-	(390,030)	(19,299,725)
Trade payables	89,638,854	7,955,925	-	-
Other payables	(2,642,146)	(10,127,535)	(2,677,470)	3,615,551
	(54,445,786)	(24,277,409)	(4,807,283)	(16,345,968)
Cash used in operations	(15,772,166)	(15,132,382)	(3,776,587)	(15,664,343)
Taxation paid	(656,387)	(9,104)	(8,856)	(2,272)
Interest received	69,904	303,956	-	-
Interest paid	(214,917)	(949,091)	(99,629)	(90,907)
	(801,400)	(654,239)	(108,485)	(93,179)
Net cash used in operating activities	(16,573,566)	(15,786,621)	(3,885,072)	(15,757,522)

cash flow statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
	Note		As restated		As restated
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	29	(602,027)	(628,717)	(484,892)	(517,002)
Investment in subsidiary companies		-	-	(2,836,128)	-
Dividend received		-	-	5,525,136	-
Net proceeds from disposal of investment in associated company		-	5,610,000	-	5,610,000
Net proceeds from disposal of property, plant and equipment		1,508,800	388,323	1,500,000	-
Net cash from investing activities		906,773	5,369,606	3,704,116	5,092,998
Cash Flows From Financing Activities					
Repayment of hire purchase liabilities		(281,549)	(517,533)	(99,408)	(70,630)
Repayment of bank borrowings		(19,265,708)	(32,540,341)	-	-
Drawdown from bank borrowings		60,100,000	37,025,781	-	-
Decrease in fixed deposits pledged		-	5,575,958	-	-
Proceeds from the issuance of shares		174,900	4,679,767	174,900	4,679,767
Proceeds from rights issue of warrants		-	7,019,652	-	7,019,652
Net cash from financing activities		40,727,643	21,243,284	75,492	11,628,789
Net increase/(decrease) in cash and cash equivalents		25,060,850	10,826,269	(105,464)	964,265
Cash and cash equivalents at beginning of the financial year		1,757,032	(9,069,237)	298,113	(666,152)
Cash and cash equivalents at end of the financial year		26,817,882	1,757,032	192,649	298,113
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		16,500,721	4,603,567	1,030,753	1,150,978
Cash held under Housing Development Accounts		11,991,167	2,746,620	-	-
Bank overdrafts		(1,674,006)	(5,593,155)	(838,104)	(852,865)
		26,817,882	1,757,032	192,649	298,113

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 the provision of management services.

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

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

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

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with applicable approved accounting standards in Malaysia for entities other than private entities and the provisions of the Companies Act, 1965.

During the financial year, the Company has adopted the following applicable Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board that are mandatory for financial periods beginning on or after 1 October 2006 and 1 January 2007:

1 October 2006	**FRS 117**	**Leases**
	FRS 124	**Related Party Disclosures**
1 January 2007	**Amendment to FRS 119**	**Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures**

The adoption of the above FRSs does not have any significant impact on the financial statements of the Company other than as disclosed in Note 38 to the financial statements.

The Directors of the Company anticipate that the application of the following FRSs which are mandatory and will be effective for financial periods beginning on or after 1 July 2007 will have no material impact on the financial statements of the Company:

FRS 107	**Cash Flow Statements**
FRS 111	**Construction Contracts**
FRS 112	**Income Taxes**
FRS 118	**Revenue**
FRS 119	**Employment Benefits**
FRS 120	**Accounting for Government Grants and Disclosure of Government Assistance**
Amendment to FRS 121	**The Effects of Changes in Foreign Exchange Rates**
FRS 126	**Accounting and Reporting by Retirement Benefit Plans**
FRS 129	**Financial Reporting in Hyperinflationary Economies**
FRS 134	**Interim Financial Reporting**
FRS 137	**Provisions, Contingent Liabilities and Contingent Assets**

FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by MASB) is a new standard that establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Company will apply this standard when it becomes effective.

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(b) Functional and presentation currency

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

(c) Significant accounting estimates and judgements

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

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

(i) Estimation of fair value of properties

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

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; or

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy stated in Note 2(h). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Depreciation of property, plant and equipment

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

(iv) Income taxes

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

notes to the financial statements

2. Significant Accounting Policies (cont'd)

(d) Basis of consolidation

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

(i) Subsidiary companies

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

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

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

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

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

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

(ii) Changes in Group composition

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

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

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(e) Investment in subsidiary companies

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

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

(f) Goodwill on consolidation

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

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

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Freehold land is not depreciated. 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:

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

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

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

(h) Impairment of assets

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

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

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

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

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(i) Other investments

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

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

(j) Inventories

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

(k) Receivables

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

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

(l) Cash and cash equivalents

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

(m) Payables

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

(n) Construction contracts

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

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

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

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

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(o) Land held for property development

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

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

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

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

(p) Property development costs

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

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

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

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

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

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

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

(q) Hire purchase

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(q) Hire purchase (cont'd)

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

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

(r) Borrowing costs

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

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

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

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

(s) Provisions for liabilities

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

(t) Revenue recognition

(i) Property development

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

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

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(t) Revenue recognition (cont'd)

(ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total costs incurred to date over the estimated total project costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(iii) Goods sold and services rendered

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

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

(iv) Rental and interest income

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

(v) Dividend income

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

(u) Income tax

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

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

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

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

notes to the financial statements (cont'd)

2. Significant Accounting Policies (cont'd)

(v) Employee benefits

(i) Short term benefits

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

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

(ii) Defined contribution plans

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

(iii) Equity compensation benefits

The Magna Prima Berhad Employees Share Options Scheme ("ESOS") allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(w) Leases

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

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

(x) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, deposits, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

notes to the financial statements (cont'd)

3. Property, Plant and Equipment

Group	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
Cost							
At 1.1.2007	1,543,188	5,773,078	2,240,485	2,997,768	63,650	1,170,403	13,788,572
Additions	-	12,168	134,190	181,737	11,200	429,132	768,427
Disposals/Write-off	(810,340)	-	-	(53,341)	-	(431,261)	(1,294,942)
At 31.12.2007	732,848	5,785,246	2,374,675	3,126,164	74,850	1,168,274	13,262,057
Accumulated depreciation							
At 1.1.2007	105,017	5,459,914	1,358,689	1,442,872	61,218	391,877	8,819,587
Charge for the financial year	29,757	108,671	187,755	470,104	3,505	142,378	942,170
Disposals/Write-off	(68,879)	-	-	(53,340)	-	(140,606)	(262,825)
At 31.12.2007	65,895	5,568,585	1,546,444	1,859,636	64,723	393,649	9,498,932
Carrying amount							
At 31.12.2007	666,953	216,661	828,231	1,266,528	10,127	774,625	3,763,125
At 31.12.2006	1,438,171	313,164	881,796	1,554,896	2,432	778,526	4,968,985
Depreciation charge for the financial year ended 31.12.2006	31,547	332,895	188,668	471,204	3,554	116,868	1,144,736

notes to the financial statements (cont'd)

