

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

31 March 2011

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(Incorporated in Malaysia)**

Interim Financial Statements - 31 March 2011

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 March 2011

(The figures have not been audited)

	AS AT 31-03-2011 RM'000 (UNAUDITED)	AS AT 31-12-2010 RM'000 (AUDITED)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,745	1,922
Land held for property development	76,560	76,549
Goodwill on consolidation	3,269	3,269
Deferred tax assets	2,914	3,222
	84,488	84,962
Current Assets		
Inventories	9,622	9,631
Property development costs	184,937	146,318
Amount owing by customers on contracts	27,037	31,366
Trade receivables	40,626	32,863
Accrued billings	2,100	14,247
Other receivables	41,161	53,672
Tax recoverable	-	44
Cash held under Housing Development Accounts	8,338	4,668
Short term deposits with licensed banks	1,619	2,114
Cash and bank balances	8,803	12,901
	324,243	307,824
TOTAL ASSETS	408,731	392,786
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	61,832	61,801
Share premium	18,867	18,843
Other reserves	6,462	6,471
Retained profits	34,716	32,549
	121,877	119,664
Non-controlling interests	2,951	2,945
TOTAL EQUITY	124,828	122,609
Non-Current Liabilities		
Hire purchase payables	257	309
Bank borrowings	104,538	98,275
Deferred tax liabilities	68	68
	104,863	98,652
Current Liabilities		
Trade payables	124,875	122,870
Progress billings	5,700	-
Other payables	18,128	19,872
Hire purchase payables	215	222
Bank borrowings	15,958	11,455
Current tax liabilities	14,164	17,106
	179,040	171,525
TOTAL LIABILITIES	283,903	270,177
TOTAL EQUITY AND LIABILITIES	408,731	392,786
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	0.49	0.48

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 period-to-date ended 31 March 2011

(The figures have not been audited)

	3 months ended	
	31-03-2011	31-03-2010
	RM'000	RM'000
Revenue	26,811	18,144
Cost of sales	(21,456)	(12,861)
Gross profit	5,355	5,283
Other operating income	1,041	143
Selling and distribution expenses	(811)	(665)
Administration expenses	(3,030)	(3,337)
Other operating expenses	(3)	(767)
	2,552	657
Finance costs	(59)	(503)
Profit / (loss) before taxation	2,493	154
Taxation	(320)	(38)
Profit / (loss) for the period	2,173	116
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the pe	2,173	116
Profit / (loss) attributable to:		
Owners of the Company	2,167	147
Non-controlling interests	6	(31)
	2,173	116
Total comprehensive income / (loss) attributable to:		
Owners of the Company	2,167	147
Non-controlling interests	6	(31)
	2,173	116
Earnings / (loss) per share attributable to Owners of the Company:		
- Basic (sen)	0.88	0.07
- Diluted (sen)	0.73	0.06

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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2011
(The figures have not been audited)

	Attributable to Owners of the Company					Total Equity
	Non-Distributable		Distributable			
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2011	61,801	18,843	6,441	30	32,549	119,664
Profit / (loss) for the period	-	-	-	-	2,167	2,167
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,167	2,167
Issue of ordinary shares:						
- pursuant to exercise of Warrants 2006/2011	31	15	-	-	-	46
Transfer of warrants reserve	-	9	(9)	-	-	-
Balance as at 31 March 2011	61,832	18,867	6,432	30	34,716	121,877

	Attributable to Owners of the Company					Total Equity
	Non-Distributable		Distributable			
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2010	53,459	10,521	6,470	30	47,753	118,233
Profit / (loss) for the period	-	-	-	-	147	147
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	147	147
Issue of ordinary shares:						
- pursuant to exercise of Warrants 2006/2011	3	1	-	-	-	4
Transfer of warrants reserve	-	2	(2)	-	-	-
Balance as at 31 March 2010	53,462	10,524	6,468	30	47,900	118,384

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 period ended 31 March 2011

(The figures have not been audited)

