

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

31 December 2011

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(Incorporated in Malaysia)**

Interim Financial Statements - 31 December 2011

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2011

(The figures have not been audited)

	AS AT 31/12/2011 RM'000 (UNAUDITED)	AS AT 31/12/2010 RM'000 (AUDITED)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,541	1,922
Land held for property development	153,401	76,549
Goodwill on consolidation	3,269	3,269
Deferred tax assets	2,838	3,222
	<u>161,049</u>	<u>84,962</u>
Current Assets		
Inventories	2,988	9,631
Property development costs	178,038	146,318
Amount owing by customers on contracts	22,413	31,366
Trade receivables	47,087	32,863
Accrued billings	6,487	14,247
Other receivables	60,578	53,672
Tax recoverable	160	44
Cash held under Housing Development Accounts	3,985	4,668
Short term deposits with licensed banks	3,656	2,114
Cash and bank balances	5,546	12,901
	<u>330,938</u>	<u>307,824</u>
TOTAL ASSETS	<u>491,987</u>	<u>392,786</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	83,222	61,801
Share premium	35,566	18,843
Other reserves	169	6,471
Retained profits	40,251	32,549
	<u>159,208</u>	<u>119,664</u>
Non-controlling interests	<u>1,131</u>	<u>2,945</u>
TOTAL EQUITY	<u>160,339</u>	<u>122,609</u>
Non-Current Liabilities		
Hire purchase payables	107	309
Bank borrowings	128,407	98,275
Deferred tax liabilities	45	68
	<u>128,559</u>	<u>98,652</u>
Current Liabilities		
Trade payables	112,160	122,870
Progress billings	64,064	-
Other payables	18,286	19,872
Hire purchase payables	202	222
Bank borrowings	3,359	11,455
Current tax liabilities	5,018	17,106
	<u>203,089</u>	<u>171,525</u>
TOTAL LIABILITIES	<u>331,648</u>	<u>270,177</u>
TOTAL EQUITY AND LIABILITIES	<u>491,987</u>	<u>392,786</u>
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	<u>0.48</u>	<u>0.48</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter and year ended 31 December 2011

(The figures have not been audited)

	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	83,303	32,935	201,744	116,293
Cost of sales	(73,093)	(36,903)	(165,751)	(103,779)
Gross profit	10,210	(3,968)	35,993	12,514
Other operating income	956	1,893	4,472	2,890
Selling and distribution expenses	(879)	(864)	(3,219)	(2,483)
Administration expenses	(3,749)	(3,817)	(13,544)	(14,529)
Other operating expenses	(4,381)	(1,127)	(11,232)	(7,767)
	2,157	(7,883)	12,470	(9,375)
Finance costs	414	(140)	299	(1,307)
Profit / (loss) before taxation	2,571	(8,023)	12,769	(10,682)
Taxation	(644)	42	(4,395)	(2,144)
Profit / (loss) for the year	1,927	(7,981)	8,374	(12,826)
Other comprehensive income :				
Currency translation differences on consolidation	139	-	139	-
Other comprehensive income for the year	139	-	139	-
Total comprehensive income / (loss) for the year	2,066	(7,981)	8,513	(12,826)
Profit / (loss) attributable to:				
Owners of the Company	3,535	(7,965)	10,188	(12,410)
Non-controlling interests	(1,608)	(16)	(1,814)	(416)
	1,927	(7,981)	8,374	(12,826)
Total comprehensive income / (loss) attributable to:				
Owners of the Company	3,674	(7,965)	10,327	(12,410)
Non-controlling interests	(1,608)	(16)	(1,814)	(416)
	2,066	(7,981)	8,513	(12,826)
Earnings / (loss) per share attributable to Owners of the Company:				
- Basic (sen)	1.06	(3.59)	3.71	(5.70)
- Diluted (sen)	1.06	(2.95)	3.31	(4.65)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MAGNA PRIMA BERHAD

(Company No.: 395174-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2011

(The figures have not been audited)

	Attributable to Owners of the Company						Non-controlling Interests	Total Equity
	Non-Distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Capital reserve RM'000	Foreign currency exchange reserve RM'000	Retained profits RM'000	Total RM'000	Total Equity RM'000
Balance as at 1 January 2011	61,801	18,843	6,441	30	-	32,549	119,664	122,609
Profit / (loss) for the year	-	-	-	-	-	10,188	10,188	8,374
Other comprehensive income for the year	-	-	-	-	139	-	139	139
Total comprehensive income for the year	-	-	-	-	139	10,188	10,327	8,513
Issue of ordinary shares:								
- pursuant to exercise of Warrants 2006/2011	21,421	10,282	-	-	-	-	31,703	31,703
Transfer of warrants reserve	-	6,441	(6,441)	-	-	-	-	-
Dividends for the year ended 31 Dec 2010	-	-	-	-	-	(2,486)	(2,486)	(2,486)
Balance as at 31 December 2011	83,222	35,566	-	30	139	40,251	159,208	160,339