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

Company	Buildings RM	Furniture fittings & equipment RM	Computers RM	Motor vehicles RM	Office renovation RM	Total RM
Cost						
At 1.1.2007	1,170,553	192,975	199,404	866,659	431,261	2,860,852
Additions	-	27,304	28,456	-	429,132	484,892
Disposals/Write-off	(810,340)	-	-	-	(431,261)	(1,241,601)
At 31.12.2007	360,213	220,279	227,860	866,659	429,132	2,104,143
Accumulated depreciation						
At 1.1.2007	58,674	83,772	90,390	279,079	111,855	623,770
Charge for the financial year	18,009	19,088	17,894	173,332	71,664	299,987
Disposals/Write-off	(68,879)	-	-	-	(140,606)	(209,485)
At 31.12.2007	7,804	102,860	108,284	452,411	42,913	714,272
Carrying amount						
At 31.12.2007	352,409	117,419	119,576	414,248	386,219	1,389,871
At 31.12.2006	1,111,879	109,203	109,014	587,580	319,406	2,237,082
Depreciation charge for the financial year ended 31.12.2006	16,807	17,349	18,857	129,292	43,126	225,431

Included in the property, plant and equipment of the Group and of the Company are motor vehicles under hire purchase with carrying amount of RM1,238,890 and RM414,248 (2006: RM1,526,424 and RM587,580) respectively.

notes to the financial statements (cont'd)

4. Prepaid Lease Payments

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cost				
At 1 January	736,666	674,369	467,467	405,170
Addition	-	62,297	-	62,297
Disposal	(405,170)	-	(405,170)	-
At 31 December	331,496	736,666	62,297	467,467
Accumulated amortisation				
At 1 January	43,553	30,239	29,141	20,934
Amortisation of prepaid lease payments	11,755	13,314	6,648	8,207
Disposal	(34,439)	-	(34,439)	-
At 31 December	20,869	43,553	1,350	29,141
Carrying amount				
At 31 December	310,627	693,113	60,947	438,326

(i) In previous financial years, the above prepaid lease payments which consist of long term leasehold lands were included in property, plant and equipment. Following the adoption of FRS 117 Leases, these prepaid lease payments are now disclosed separately.

(ii) The remaining periods of the long term leasehold land range from 81 years to 89 years.

5. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost		
- ordinary shares	33,586,126	30,749,998
- redeemable preference shares	1,000	1,000
	33,587,126	30,750,998

notes to the financial statements (cont'd)

5. Investment in Subsidiary Companies (cont'd)

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

Name of company	Country of incorporation	Equity interest 2007 %	Equity interest 2006 %	Principal activities
Direct holding -				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Specialist in quarrying work, civil engineering, building construction and property maintenance services
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd. (formerly known as Magna Realty Sdn. Bhd.)	Malaysia	100	100	Investment holding
Magna Shah Alam Sdn. Bhd. (formerly known as Prima Hardware Sdn. Bhd.)	Malaysia	100	100	Property development
Indirect holding -				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Property development
Magna Park Sdn. Bhd.	Malaysia	91	91	Investment holding and property development
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management
Magna City Development Sdn. Bhd. (formerly known as Magna Quarry Services Sdn. Bhd.)	Malaysia	100	100	Property development
Magna Ecocity Sdn. Bhd. (formerly known as Magna Park (Seremban) Sdn. Bhd.)	Malaysia	100	100	Dormant
Embassy Court Sdn. Bhd.	Malaysia	100	100	Property development
Amanabina Sdn. Bhd.	Malaysia	55	55	Marketing of properties and project management services

notes to the financial statements (cont'd)

6. Other Investment

	Group 2007 RM	Group 2006 RM
Quoted shares in Malaysia, at cost	1,525,000	1,525,000
Less : Allowance for diminution in value	(835,000)	(835,000)
	690,000	690,000
Market value	780,000	690,000

7. Property Development Costs

	Group 2007 RM	Group 2006 RM
Non-Current		
Leasehold land, at cost		
At 1 January	-	10,300,000
Other movements during the financial year	-	(10,300,000)
At 31 December	-	-
Development Costs		
At 1 January	25,984,933	24,500,044
Addition during the financial year	-	1,735,781
Other movements during the financial year	-	(250,892)
Transferred to current portion	(25,984,933)	-
At 31 December	-	25,984,933
	-	25,984,933
Current		
Leasehold land, at cost		
At 1 January/31 December	5,071,885	5,071,885
Development Costs		
At 1 January	197,348,641	157,465,346
Addition during the financial year	233,091,031	39,883,295
Transferred from non-current portion	25,984,933	-
At 31 December	456,424,605	197,348,641
Cost recognised as expenses in the income statement		
At 1 January		
- As previously stated	138,727,867	106,375,756
- Prior years adjustment (Note 28)	-	(3,667,975)
- As restated	138,727,867	102,707,781
Recognised during the financial year	243,632,694	36,020,086
At 31 December	382,360,561	138,727,867
	74,064,044	58,620,774
	79,135,929	63,692,659

notes to the financial statements (cont'd)

7. Property Development Costs (cont'd)

(a) A subsidiary company entered into privatisation agreements with a third party (land owner) to develop a piece of leasehold land solely at the cost of the subsidiary company and based on the agreement, the landowner is entitled to certain percentage of development profit.

(b) The long term leasehold land of a subsidiary company with carrying amount of RM 5,071,885 (2006: RM5,071,885) is yet to be registered under the name of the subsidiary company.

(c) Included in the development costs for the financial year is finance costs amounting to RM7,329,868 (2006: RM1,880,089).