	3 months ended 31-03-2011 RM'000	3 months ended 31-03-2010 RM'000
Operating activities		
Profit / (loss) before taxation	2,493	154
Adjustment for:-		
Depreciation of property, plant and equipment	184	241
Allowance for doubtful debts	-	400
Loss on disposal of property, plant & equipment	-	3
Loss on disposal of quoted investment	-	21
Allowance for liquidated & ascertained damages	-	175
Over provision for liquidated & ascertained damages	(3)	-
Interest income	(179)	(135)
Interest expense	59	503
Operating profit before changes in working capital	<u>2,554</u>	<u>1,362</u>
Changes in working capital		
Inventories	9	(14,774)
Property development costs	(38,630)	16,143
Amount owing by/to customers on contract	4,329	1,358
Trade receivables	(7,763)	(11,599)
Accrued billings	12,147	38,326
Other receivables	13,006	(8,593)
Trade payables	2,005	(9,253)
Progress billings	5,700	-
Other payables	(1,741)	(3,161)
	<u>(10,938)</u>	<u>8,447</u>
Net cash (used in)/generated from operations	(8,384)	9,809
Interest paid	(59)	(503)
Interest received	179	135
Tax paid	(2,910)	(2,562)
Net cash (used in)/generated from operating activities	<u>(11,174)</u>	<u>6,879</u>
Investing activities		
Purchase of property, plant and equipment	(7)	(4)
Proceeds from disposal of quoted investment	-	214
Net cash (used in)/generated from investing activities	<u>(7)</u>	<u>210</u>
Financing activities		
Repayment of hire purchase liabilities	(59)	(85)
Repayment of bank borrowings	(6,276)	(9,298)
Drawdown of bank borrowings	16,900	-
Net proceeds from new shares issued	46	4
Net cash generated from/(used in) financing activities	<u>10,611</u>	<u>(9,379)</u>
Net change in cash & cash equivalents	(570)	(2,290)
Cash & cash equivalents at the beginning of the financial period	17,318	24,152
Cash & cash equivalents at the end of the financial period	<u>16,748</u>	<u>21,862</u>

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

	As at 31-03-2011 RM'000	As at 31-03-2010 RM'000
Cash and bank balances	8,803	13,861
Cash held under Housing Development Accounts	8,338	8,790
Short term deposits with licensed banks	1,619	1,452
Bank overdrafts	(465)	(789)
	<u>18,295</u>	<u>23,314</u>
Less: Short term deposits pledged with licensed banks	(1,547)	(1,452)
	<u>16,748</u>	<u>21,862</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:-

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 Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

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	1 January 2012
IC Interpretation 15	1 January 2012
IC Interpretation 19	1 July 2011

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 Cyclicity 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 period to-date 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 period to-date under review.

A7 Debts and Equity Securities

During the current financial period to-date ended 31 March 2011, the Company issued 124,700 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 period to-date.

A8 Dividends Paid

The company did not pay any dividend for the period under review.

A9 Segmental Analysis

The Group's segmental report for the current financial period to-date is as follows:

	Property development RM'000	Construction & engineering RM'000	Trading RM'000	Non-reportable segments RM'000	Intersegment eliminations RM'000	Consolidated RM'000
<u>Period to-date ended 31/03/2011 :</u>						
Revenue :						
Total revenue	20,512	20,978	6,578	2,100	(23,357)	26,811
Intersegment revenue	-	(20,755)	(613)	(1,989)	23,357	-
Segment Revenue :	20,512	223	5,965	111	-	26,811
Results:						
Segment profit / (loss) before tax :	(139)	3,523	94	217	(1,202)	2,493
Assets :						
Segment Assets :	482,223	255,878	10,387	323,010	(662,767)	408,731
<u>Period to-date ended 31/03/2010 :</u>						
Revenue :						
Total revenue	11,990	24,901	6,957	2,424	(28,128)	18,144
Intersegment revenue	-	(24,561)	(1,346)	(2,221)	28,128	-
Segment Revenue :	11,990	340	5,611	203	-	18,144
Results:						
Segment profit / (loss) before tax :	(378)	653	15	171	(307)	154
Assets :						
Segment Assets :	324,091	273,274	13,524	257,697	(529,298)	339,288

Geographical segments

No geographical segment has been presented as the Group's activities are carried out wholly and exclusively in Malaysia.

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.

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 period till 18 May 2011 being the latest practicable date which is not earlier than 7 days from the date of issuance of this 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 only (RM2.00) 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.