	Attributable to Owners of the Company						Non-controlling Interests	Total Equity
	Non-Distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Capital reserve RM'000	Foreign Currency Exchange reserve RM'000	Retained profits RM'000	Total RM'000	Total Equity RM'000
Balance as at 1 January 2010	53,459	10,521	6,468	30	-	47,753	118,232	121,269
Profit / (loss) for the year	-	-	-	-	-	(12,410)	(12,410)	(12,826)
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(12,410)	(12,410)	(12,826)
Issue of ordinary shares:								
- pursuant to exercise of Warrants 2006/2011	92	44	-	-	-	-	136	136
- being consideration for land acquisition	8,250	8,250	-	-	-	(324)	16,500	16,500
Transfer of warrants reserve	-	27	(27)	-	-	-	-	-
Dilution arising from change in stake in subsidiary	-	-	-	-	-	(324)	(324)	-
Dividends for the year ended 31 Dec 2009	-	-	-	-	-	(2,470)	(2,470)	(2,470)
Balance as at 31 December 2010	61,801	18,843	6,441	30	-	32,549	119,664	122,609

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

(The figures have not been audited)

	12 months 31/12/2011 RM'000	12 months 31/12/2010 RM'000
Operating activities		
Profit / (loss) before taxation	12,769	(10,682)
Adjustments for :-		
Depreciation of property, plant and equipment	393	832
Bad debts written off	-	52
Net gain / loss on disposal of property, plant & equipment	1	(117)
Property, plant & equipment written off	-	19
Loss on disposal of quoted investment	-	21
Net allowance for liquidated & ascertained damages	3,255	961
Over provision for foreseeable loss	-	(300)
Impairment of receivables	-	2,415
Write-down in value of inventory	7	3,253
Interest income	(761)	(519)
Interest expense	(299)	1,307
Operating profit before changes in working capital	<u>15,365</u>	<u>(2,759)</u>
Changes in working capital		
Land held for property development	(76,713)	(70,491)
Inventories	7,354	(5,523)
Property development costs	(31,720)	(36,996)
Amount owing by/to customers on contract	8,953	27,119
Trade receivables	(14,782)	(8,442)
Accrued billings	7,760	42,934
Other receivables	(6,688)	5,082
Trade payables	(10,710)	(34,857)
Progress billings	64,064	-
Other payables	(4,841)	4,866
	<u>(57,323)</u>	<u>(76,308)</u>
Net cash used in operations	(41,958)	(79,067)
Interest paid	299	(1,307)
Interest received	761	519
Tax paid	(16,239)	(12,390)
	<u>(15,179)</u>	<u>(13,178)</u>
Net cash used in operating activities	(57,137)	(92,245)
Investing activities		
Purchase of property, plant and equipment	(172)	(52)
Proceeds from disposal of quoted investment	-	214
Proceeds from disposal of property, plant and equipment	-	530
Net cash (used in)/generated from investing activities	<u>(172)</u>	<u>692</u>
Financing activities		
Dividend paid	(2,486)	(2,471)
Repayment of hire purchase liabilities	(222)	(730)
Repayment of bank borrowings	(52,542)	(31,306)
Fixed deposits with licensed banks	-	(1,017)
Drawdown of bank borrowings	74,900	104,400
Net proceeds from new shares issued	31,703	16,636
Net cash generated from financing activities	<u>51,353</u>	<u>85,513</u>
Net change in cash & cash equivalents	(5,956)	(6,040)
Cash & cash equivalents at the beginning of the financial year	17,318	23,358
Effects of exchange rate changes	1	-
Cash & cash equivalents at the end of the financial year	<u>11,363</u>	<u>17,318</u>

Cash and cash equivalents at the end of the financial year comprise the following:

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Cash and bank balances	5,546	12,901
Cash held under Housing Development Accounts	3,985	4,668
Short term deposits with licensed banks	3,656	2,114
Bank overdrafts	-	(322)
	<u>13,187</u>	<u>19,361</u>
Less: Short term deposits pledged with licensed banks	(1,824)	(2,043)
	<u>11,363</u>	<u>17,318</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

A Explanatory Notes Pursuant To FRS 134

A1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in the Financial Reporting Standards ("FRS") No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2011.