8. Goodwill on Consolidation

	Group	
	2007	**2006**
	RM	**RM**
At 1 January	46,207	46,207
Less: Impairment of goodwill	(46,207)	-
At 31 December	-	46,207

9. Inventories

	Group	
	2007	**2006**
	RM	**RM**
Unsold units of completed properties	2,006,801	2,006,801

10. Amount Owing by/to Customers on Contracts

	Group	
	2007	**2006**
	RM	**RM**
Contract costs	175,035,360	70,496,681
Attributable profits	46,302,998	8,388,364
	221,338,358	78,885,045
Progress billings including retention sum	(170,789,689)	(50,259,472)
	50,548,669	28,625,573
Represented by:		
Amount owing by customer on contracts	57,122,485	28,625,573
Amount owing to customer on contracts	(6,573,816)	-
	50,548,669	28,625,573
Retention sums included in progress billings	9,372,244	1,354,748

notes to the financial statements (cont'd)

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

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

		Group	
		2007	2006
	Note	RM	RM
Staff costs capitalised	31	653,055	561,863

11. Trade Receivables

	Group	
	2007	2006
	RM	RM
Trade receivables	64,234,512	18,599,954
Accrued billings in respect of property development costs	102,217,905	23,732,607
	166,452,417	42,332,561

The Group's normal trade credit terms ranges from 30 to 120 days (2006: 30 to 120 days).

12. Other Receivables

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other receivables	5,125,552	6,500,913	2,284,502	865,525
Deposits	7,187,495	201,372	113,700	16,700
Prepayments	428,108	97,665	253,589	29,783
	12,741,155	6,799,950	2,651,791	912,008
Less: Allowance for doubtful debts	(75,834)	(75,834)	(75,834)	(75,834)
	12,665,321	6,724,116	2,575,957	836,174

notes to the financial statements (cont'd)

13. Amount Owing by/to Subsidiary Companies

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

14. Cash Held Under Housing Development Accounts

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

The interest earned on the above ranges from 1.99% to 2.15% (2006: 1.81% to 2.66%).

15. Trade Payables

	Group	
	2007	**2006**
	RM	**RM**
Trade payables	138,207,876	40,985,634
Progress billings in respect of property development costs	-	7,583,388
	138,207,876	48,569,022

The Group's normal trade credit terms range from 30 to 120 days (2006: 30 to 120 days).

16. Other Payables

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Other payables	10,109,585	14,165,583	292,989	3,995,614
Refundable deposits	1,920,994	2,595,012	-	-
Accruals	3,233,401	1,145,531	1,436,185	411,030
	15,263,980	17,906,126	1,729,174	4,406,644

notes to the financial statements (cont'd)

17. Hire Purchase Payables

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
(a) Future minimum payments				
Repayable within one year	363,840	349,869	129,324	129,325
Repayable between one and five years	1,292,620	1,198,708	438,663	493,006
Repayable after five years	-	280,133	-	74,980
	1,656,460	1,828,710	567,987	697,311
Less: Finance charges	(183,260)	(240,361)	(61,714)	(91,630)
	1,473,200	1,588,349	506,273	605,681
(b) Present value representing hire purchase liabilities				
Repayable within one year	296,316	273,206	105,552	99,407
Repayable between one and five years	1,176,884	1,044,690	400,721	434,369
Repayable after five years	-	270,453	-	71,905
	1,473,200	1,588,349	506,273	605,681
Analysed as:				
Repayable within twelve months	296,316	273,206	105,552	99,407
Repayable after twelve months	1,176,884	1,315,143	400,721	506,274
	1,473,200	1,588,349	506,273	605,681

The hire purchase bear interest at the balance sheet date at rates between 4.80% to 6.28% (2006: 4.80% to 6.28%) per annum.

notes to the financial statements (cont'd)

18. Bank Borrowings

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Secured:				
Bridging loan	-	11,500,794	-	-
Term loans	75,252,636	22,917,550	-	-
Bank overdrafts	1,674,006	5,593,155	838,104	852,865
	76,926,642	40,011,499	838,104	852,865
Repayable within twelve months				
Secured:				
Bridging loan	-	8,666,666	-	-
Term loans	29,309,171	22,432,903	-	-
Bank overdrafts	1,674,006	5,593,155	838,104	852,865
	30,983,177	36,692,724	838,104	852,865
Repayable after twelve months				
Secured:				
Term loans	45,943,465	3,318,775	-	-
	76,926,642	40,011,499	838,104	852,865
Maturity of borrowings:				
Within one year	30,983,177	36,692,724	-	-
Between one and two years	20,224,545	3,318,775	-	-
Between two and five years	25,718,920	-	-	-
	76,926,642	40,011,499	-	-

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

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

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

(c) Facility Agreement for the total borrowings which amounts to RM97,912,000 (2006:RM63,160,000);

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

(e) A registered Debenture covering a first fixed and floating charge for RM61,600,000 (2006: RM16,500,000) on all current and future assets of certain subsidiary companies.

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

The Group's term loans are repayable by monthly instalments over 1 to 3.5 years (2006: 1 to 3.5 years).

The Group's interest rates range from 1.5% to 4.5% (2006: 1.5% to 3.5%) above the financial institutions' base lending rates and base funding rates per annum.

notes to the financial statements (cont'd)

19. Share Capital

	Group / Company 2007 RM	Group / Company 2006 RM
Ordinary shares of RM1 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid		
At 1 January	51,477,446	46,797,679
Issued during the financial year	144,450	4,679,767
At 31 December	51,621,896	51,477,446

During the financial year, the issued and paid-up share capital of the Company was increased from RM51,477,446 to RM51,621,896 by way of the issuance of:

(a) 124,250 new ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.19 per ordinary share;

(b) 3,300 new ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.23 per ordinary share; and

(c) 16,900 new ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.36 per ordinary share.

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

20. Reserves

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Non-distributable:				
Share premium	9,418,758	9,388,308	9,418,758	9,388,308
Capital reserve	29,994	29,994	-	-
Warrants	7,019,652	7,019,652	7,019,652	7,019,652
Distributable:				
Retained profits/ (Accumulated losses)	20,515,726	(6,065,078)	7,882,679	1,525,260
	36,984,130	10,372,876	24,321,089	17,933,220

notes to the financial statements (cont'd)

21. Deferred Taxation

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
At 1 January	73,500	71,197	40,559	39,751
Recognised in income statements	(6,249,296)	4,950	47	3,455
Under/(Over) provision in prior financial year	3,982	(2,647)	3,982	(2,647)
At 31 December	(6,171,814)	73,500	44,588	40,559

Represented by:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Deferred tax liabilities	70,186	73,500	44,588	40,559
Deferred tax asset	(6,242,000)	-	-	-
	(6,171,814)	73,500	44,588	40,559

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances	
	2007	2006
	RM	RM
At 1 January	73,500	71,197
Recognised in income statement	(7,296)	4,950
Under/(Over) provision in prior financial year	3,982	(2,647)
At 31 December	70,186	73,500

Deferred tax asset of the Group:

	Tax losses	
	2007	2006
	RM	RM
At 1 January	-	-
Recognised in income statement	6,242,000	-
At 31 December	6,242,000	-

notes to the financial statements (cont'd)

21. Deferred Taxation (cont'd)

Deferred tax liabilities of the Company:

	Accelerated capital allowances	
	2007	2006
	RM	RM
At 1 January	40,559	39,751
Recognised in income statement	47	3,455
Under/(Over) provision in prior financial year	3,982	(2,647)
At 31 December	44,588	40,559

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.