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 :

Group	As at 31-03-2011 RM'000	As at 31-03-2010 RM'000
Settlement by defendant in a litigation matter by way of 4,086,000 ordinary shares at par value of RM0.25 per share :-		
- at market value	3,311	3,086
- at par	(1,022)	(1,022)
Inflow of economic benefit which is probable but not virtually certain	<u>2,289</u>	<u>2,064</u>

Details of contingent liabilities of the company are as follows :

Company	As at 31-03-2011 RM'000	As at 31-03-2010 RM'000
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	120,549	29,715
- Unsecured	-	246
Utilised portion of corporate guarantees given to trade creditors of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	5,128	2,434
	<u>125,677</u>	<u>32,395</u>

A14 Capital Commitment

	As at 31-03-2011 RM'000	As at 31-03-2010 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	136,664	19,003
	<u>136,664</u>	<u>19,003</u>

A15 Significant Related Party Transaction

Company	As at 31-03-2011 RM'000	As at 31-03-2010 RM'000
Management fee received/receivable from subsidiary companies	<u>1,989</u>	<u>2,221</u>

B Bursa Malaysia Listing Requirements

B1 Review of Performance - Comparison with Previous Corresponding Quarter

The Group achieved a revenue of RM26.8 million for the current financial period to-date, an increase of 48% compared to RM18.1 million for the financial period to-date ended 31 March 2010. The higher revenue was due mostly from One Sierra project which took off since 2nd half 2010 and also U1 Shah Alam project, whereas only Magna Ville project contributed to the previous corresponding quarter.

Current quarter's gross profit increased to RM5.4 million compared to RM5.3 million in the previous corresponding quarter due to reduced contribution post-completion of Magna Ville project as mentioned above.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

The Group managed a profit before tax of RM2.5 million, against a loss before tax of RM4.0 million for the immediate preceding quarter ended 31 December 2010 as One Sierra project begins to contribute positively to the Group's bottom line in earnest this quarter.

B3 Prospects for the Current Financial Year

One Sierra, a mixed development project in Bandar Selayang launched in the 2nd half of 2010 is currently the main contributor to the Group's performance. With U1 Shah Alam project approaching completion in 1st half 2011, the Board is looking forward to more contribution from the Seri Jaitil, D'Sierra Anggun and Boulevard Business Park projects to boost the Group's performance this 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:

	Period ended 31-03-2011 RM'000	Period ended 31-03-2010 RM'000
In respect of :		
- current year	14	623
- deferred taxation	306	(585)
	<u>320</u>	<u>38</u>
Under / (over) provision in prior years	-	-
	<u>320</u>	<u>38</u>

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

B6 Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties for the current quarter and current financial period to-date.

B7 Quoted Investments

There was no purchase or disposal of quoted investments during the financial period to-date under review.

B8 Corporate Proposals

The following are status on the corporate proposals that have been announced by the Company but not completed as at 18 May 2011 (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 fulfilment of the conditions subsequent under the agreement.

- (b) On 10 December 2009, TSB and Santari Sdn Bhd ("Santari") entered into a sale and purchase agreement for the proposed acquisition of a parcel of freehold land measuring 22,280 square metres in Mukim Petaling, District of Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM10,700,000.

As announced on 11 January 2011, Santari had agreed to extend the period for the completion of the agreement to expire on 8 July 2011.

B9 Group Borrowings

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

Secured	RM'000
Bank borrowings	
- within 12 months	16,173
- after 12 months	104,795
Total	<u>120,968</u>

There are no borrowings in foreign currency.

B10 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.

B11 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.
- (iv) The 5th Defendant's solicitor applied for an adjournment, and the matter had been adjourned to 5 July 2010.
- (v) 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.
- (vi) 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.
- (vii) 22 April 2011 was fixed for mention to inform the Court whether parties are willing to mediate on 24 May 2011. Trial dates have been fixed on 24 & 25 October 2011 (the learned Judge has indicated that the trial is to be completed in 2 days).

B12 Dividend proposed

A proposed final single tier exempt dividend of 1 sen per share at par value of RM0.25 per share (2009: 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 2010 subject to shareholders' approval at the Annual General Meeting.

B13 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 period to-date by the weighted average number of ordinary shares in issue.

	Period ended	
	31-03-2011	31-03-2010
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	2,167	147
Weighted average number of ordinary shares in issue ('000)	247,300	213,844
Basic EPS (sen)	<u>0.88</u>	<u>0.07</u>

B13 Earnings per Share ("EPS") (cont'd)

(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.

	Period ended	
	31-03-2011	31-03-2010
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	<u>2,167</u>	<u>147</u>
Weighted average number of ordinary shares in issue ('000)	<u>247,300</u>	213,844
Effects of dilution ('000)	<u>47,997</u>	<u>51,556</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>295,297</u>	<u>265,400</u>
Diluted EPS (sen)	<u>0.73</u>	<u>0.06</u>

BY ORDER OF THE BOARD

Magna Prima Berhad
Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
25 May 2011