On 1 January 2011, the Group adopted the following :-

FRSs, Amendments to FRSs and Interpretations

FRS 1	First-time adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-Time Adopters
Amendments to FRS 1	Additional Exemptions for First-Time Adopters
Amendments to FRS 2	Share-based Payments
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
IC Interpretation 4	Determining Whether an Arrangement Contains a Service Concession Arrangements
IC Interpretation 12	Hedges of a net Investment in a Foreign Operation
IC Interpretation 16	Distributions of Non-cash Assets to Owners
IC Interpretation 17	Transfers of Assets from Customers
IC Interpretation 18	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 9	

The application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

At the date of authorisation of these interim financial statements, the following FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The Group is studying the differences between the FRS Framework and the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

A3 Auditors' Report For The Financial Year Ended 31 December 2010

The auditors' report on the financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

A4 Seasonality or Cyclical Factors

The Group's operations during the financial period under review were not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items which affect the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and current financial year under review.

A6 Material Changes in Estimates of Amounts

There were no changes in estimates that have had any material effect on the results for the current quarter and current financial year under review.

A7 Debts and Equity Securities

During the current financial year ended 31 December 2011, the Company issued 85,686,356 ordinary shares of RM0.25 each for cash, pursuant to the exercise of MPB Warrants 2006/2011 at the exercise price of RM0.37 per ordinary share.

Save for the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial year.

A8 Dividends Paid

The following dividends were paid during the current financial year and previous corresponding year :

	Year ended 31/12/2011 RM'000	Year ended 31/12/2010 RM'000
Final dividend for the year ended :	31 December 2010	31 December 2009
Approved and declared on	25 May 2011	17 June 2010
Date paid	24 August 2011	15 September 2010
Number of ordinary shares on which dividends were payable / paid ('000)	248,588	247,077
Amount per share (single-tier)	1.0 sen	1.0 sen
Net dividend paid (RM'000)	<u>2,486</u>	<u>2,471</u>

A9 Segmental Analysis

The Group's segmental reports for the current financial year are as follows:

By operating segment :						
	Property devt RM'000	Const. & Engineering RM'000	Trading RM'000	Non- reportable segments RM'000	Intersegment eliminations RM'000	Consolidated RM'000
<u>Year ended 31/12/2011 :</u>						
Total revenue	174,583	103,723	28,853	12,655	(118,070)	201,744
Intersegment revenue	-	(105,127)	(894)	(12,049)	118,070	-
Segment revenue :	<u>174,583</u>	<u>(1,404)</u>	<u>27,959</u>	<u>606</u>	<u>-</u>	<u>201,744</u>
Segment profit / (loss) before tax :	<u>2,875</u>	<u>10,045</u>	<u>(18)</u>	<u>3,881</u>	<u>(4,014)</u>	<u>12,769</u>
Segment assets :	<u>577,185</u>	<u>148,973</u>	<u>13,451</u>	<u>334,648</u>	<u>(582,270)</u>	<u>491,987</u>
<u>Year ended 31/12/2010 :</u>						
Total revenue	89,038	80,801	27,126	11,477	(92,149)	116,293
Intersegment revenue	-	(77,263)	(4,241)	(10,645)	92,149	-
Segment revenue :	<u>89,038</u>	<u>3,538</u>	<u>22,885</u>	<u>832</u>	<u>-</u>	<u>116,293</u>
Segment profit / (loss) before tax :	<u>(969)</u>	<u>(9,828)</u>	<u>1,476</u>	<u>2,867</u>	<u>(4,228)</u>	<u>(10,682)</u>
Segment assets :	<u>459,200</u>	<u>269,401</u>	<u>10,752</u>	<u>314,730</u>	<u>(661,297)</u>	<u>392,786</u>

By geographical segment :

The Group's activities are carried out in Malaysia and Australia, represented by the following geographical segments :-

	Malaysia RM'000	Australia RM'000	Consolidated RM'000
Year ended 31/12/2011 :			
Total revenue	201,744	-	201,744
Intersegment revenue	-	-	-
Segment revenue :	201,744	-	201,744
Segment profit / (loss) before tax :	13,291	(522)	12,769
Segment assets :	389,719	102,268	491,987
Year ended 31/12/2010 :			
Total revenue	116,293	-	116,293
Intersegment revenue	-	-	-
Segment revenue :	116,293	-	116,293
Segment profit / (loss) before tax :	(10,682)	-	(10,682)
Segment assets :	392,786	-	392,786

Major customers

The Group is engaged primarily in property development and construction, and sells real estate properties by individual units to the mass market. As such, the Group does not have reliance on any particular major customer.