22. Revenue

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Sale of development properties	253,666,018	45,232,003	-	-
Sale of completed properties	1,469,200	1,604,276	-	-
Value of construction and quarrying works	88,651,151	33,108,527	-	-
Hire of plant	26,500	156,500	-	-
Management fee received/ receivable from subsidiary companies	-	-	9,026,478	5,150,989
Dividend income	-	-	7,466,400	-
Trading and other income	625,915	708,136	-	-
	344,438,784	80,809,442	16,492,878	5,150,989

notes to the financial statements (cont'd)

23. Profit from Operations

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

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- Current year	134,000	137,000	22,000	22,000
- Over provision in prior year	(4,000)	(3,000)	-	-
Depreciation of property, plant and equipment	942,170	1,144,736	299,987	225,431
Amortisation of prepaid lease payments	11,755	13,314	6,648	8,207
Impairment of goodwill	46,207	-	-	-
Bad debts written off	-	4,148,133	-	60,506
Allowance for doubtful debts	-	75,834	-	75,834
Provision for liquidated and ascertained damages	-	3,000,000	-	-
Provision for foreseeable loss	330,438	-	-	-
Hire of machineries	3,631,279	242,408	-	-
Hire of motor vehicles	-	9,630	-	-
Hire of office equipment	267	4,435	-	-
Rental of premises	701,801	397,625	402,000	-
Lease rental	50,712	-	50,712	-
Interest expense	214,917	949,091	99,629	90,907
Interest income	(69,904)	(303,956)	-	-
Gain on disposal of property, plant and equipment	(105,952)	(76,552)	(97,153)	-
Gain on disposal of investment in associated company	-	(3,006,491)	-	(4,034,371)
Rental income	(3,730)	(48,598)	-	-
Rental income from unsold completed properties	(4,550)	(13,700)	-	-
Write back of allowance for diminution in value on other investment	-	(395,000)	-	-

notes to the financial statements (cont'd)

24. Finance Costs

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Finance costs on:				
Term loans	7,013,903	1,731,014	-	-
Hire purchase	79,263	88,227	29,917	25,203
Bank overdrafts	422,747	671,466	69,712	65,704
Others	28,872	338,473	-	-
	7,544,785	2,829,180	99,629	90,907
Less: Finance costs capitalised: property development costs (Note 7(c))	(7,329,868)	(1,880,089)	-	-
	214,917	949,091	99,629	90,907

25. Taxation

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Tax expenses for the financial year:				
- Current tax provision	18,517,518	3,450,572	2,139,278	186,500
- (Over)/Under provision in prior financial years	(1,507,578)	49,815	(312,741)	49,815
	17,009,940	3,500,387	1,826,537	236,315
Deferred tax:				
- Relating to origination and reversal of temporary differences	(6,249,296)	4,950	47	3,455
- Under/(Over) provision in prior financial year	3,982	(2,647)	3,982	(2,648)
	(6,245,314)	2,303	4,029	807
	10,764,626	3,502,690	1,830,566	237,122

Income tax is calculated at the statutory rate of 27% (2006:28%) on chargeable income of the estimated assessable profit for the financial year. Effective year of assessment 2008, the statutory tax rate will be reduced to 26% which has been reflected accordingly in the computation of deferred taxation for the current financial year.

notes to the financial statements (cont'd)

25. Taxation (cont'd)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation	37,634,427	3,595,918	8,187,985	4,255,111
Taxation at statutory tax rate of 27% (2006: 28%)	10,161,295	1,006,857	2,210,756	1,191,431
Income not subject to tax	(178,892)	(1,539,188)	(156,326)	(1,129,624)
Expenses not deductible for tax purposes	2,566,531	2,744,070	84,895	128,148
Deferred tax assets not recognised	332,315	1,355,500	-	-
Utilisation of previously unrecognised income tax benefit	(613,027)	-	-	-
(Over)/Under provision of current taxation in respect of prior years	(1,507,578)	49,815	(312,741)	49,815
(Over)/Under provision of deferred taxation in respect of prior year	3,982	(2,647)	3,982	(2,648)
Tax incentives for small and medium scale companies at 20% tax rate	-	(111,717)	-	-
Tax expense for the financial year	10,764,626	3,502,690	1,830,566	237,122

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

	Group	
	2007 RM	2006 RM
Unutilised capital allowances	2,353,298	2,536,357
Unabsorbed tax losses	17,794,888	16,564,091
Accelerated capital allowances	(443,072)	392,336
	19,705,114	19,492,784

notes to the financial statements (cont'd)

26. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Company's Directors				
- Salaries and other emoluments	1,549,560	1,129,420	1,549,560	1,129,420
- EPF	133,200	120,900	133,200	120,900
- Socso	1,240	1,240	1,240	1,240
- Bonus	768,000	-	768,000	-
- Fees	197,000	161,000	197,000	161,000
- Estimated money value of benefits-in-kind	99,768	44,750	99,768	44,750
Other Directors				
- Salaries and other emoluments	136,416	403,248	-	-
- EPF	21,230	56,052	-	-
- Socso	430	620	-	-

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

27. Earnings Per Share

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated profit after taxation of RM26,580,804 (2006: RM118,471) for the Group and the weighted average number of ordinary shares in issue during the financial year of 51,523,547 (2006: 47,284,888).

(b) Fully diluted earnings per share

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

	Group	
	2007 RM	2006 RM
Net profit for the financial year	26,580,804	118,471
Weighted number of ordinary shares issued	51,523,547	-
Adjusted for :		
Assumed exercise of Warrants	10,400,000	-
Fully diluted weighted average number of shares	61,923,547	-

notes to the financial statements (cont'd)

28. Prior Years Adjustment

During the financial year ended 31 December 2006, the Group has made an adjustment to reallocate the construction costs of a low cost apartment, Block A, to other phases in Metro Prima Phase 3 ("MP3") with retrospective effect from the year 2004. Consequently, the profit recognition on MP3 has been recomputed accordingly.

The changes made from the reallocation of the common cost have been applied retrospectively and the corresponding comparative figures have been restated. The financial effects from the reallocation of common cost are as follows:-

	Group	
	2007	2006
	RM	RM
Effects on retained profits:		
At 1 January, as previously stated	-	(8,859,664)
Effects on reallocation of common cost	-	2,940,787
Effects on share of profit by minority interest	-	(264,672)
At 1 January, as restated	-	(6,183,549)

29. Purchase of Property, Plant and Equipment

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Aggregate cost	768,427	1,726,717	484,892	755,002
Less: Hire purchase financing	(166,400)	(1,098,000)	-	(238,000)
Cash payments	602,027	628,717	484,892	517,002

30. Section 108 Tax Credit and Tax Exempt Income

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividends of approximately RM1,306,795 (2006: RM1,130,000) out of its distributable reserves as at 31 December 2007 without incurring any additional tax liability. If the balance of the distributable reserves were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM2,477,369 (2006 : RM150,000).

However, the Company can make an irrecoverable option to elect for the single tier tax system whereby it will not require dividend franking credits before distributing dividend to shareholders.

notes to the financial statements (cont'd)

31. Staff Information

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Staff costs (excluding Directors) comprise:				
- charged to income statements	6,489,937	3,876,200	2,878,900	1,906,674
- capitalised in amount owing by customers on contracts (Note 10)	653,055	561,863	-	-
Total staff costs for the financial year	7,142,992	4,438,063	2,878,900	1,906,674

Included in staff costs above are contribution made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM538,839 and RM210,245 (2006: RM413,129 and RM198,776) respectively.

32. Significant Related Parties Transactions

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

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Certified value of contract work charged by Jayarena-Dunia Epik JV, in which Dunia Epik Sdn. Bhd., a subsidiary company is a joint venture partner	-	1,867,433	-	-
Certified value of contract work charged by MPC-Perembun JV, in which Magna Prima Construction Sdn. Bhd., a subsidiary company is a joint venture partner	-	12,871,068	-	-
Dividend received from subsidiary company, Magna Prima Construction Sdn. Bhd.	-	-	7,466,400	-
Management fee received/receivable from subsidiary companies:				
Magna Park Sdn. Bhd.	-	-	1,805,295	1,029,881
Dunia Epik Sdn. Bhd.	-	-	1,805,295	1,029,881
Embassy Court Sdn. Bhd.	-	-	1,805,295	1,029,881
Magna Prima Construction Sdn. Bhd.	-	-	1,805,295	1,029,881
Amanabina Sdn. Bhd.	-	-	-	1,029,881
MPrima (Shah Alam) Sdn Bhd	-	-	1,805,295	-

notes to the financial statements (cont'd)

33. Contingent Liabilities

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:				
- Secured on assets of subsidiary companies	-	-	99,063,742	73,933,200
- Unsecured	-	-	2,000,000	2,000,000
Guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:				
- Unsecured	-	-	12,000,000	-
Limit of guarantees	-	-	113,063,742	75,933,200
Amount utilised by subsidiary companies.	-	-	84,183,560	41,773,950
Claim made by a former Director of technical service on the Avare project against the company for constructive dismissal	400,000	-	-	-
Banker's guarantees in favour of the local authorities for the purpose of development projects				
- Secured	-	-	-	-
- Unsecured	-	457,569	-	-
Portion of late payment interest claimed by trade payables and hire purchase payables under appeal and not recognised in the financial statements	-	420,484	-	-
	400,000	878,053	84,183,560	41,773,950

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.

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

notes to the financial statements (cont'd)

34. Segmental Reporting (cont'd)

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

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

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

The main business segments of the Group comprise the following:

2007	Construction and Engineering RM	Properties RM	Others RM	Consolidated RM
Revenue				
Total revenue	89,303,566	255,135,218	16,492,878	360,931,662
Intersegment revenue	-	-	(16,492,878)	(16,492,878)
Total segment revenue	89,303,566	255,135,218	-	344,438,784
Results				
Segment results	31,929,526	5,061,006	788,908	37,779,440
Unallocated corporate income	69,904	-	-	69,904
Profit from operations				37,849,344
Finance costs				(214,917)
Profit before taxation				37,634,427
Taxation				(10,764,626)
Profit after taxation				26,869,801
Minority Interests				(288,997)
Net profit for the financial year				26,580,804
Assets				
Segment assets	83,131,320	261,079,836	11,979,437	356,190,593
Unallocated corporate assets				690,000
Consolidated total assets				356,880,593
Liabilities				
Segment liabilities	120,894,118	40,567,912	4,825,642	166,287,672
Unallocated corporate liabilities				99,529,783
Consolidated total liabilities				265,817,455

notes to the financial statements (cont'd)

34.Segmental Reporting (cont'd)

2007	Construction and Engineering RM	Properties RM	Others RM	Consolidated RM
Other information				
Capital expenditure	265,687	17,848	484,892	768,427
Depreciation and amortisation	490,778	155,623	307,524	953,925
Other non-cash expenses				
Impairment of goodwill	-	-	46,207	46,207
Other non-cash income				
Gain on disposal of property, plant and equipment	-	8,799	97,153	105,952
2006				
Revenue				
Total revenue	33,152,983	46,836,279	5,971,170	85,960,432
Intersegment revenue	-	-	(5,150,990)	(5,150,990)
Total segment revenue	33,152,983	46,836,279	820,180	80,809,442
Results				
Segment results	(2,687,061)	5,088,541	1,839,574	4,241,054
Unallocated corporate income	29,402	274,553	-	303,955
Profit from operations				4,545,009
Finance costs				(949,091)
Profit before taxation				3,595,918
Taxation				(3,502,690)
Profit after taxation				93,228
Minority Interests				25,243
Net profit for the financial year				118,471
Assets				
Segment assets	44,781,240	132,860,274	4,737,414	182,378,928
Unallocated corporate assets				736,207
Consolidated total assets				183,115,135

notes to the financial statements (cont'd)

34. Segmental Reporting (cont'd)

2006	Construction and Engineering RM	Properties RM	Others RM	Consolidated RM
Liabilities				
Segment liabilities	22,281,191	39,036,013	5,157,944	66,475,148
Unallocated corporate liabilities				52,621,550
Consolidated total liabilities				119,096,698
Other information				
Capital expenditure	966,565	5,149	801,210	1,772,924
Depreciation	661,610	261,913	234,527	1,158,050
Other non-cash expenses				
Allowance for doubtful debts	-	-	75,834	75,834
Bad debts written off	4,087,627	-	60,506	4,148,133
Other non-cash income				
Write back of allowance for diminution in value of other investment	-	-	395,000	395,000
Gain on disposal of property, plant and equipment	7,481	69,071	-	76,552
Gain on disposal of investment in associated company	-	-	3,006,491	3,006,491