A10 Property, Plant and Equipment

There were no valuations done on the Group's property, plant and equipment during the financial period under review.

A11 Material Events Subsequent to the End of the Period

There were no material events and transactions subsequent to the end of the current financial year till 15 February 2012 being the latest practicable date which is not earlier than 7 days from the date of issuance of these Interim Financial Statements.

A12 Changes in the Composition of the Group

On 1 April 2011, the Company purchased from its subsidiary, Kontrakmal 1 (M) Sdn Bhd ("Kontrakmal") two (2) ordinary shares for a total purchase consideration of Ringgit Malaysia Two (RM2.00) only which represent the remaining shares of Kontrakmal not already owned by the Company and has agreed to purchase all the said Shares at the said price free from all charges, pledges, encumbrances and options and with all rights of whatsoever nature attached thereto and ultimately owned 100% of the entire paid up capital of Kontrakmal.

A wholly-owned subsidiary, Magna Prima Australia Pty Ltd ("Magna Australia") was incorporated in Australia under the Corporations Act 2001, on 27 June 2011 with a paid-up share capital of Australian Dollars One Hundred (AUD\$100.00) only. The principal activity of Magna Australia is property development.

Save for the abovementioned, there were no other changes in the composition of the Group during the current financial year.

A13 Contingent Assets and Contingent Liabilities

Details of contingent assets of the company are as follows :

	As at	As at
Group	31/12/2011	31/12/2010
	RM'000	RM'000
Settlement by defendant in a litigation matter by way of 4,088,000 ordinary shares at par value of RM0.25 per share :-		
- at market value	3,352	3,352
- at par	(1,022)	(1,022)
Inflow of economic benefit which is probable but not virtually certain	2,330	2,330

Details of contingent liabilities of the company are as follows :

	As at	As at
Company	31/12/2011	31/12/2010
	RM'000	RM'000
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	131,757	109,446
- Unsecured	-	-
Utilised portion of corporate guarantees given to trade creditors of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	4,986	5,202
	136,743	114,648

A14 Capital Commitment

	As at	As at
	31/12/2011	31/12/2010
	RM'000	RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	124,181	153,561
	124,181	153,561

A15 Significant Related Party Transaction

	As at	As at
Company	31/12/2011	31/12/2010
	RM'000	RM'000
Management fee received/receivable from subsidiary companies	7,031	8,045

B Bursa Malaysia Listing Requirements

B1 Review of Performance - Comparison with Previous Corresponding Quarter

For the 12 months ended 31 December 2011, the Group achieved a revenue of RM201.7 million, an increase of 73% compared to RM116.3 million for the financial year ended 31 December 2010. The higher revenue was generated mostly from Property Development segment as described below.

Current quarter's revenue improved by 153% to RM83.3 million compared to RM32.9 million in the previous corresponding quarter. Profit before tax had improved by 132% to RM2.6 million compared to a pre-tax loss of RM8.0 million in the previous corresponding quarter due to better profit margin from the One Sierra project and also savings from other operating and administrative expenses.

Property Development segment recorded a 96% jump in revenue for the 12 months ended 31 December 2011 as compared to the previous corresponding period, mostly contributed from One Sierra, Alam D'16 and U1 Shah Alam (Phase 1) development projects. Construction for these projects are in full swing with high sales take-up rates. However, losses realised from the D'Sierra Anggun project's compulsory land acquisition by Jabatan Ketua Pengarah Tanah dan Galian (JKPTG) brought down the segment's bottom-line results. Sales demand for the newly launched Seri Jalil and Boulevard Business Park at Jalan Kuching received good response from the market. Development works for these projects have commenced in the current quarter, and are expected to contribute in earnest to the Group's earnings in the coming years.

On 13 October 2011, JKPTG awarded a full and final compensation sum of RM16.8 million for the D'Sierra Anggun project's land acquisition under Section 8 of the Land Acquisition Act, 1960. The awarded amount is below the book value and the effects have been reflected in the financial statements for the current period under review. However, the Management is appealing the awarded sum.