35. Commitments

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Approved and contracted for:				
Purchase of property, plant and equipment	1,576,625	-	1,576,625	-
Contractual obligation for development project	60,237,400	-	-	-
	61,814,025	-	1,576,625	-

notes to the financial statements (cont'd)

36. Significant Events

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

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

On 19 December 2007, the Company has proposed to terminate the existing Employees' Share Option Scheme ("ESOS") and establish a new ESOS of up to fifteen percent (15%) of the issued and paid-up capital of MPB to replace the existing ESOS. This proposal has been approved by the shareholders at the Extraordinary General Meeting on 7 January 2008.

(b) Magna City Development Sdn. Bhd. (formerly known as Magna Quarry Services Sdn. Bhd.)

On 2 November 2007, the Company announced that its subsidiary, Magna City Development Sdn Bhd. (formerly known as Magna Quarry Services 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 and District of Kuala Lumpur and State of Wilayah Persekutuan of total area measuring approximately 10.23 acres for a total cash consideration of RM57,930,444. The proposed acquisition has been approved by the shareholders at the Extraordinary General Meeting on 7 January 2008 and by Foreign Investment Committee on 19 February 2008.

(c) Magna Shah Alam Sdn. Bhd. (formerly known as Prima Hardware Sdn. Bhd.)

On 10 December 2007, the Company announced that its subsidiary, Magna Shah Alam Sdn. Bhd. (formerly known as Prima Hardware Sdn. Bhd.) had entered into a Sale and Purchase Agreement with Muafakat Kekal Sdn. Bhd. to acquire a piece of land measuring approximately 19,350 square meters in Bandar Shah Alam for a purchase consideration of RM9,000,000 in cash.

37. Subsequent Events

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

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

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

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

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

(b) Magna Park Sdn. Bhd.

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

notes to the financial statements (cont'd)

38. Effects on Adoption of New FRSs

During the financial year, the Group adopted FRS 117, Leases, for the first time. The adoption of FRS 117 did not give rise to any adjustments to the opening balances of the retained profits of the prior and current financial year. Comparative figures, however, have been reclassified as follows:

Group	As previously reported RM	Reclassification RM	As restated RM
Balance Sheet			
Property, plant and equipment	5,662,098	(693,113)	4,968,985
Prepaid lease payments	-	693,113	693,113
Cash Flow Statement			
Cash Flows from operating activities:			
Amortisation of prepaid lease payments	-	13,314	13,314
Depreciation of property, plant and equipment	1,158,050	(13,314)	1,144,736

Company	As previously reported RM	Reclassification RM	As restated RM
Balance Sheet			
Property, plant and equipment	2,675,408	(438,326)	2,237,082
Prepaid lease payments	-	438,326	438,326
Cash Flow Statement			
Cash flows from operating activities:			
Amortisation of prepaid lease payments	-	8,207	8,207
Depreciation of property, plant and equipment	233,638	(8,207)	225,431

notes to the financial statements (cont'd)

39. Financial Instruments

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

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

(a) Interest Rate Risk

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

(b) Credit Risk

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

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

(c) Liquidity and Cash Flow Risks

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

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

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

notes to the financial statements (cont'd)

39. Financial Instruments (cont'd)

(d) Fair Values

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

	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets				
Investment in quoted shares	690,000	780,000	690,000	690,000
Financial liabilities				
Hire purchase payables	1,176,884	875,659	1,315,143	1,013,918
Long term bank borrowings	45,943,465	40,074,465	3,318,775	2,894,822
Contingent liabilities (Note 33)	400,000	@	878,053	@
Company				
Financial assets				
Amount owing by subsidiary companies	51,967,993	*	42,503,738	*
Financial liabilities				
Amount owing to subsidiary company	10,883,282	*	1,809,057	*
Hire purchase payables	400,721	288,485	506,273	394,038
Contingent liabilities (Note 33)	84,183,560	@	41,773,950	@

* It is not practicable to estimate the fair values of amounts owing by/to subsidiary companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

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

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

notes to the financial statements (cont'd)

39. Financial Instruments (cont'd)

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

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

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

(ii) Other Investment

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

(iii) Borrowings

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

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

40. Material Litigation

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 the Company who was also a director of both the abovesaid subsidiary companies in collaboration with various other parties.

On 1 November 2000, the Company, together with MPC and DE as joint Plaintiffs (collectively known as "the Plaintiffs"), instituted a civil suit no.: D6-22-2039-2000 ("1st Suit") in the High Court of Kuala Lumpur ("Court") against Top Green Entity Sdn. Bhd. ("Top Green") and six other individuals namely Lim Kee Peng, Chiang Yee Hong, Tan 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.

notes to the financial statements (cont'd)

40. Material Litigation (cont'd)

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

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

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

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

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

The 1st Suit is now proceeding towards trial and the case management of the same was fixed for mentioned on 12 June 2006 and thereafter 4 September 2006 which was adjourned to 31 October 2006.

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

On 24 October 2007, the 1st Suit was called up for another pre-trial case management at which occasion the Court vacated the trial dates to facilitate a priority case during the period and reassigned the 1st Suit for further pre-trial case management on 5 May 2008.

41. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2007 were authorised for issue in accordance with a resolution of the Board of Directors on 16 April 2008.

summary of properties

Registered Owner	Location	Description and Existing Use	Tenure	Land / Built-up Area (sq.ft.)	Age of Properties / Buildings (years)	Net Book Value RM
Magna Prima Berhad	No 23, Storey No 1, Building No B., Puncak Ara Damansara, Mukim Sungai Buloh, Daerah Petaling PN No. 11819 Lot No. 95	Apartment	Leasehold (Expiring on 2097)	1,114	1	182,842
	B - 3, Storey No.16, Block A, Greenfields Apartment, Mukim Petaling, Daerah Wilayah Persekutuan PN No. 107890 Lot No. 36463	Apartment	Freehold	994	1	230,515
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211 Mukim Mentakab, Daerah Temerloh	Semi-Detached House	Leasehold (Expiring on 2028)	3,249	16	108,987
	Unit No. J5-03, Third Floor, PN No. 30338, Lot No. 57708, Metro Prima Kepong	Four Storey Shop Office	Leasehold (Expiring on 2096)	1,428	3 ¼	113,809
	Unit No. J6-03, Third Floor, PN No. 30339, Lot No. 57709, Metro Prima Kepong	Four Storey Shop Office	Leasehold (Expiring on 2096)	1,428	3 ¼	113,809
	Unit No. L5-03, Third Floor, PN No. 30356, Lot No. 57726, Metro Prima Kepong	Four Storey Shop Office	Leasehold (Expiring on 2096)	1,428	3 ¼	113,809
	Unit No. L2-03, Third Floor, PN No. 30353, Lot No. 57723, Metro Prima Kepong	Four Storey Shop Office	Leasehold (Expiring on 2096)	1,428	3 ¼	113,809

analysis of shareholdings (ordinary)

AS AT 14 April 2008

Authorised Share Capital	:	RM 100,000,000
Issued and Fully Paid-up Share Capital	:	RM 52,542,096
Class of Shares	:	Ordinary Shares of RM 1.00 each
Voting Rights	:	One (1) vote for each ordinary share held

Distribution schedule of shareholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
less than 100	9	0.70	393	0.00
100 to 1,000	563	43.51	534,141	1.02
1,001 to 10,000	482	37.25	2,113,669	4.02
10,001 to 100,000	173	13.37	5,388,519	10.26
100,001 to less than 5%	65	5.02	35,271,807	67.13
5% and above	2	0.15	9,233,567	17.57
TOTAL	**1,294**	**100.00**	**52,542,096**	**100.00**

List of substantial shareholders (ORDINARY)

AS AT 14 APRIL 2008

No.	Name	Shareholdings	%
1	Fantastic Realty Sdn Bhd	5,553,800	10.57
2	Tan Teong Han	3,679,767	7.00

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

AS AT 14 APRIL 2008

No.	Name	Shareholdings	%
1	Fantastic Realty Sdn Bhd	5,553,800	10.57
2	Tan Teong Han	3,679,767	7.00
3	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (A/C for Chua Seong Hen)	2,230,000	4.24
4	Citigroup Nominees (Asing) Sdn Bhd (Exempt an for Citibank NA, Singapore – Julius Baer)	2,113,800	4.02
5	Lee Choon Hooi	1,993,000	3.79
6	HSBC Nominees (Asing) Sdn Bhd (Exempt an for Credit Suisse SG BR-TST-Asing)	1,849,800	3.52

analysis of shareholdings (ordinary) (cont'd)

AS AT 14 April 2008

Thirty (30) largest shareholders (including substantial shareholders) (ORDINARY) (cont'd)

AS AT 14 APRIL 2008

No.	Name	Shareholdings	%
7	HDM Nominees (Tempatan) Sdn Bhd (A/C for Wong KiChin)	1,711,000	3.26
8	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Siew Hwa)	1,699,900	3.24
9	Mayban Securities Nominees (Tempatan) Sdn Bhd (A/C for Rahadian Mahmud bin Mohammad Khalil)	1,500,000	2.85
10	Public Nominees (Tempatan) Sdn Bhd (A/C for Yap Fatt Thai)	1,367,800	2.60
11	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	1,144,000	2.18
12	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Koh Pee Leong)	1,099,200	2.09
13	Affin Nominees (Tempatan) Sdn Bhd (A/C for Tang Chee Meng)	892,000	1.70
14	Kenanga Nominees (Tempatan) Sdn Bhd (A/C for Lye Ek Seang)	786,700	1.50
15	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Low Kim Leng)	773,400	1.47
16	Lee Kung Meng	758,000	1.44
17	HSBC Nominees (Tempatan) Sdn Bhd (HSBC Malaysia Trustee Bhd for OSK-UOB Thematic Growth Fund)	629,600	1.20
18	Chun Yee Ying	613,000	1.17
19	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Sew Hong)	605,400	1.15
20	Manjit Singh a/l Harban Singh	600,000	1.14
21	Ply Century Sdn Bhd	600,000	1.14
22	EB Nominees (Tempatan) Sdn Bhd (A/C for Chuah Lee Hong)	600,000	1.14
23	Kong Chong Soon @ Chi Suim	566,800	1.08
24	Citigroup Nominees (Asing) Sdn Bhd (UBS AG Singapore for Global Summit Finance Limited)	537,100	1.02
25	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Henry Wan)	535,900	1.02
26	Lee Kung Wah	524,000	1.00
27	Leow Ya Seng	504,000	0.96
28	EB Nominees (Tempatan) Sdn Bhd (A/C for Lye Ek Seang)	500,000	0.95
29	Oh Aik Teong Michael	455,400	0.87
30	Lye Ek Seang	439,000	0.84

list of directors' shareholdings (ordinary)

AS AT 14 April 2008

Name of directors	Direct Shareholdings	%	Indirect Shareholdings	%
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	-	-	-	-
LEE KIAN SENG	-	-		
*Registered With: - Cimsec Nominees (Tempatan) Sdn Bhd			400,000*	0.76
EB Nominees (Tempatan) Sdn Bhd			600,000*	1.14
RHB Capital Nominees (Tempatan) Sdn Bhd			142,000*	0.27
LIM CHING CHOY	-	-	-	-
DATO' MOHAMAD RIZAL BIN ABDULLAH	-	-	-	-
DATO' DR. MANJIT SINGH A/L HARBAN SINGH	600,000	1.14	-	-
DATUK LYE EK SEANG	439,000	0.84	245,000*	0.47
*Registered With: - Cimsec Nominees (Tempatan) Sdn Bhd	2,000	0.00		
EB Nominees (Tempatan) Sdn Bhd	500,000	0.95		
Kenanga Nominees (Tempatan) Sdn Bhd	786,700	1.50		
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL			-	-
*Registered With: -				
Mayban Securities Nominees (Tempatan) Sdn Bhd	1,500,000	2.85		
ONG AH LENG *Registered With: - Mayban Securities Nominees (Tempatan) Sdn Bhd	10,000	0.02	-	-
SAZALI BIN SAAD	-	-	-	-

Note:
* Deemed interest through his spouse

analysis of shareholdings (warrants)

AS AT 14 April 2008

No. of Warrants Issued	:	23,398,839
No. of Warrants Exercised to-date	:	920,200
No. of Warrants Unexercised to-date	:	22,478,639
Class of Securities	:	Warrants 2006 / 2011