The Property Development segment has just recently completed a land acquisition exercise for the Dynasty Living project in Melbourne, Australia during the current quarter under review, and construction work is only expected to commence in the first half of 2012. In view of the build-then-sell concept in Australia and in line with the adoption of IC Implementation 15 Agreements for the Construction of Real Estate next year, the Australian segment is only expected to make positive contributions to the Group in the future financial years.

The adverse revenue in Construction & Engineering segment resulted from the adjustment of previously completed projects. However, the profit in this segment remains strong with an increase of 202% year-on-year, due to its participation in the in-house development projects and share of the profit margin with Property Development segment.

Trading segment recorded a marginal increase in revenue of 22% compared to last year but the financial results slumped by 101% due to volatility in raw material purchase prices in the market and higher upkeep expenses at the plants this year.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

The Group's profit before tax improved by 71% to RM2.6 million, compared with a profit before tax of RM1.5 million for the immediate preceding quarter ended 30 September 2011, after taking into account the adverse effects from the said D'Sierra Anggun project land acquisition in the immediate preceding quarter.

B3 Prospects for the Next Financial Year

With Phase 1 of U1 Shah Alam project completed in 2011, the Board is targeting to completed Phase 2 which is the commercial tower in year 2012, together with One Sierra project, a mixed development in Bandar Selayang, and Alam D'16 project in Shah Alam. Further on, we have commenced work on the Boulevard Business Park project along Jalan Kuching, and Seri Jalil project in Bukit Jalil. These projects are expected to boost the Group's performance in the coming year.

B4 Variance from Profit Forecast and Profit Guarantee

Not applicable as there were no profit forecast and profit guarantee published.

B5 Taxation

The breakdown of Malaysian income tax charge is as follows:

Group	Year ended 31/12/2011 RM'000	Year ended 31/12/2010 RM'000
In respect of :		
- current year	6,189	29
- deferred taxation	(3,235)	(272)
	2,954	(243)
Under / (over) provision in prior years	1,441	2,387
	4,395	2,144

The effective tax rate of the Group for the financial year ended 31 December 2011 was higher than the applicable statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

B6 Retained Earnings

Pursuant to Bursa Malaysia's directive on the disclosure of breakdowns for unappropriated profits or accumulated losses into realised and unrealised profits or losses issued on 25 March 2010, and subsequent guidance issued on 20 December 2010, the breakdown of the Group's retained profits are disclosed as follows :-

Group	Year ended 31/12/2011 RM'000	Year ended 31/12/2010 RM'000
Realised	43,806	34,036
Unrealised	(3,555)	(1,487)
Total retained earnings	40,251	32,549

B7 Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties for the current quarter and current financial year.

B8 Quoted Investments

There was no purchase or disposal of quoted investments during the financial year under review.

B9 Corporate Proposals

The following are status on the corporate proposals that have been announced by the Company but not completed as at 15 February 2012 (being the latest practicable date) which is not earlier than 7 days from the date of issuance of these Interim Financial Statements :-

- (a) On 23 March 2009, the Company's wholly-owned subsidiary, Twinicon (M) Sdn Bhd ("TSB") and Lai Meng Girls' School Association entered into a sale and purchase agreement for the proposed acquisition of 5 parcels of freehold land together with the buildings erected thereon, located in Section 44, Town and District of Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM148,151,380.

The agreement has yet to become unconditional pending fulfillment of the conditions subsequent under the agreement.

B10 Group Borrowings

Details of Group borrowings as at 31 December 2011 are as follows:

Secured	RM'000
Bank borrowings	
- within 12 months	3,561
- after 12 months	128,514
Total	132,075

There are no borrowings in foreign currency during the financial year under review.

B11 Details of Financial Instruments with Off Balance Sheet Risks

There is no off-balance sheet risk envisaged as at the date of this report that might materially affect the Group's business position.

B12 Changes and Details of Pending Material Litigation

*Kuala Lumpur High Court Suit No.: D3-22-2039-2000 ("Suit")
Magna Prima Berhad ("MPB") & 2 Ors ("Plaintiffs") v Top Green Entity Sdn. Bhd. & 14 Ors. ("Defendants")*