Distribution schedule of warrantholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
less than 100	2	2.11	100	0.00
100 to 1,000	29	30.52	23,500	0.10
1,001 to 10,000	34	35.79	125,350	0.56
10,001 to 100,000	17	17.89	629,250	2.80
100,001 to less than 5%	11	11.58	4,831,150	21.49
5% and above	2	2.11	16,869,289	75.05
TOTAL	**95**	**100.00**	**22,478,639**	**100.00**

List of substantial shareholders (WARRANTS)

AS AT 14 APRIL 2008

No.	Name	Shareholdings	%
1	Fantastic Realty Sdn Bhd	12,664,156	56.34
2	Manjit Singh a/l Harban Singh	4,205,133	18.71

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

AS AT 14 APRIL 2008

No.	Name	Shareholdings	%
1	Fantastic Realty Sdn Bhd	12,664,156	56.34
2	Manjit Singh a/l Harban Singh	4,205,133	18.71
3	HDM Nominees (Asing) Sdn Bhd (A/C for Chun Mei Ngor)	1,075,000	4.78
4	Public Nominees (Tempatan) Sdn Bhd (A/C for Yap Fatt Thai)	654,900	2.91
5	Amsec Nominees (Tempatan) Sdn Bhd (Ambank Malaysia Berhad for Chun Mei Ngor)	550,000	2.45
6	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Mohamad Rizal bin Abdullah)	500,000	2.22

analysis of shareholdings (warrants) (cont'd)

AS AT 14 April 2008

Thirty (30) largest shareholders (including substantial shareholders) (WARRANTS) (cont'd)
AS AT 14 APRIL 2008

No.	Name	Shareholdings	%
7	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Chun Mei Ngor)	483,800	2.15
8	Kee Lang Huan	400,000	1.78
9	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Sew Hong)	392,950	1.75
10	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Chuah Lee Hong)	200,000	0.89
11	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Chua Lee Huat)	200,000	0.89
12	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Ng Swee Pei)	200,000	0.89
13	Public Nominees (Tempatan) Sdn Bhd (A/C for Kok Siew Hwa)	174,500	0.78
14	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Henry Wan)	88,000	0.39
15	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Joan Yong Mun Ching)	81,700	0.36
16	Amsec Nominees (Tempatan) Sdn Bhd (A/C for Low Kim Leng)	72,300	0.32
17	HLG Nominees (Tempatan) Sdn Bhd (A/C for Lo Wan Chean)	57,900	0.26
18	Lee Choon Hooi	54,800	0.24
19	Chee Kim Ngan	39,600	0.18
20	Chai Youn Nyok	39,500	0.18
21	Public Nominees (Tempatan) Sdn Bhd (A/C for Lee Kong Meng)	37,800	0.17
22	Lau Chee Ching	30,000	0.13
23	Wong Ah Yong	22,400	0.10
24	Ambank (M) Berhad (A/C for Wong Ah Yong)	22,000	0.10
25	Chong Anid Lye Ling	21,500	0.10
26	Tan Giam Siew	21,000	0.09
27	Citigroup Nominees (Tempatan) Sdn Bhd (A/C for Wong Ah Yong)	15,600	0.07
28	Yip Kum Fook	13,150	0.06
29	SJ Sec Nominees (Tempatan) Sdn Bhd (A/C for Low Siew Moi)	12,000	0.05
30	Sai Yee @ Sia Say Yee	10,000	0.04

list of directors' shareholdings (warrants)

AS AT 14 April 2008

Name of directors	Direct Shareholdings	%	Indirect Shareholdings	%
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	-	-	-	-
LEE KIAN SENG	-	-	200,000*	0.89
LIM CHING CHOY	-	-	-	-
DATO' MOHAMAD RIZAL BIN ABDULLAH			-	-
*Registered With: -				
RHB Capital Nominees (Tempatan) Sdn Bhd	500,000	2.22		
DATO' DR. MANJIT SINGH A/L HARBAN SINGH	4,205,133	18.71	-	-
DATUK LYE EK SEANG	-	-	-	-
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	-	-	-	-
ONG AH LENG	-	-	-	-
SAZALI BIN SAAD	-	-	-	-

Note:
* Deemed interest through his spouse

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Magna Prima Berhad will be held at 3rd Floor, Ideal Convention Centre (Selayang Palace) Lot 35813, KM 15, Lebuhraya Selayang-Kepong, 68100 Batu Caves, Selangor on Thursday, 29 May 2008 at 10:00 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. Resolution 1

2. To declare a First and Final Dividend of 7 sen per share made up as follows: -

   1 sen less taxation at 26% franked dividend
   6 sen single tier exempt dividend 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
   Lee Kian Seng Resolution 4
   Sazali bin Saad Resolution 5

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

   Datuk Lye Ek Seang Resolution 6
   Dato' Rahadian Mahmud bin Mohammad Khalil Resolution 7

5. To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 8

6. To approve payment of Directors' fees for the year ended 31 December 2007 Resolution 9

   As Special Business:

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

7. Ordinary Resolution
   Authority to allot shares

   "That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." Resolution 10

notice of annual general meeting (cont'd)

By order of the Board

YUEN YOKE PING (MAICSA 7014044)
Company Secretary

Petaling Jaya
6 May 2008

Note:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.

2. A proxy need not be a member of the Company.

3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.

5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.

Explanatory Notes on special business:

6. The Ordinary Resolution 10 proposed under item 7, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting expire at the conclusion of the next Annual General Meeting of the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

proxy form

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

I/We, ____ of

____

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

____

of ____

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of Magna Prima Berhad will be held at 3rd Floor, Ideal Convention Centre (Selayang Palace) Lot 35813, KM 15, Lebuhraya Selayang-Kepong, 68100 Batu Caves, Selangor on Thursday, 29 May 2008 at 10:00 a.m. and at any adjournment thereof.

	Resolutions	For	Against
To receive the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.	1		
To declare a First and Final Dividend of 7 sen per share made up as follows: - 1 sen less taxation at 26% franked dividend 6 sen single tier exempt dividend	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 Lee Kian Seng Sazali bin Saad	 3 4 5		
To re-elect the following Directors who retire in accordance with Article 105 of the Company's Articles of Association: - Datuk Lye Ek Seang Dato' Rahadian Mahmud bin Mohammad Khalil	 6 7		
To re-appoint Messrs. Anuarul Azizan Chew & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration	8		
Directors' fees for the year ended 31 December 2007	9		
As Special Business: To consider and, if thought fit, pass the following resolution: - Authority to Allot Shares	 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

Note:

1. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.

2. A proxy need not be a member of the Company.

3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.