- (i) Sometime in 2000 the Plaintiffs proposed to carry out a corporate exercise ("Proposed Corporate Exercise") by, among others, selling some assets which belonged to Magna Prima Construction ("MPC") and Dunia Epik Sdn. Bhd. ("DESB") to third parties for an aggregate amount of RM22,100,000.00 ("Sum"). Mr. Goh Hock Choy ("the 5th Defendant") approached Mr. Yap Soon Huat ("YSH"), who was a director and one of MPB's substantial shareholders, and represented that he had the authority to act for certain parties interested in purchasing shares in MPB with the intention of taking over control of MPB. Negotiations were entered into between YSH and the 5th Defendant for the sale of MPB shares subject to terms and conditions determined by the 5th Defendant ("Sale of Shares"). Following the Sale of Shares, the Sum was paid into the Plaintiffs' Accounts in the following manner :-
 - (a) RM16,684,300.00 into MPC's account; and
 - (b) RM5,415,700.00 into DESB's account.
- (ii) On 16 October 2000 the Sum was withdrawn from MPC and DESB's accounts ("Withdrawal") without the knowledge and approval of the Plaintiffs. On 19th October 2000 Mr. Ng Yak Hee, a director of the Plaintiffs, lodged a police report concerning the Withdrawal.
- (iii) The Plaintiffs filed a Writ of Summons against the Defendants on 1 November 2000. As of 5 February 2010, the Plaintiffs have chosen to proceed only against the 5th Defendant and Tan Chow Poo, the 12th Defendant. The Suit has been fixed for the hearing of the 5th Defendant's Application to Strike out the Suit on 26 May 2010. The matter had been adjourned to 5 July 2010.
- (iv) On 5 July 2010, the 5th Defendant's application for striking out was dismissed with cost. The 5th Defendant has appealed to the Court of Appeal.
- (v) On 7 July 2010, the Company's solicitor wrote to the High Court to seek the date of trial and case management date of the case. 22 April 2011 was fixed for mention to inform the Court whether parties are willing to mediate on 24 May 2011.
- (vi) All the witnesses were called in to the Trial held on 24 & 25 October 2011. The processes of examination in chief, cross-examination and re-examination were completed.
- (vii) On 12 January 2012, the decision before the Judge was as follows :-

For the 5th Defendant :

- 1) All relief by the Plaintiffs are allowed, particularly :-
 - the 5th Defendant is to return all original documents belonging to the 2nd Plaintiff and 3rd Plaintiff; and
 - an order that the 5th Defendant and / or its family members and / or any bank or any financial institution in Malaysia which has dealt with the 5th Defendant, to inform and / or state to the Plaintiffs and / or Plaintiffs' solicitors, all assets belonging to the 5th Defendant, whether moveable or immovable, within 14 days after this order is served.
- 2) Judgment sum amounting to RM20,789,144.00 is to be paid by the 5th Defendant to the Plaintiffs.
- 3) Interest of 8% per annum on the judgement sum from 16th October 2000 until 12th January 2012.
- 4) Interest of 4% per annum on both judgement sum and pre-judgement sum from 12th January 2012 until full settlement.
- 5) Cost of RM50,000.00 to be borne by the 5th Defendant to the Plaintiffs.

For the 12th Defendant :

- 1) Damages (assessed) to the Plaintiffs.
- 2) Interest of 8% on the said damages from 16th October 2000 until the date of assessment of damages.
- 3) Interest of 4% per annum on both damages and pre-assessment of the amount of interest until full settlement.
- 4) Cost of RM15,000.00 to be paid by the 12th Defendant to the Plaintiffs.

B13 Dividend proposed

A proposed final single tier exempt dividend of 1.5 sen per share at par value of RM0.25 per share (2010: single tier exempt dividend of 1 sen per share at par value of RM0.25 per share) has been recommended for the financial year ended 31 December 2011 subject to shareholders' approval at the forthcoming Annual General Meeting.

B14 Earnings per Share ("EPS")

(a) Basic EPS

The basic earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders of the Company for the year by the weighted average number of ordinary shares in issue.

	3 months ended		Year ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	3,535	(7,965)	10,188	(12,410)
Weighted average number of ordinary shares in issue ('000)	332,890	221,793	274,259	217,860
Basic EPS (sen)	1.06	(3.59)	3.71	(5.70)

(b) Diluted EPS

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders of the Company for the period by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining Option under Warrants, adjusted for the number of such ordinary shares that would have been issued at fair value. The Warrants exercise period expired in September 2011.

	3 months ended		Year ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	3,535	(7,965)	10,188	(12,410)
Weighted average number of ordinary shares in issue ('000)	332,890	221,793	274,259	217,860
Effects of dilution ('000)	-	47,763	33,218	49,115
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	332,890	269,557	307,477	266,974
Diluted EPS (sen)	1.06	(2.95)	3.31	(4.65)

BY ORDER OF THE BOARD

Magna Prima Berhad
 Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
 22 February 2012