

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

31 March 2012

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(Incorporated in Malaysia)

Interim Financial Statements - 31 March 2012

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 March 2012

(The figures have not been audited)

Post-IC Interpretation 15 adoption

	AS AT 31/03/2012 RM'000 (Unaudited)	AS AT 31/12/2011 RM'000 (Audited & Restated)*	AS AT 01/01/2011 RM'000 (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	1,680	1,757	1,922
Land held for property development	154,043	153,366	76,549
Goodwill on consolidation	3,269	3,269	3,269
Deferred tax assets	11,708	9,590	4,420
	<u>170,700</u>	<u>167,982</u>	<u>86,160</u>
Current Assets			
Inventories	2,869	2,772	9,631
Property development costs	327,248	291,140	227,450
Amount owing by customers on contracts	20,660	22,413	31,366
Trade receivables	63,719	48,019	32,863
Accrued billings	195	6,487	14,247
Other receivables	60,961	61,597	53,672
Tax recoverable	78	423	44
Cash held under Housing Development Accounts	4,952	3,985	4,668
Short term deposits with licensed banks	565	3,656	2,114
Cash and bank balances	11,502	5,546	12,901
	<u>492,749</u>	<u>446,038</u>	<u>388,956</u>
TOTAL ASSETS	<u>663,449</u>	<u>614,020</u>	<u>475,116</u>
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	83,222	83,222	61,801
Share premium	35,566	35,566	18,843
Other reserves	(758)	169	6,470
Retained profits	28,555	27,535	24,758
	<u>146,585</u>	<u>146,492</u>	<u>111,872</u>
Non-controlling interests	<u>1,142</u>	<u>1,131</u>	<u>2,946</u>
TOTAL EQUITY	<u>147,727</u>	<u>147,623</u>	<u>114,818</u>
Non-Current Liabilities			
Hire purchase payables	59	145	309
Bank borrowings	99,513	100,125	98,275
Deferred tax liabilities	45	47	68
	<u>99,617</u>	<u>100,317</u>	<u>98,652</u>
Current Liabilities			
Trade payables	108,843	114,906	122,870
Progress billings	263,212	194,821	90,121
Other payables	18,359	17,328	19,872
Hire purchase payables	198	211	222
Bank borrowings	16,264	31,412	11,455
Current tax liabilities	8,750	7,402	17,106
	<u>416,105</u>	<u>366,080</u>	<u>261,646</u>
TOTAL LIABILITIES	<u>515,722</u>	<u>466,397</u>	<u>360,298</u>
TOTAL EQUITY AND LIABILITIES	<u>663,449</u>	<u>614,020</u>	<u>475,116</u>
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	<u>0.44</u>	<u>0.44</u>	<u>0.45</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

*Upon adoption of the MFRS framework, the audited consolidated statement of financial position as at 31 December 2011 have been restated.

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 2012

(The figures have not been audited)

Post-IC Interpretation 15 adoption

	3 months ended	
	31/03/2012	31/03/2011 (Restated)
	RM'000	RM'000
Revenue	5,284	7,079
Cost of sales	(1,982)	(3,379)
Gross profit	3,302	3,700
Other operating income	766	1,041
Selling and distribution expenses	(841)	(811)
Administration expenses	(3,520)	(3,030)
Other operating expenses	2,516	(3)
	2,223	897
Finance costs	(19)	(59)
Profit / (loss) before taxation	2,204	838
Taxation	(1,173)	94
Profit / (loss) for the period	1,031	932
Other comprehensive income :		
Currency translation differences on consolidation	(928)	-
Other comprehensive income for the period	(928)	-
Total comprehensive income / (loss) for the period	103	932
Profit / (loss) attributable to:		
Owners of the Company	1,020	926
Non-controlling interests	11	6
	1,031	932
Total comprehensive income / (loss) attributable to:		
Owners of the Company	92	926
Non-controlling interests	11	6
	103	932
Earnings / (loss) per share attributable to Owners of the Company:		
- Basic (sen)	0.31	0.37
- Diluted (sen)	0.31	0.31

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim

MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2012

(The figures have not been audited)

	Attributable to Owners of the Company									
	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	Non-controlling Interests RM'000	Total Equity RM'000	
Balance as at 1 January 2012 (as previously reported)	83,222	35,566	-	30	139	40,249	159,207	1,131	160,338	
Effects of adoption of IC Interpretation 15	-	-	-	-	-	(12,714)	(12,714)	-	(12,714)	
Balance as at 1 January 2012 (Restated)	83,222	35,566	-	30	139	27,535	146,493	1,131	147,624	
Profit / (loss) for the period	-	-	-	-	(928)	1,020	1,020	11	1,031	
Other comprehensive income / (loss) for the period	-	-	-	-	(928)	-	(928)	-	(928)	
Total comprehensive income / (loss) for the period	-	-	-	-	(928)	1,020	92	11	103	
Balance as at 31 March 2012	83,222	35,566	-	30	(788)	28,555	146,585	1,142	147,727	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 CHANGES IN EQUITY

For the period ended 31 March 2012

(The figures have not been audited)

	Attributable to Owners of the Company									
	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 (Restated) RM'000	Total (Restated) RM'000	Non-controlling Interests RM'000	Total Equity (Restated) RM'000	
Balance as at 1 January 2011 (as previously reported)	61,801	18,843	6,441	30	-	32,549	119,664	2,945	122,609	
Effects of adoption of IC Interpretation 15	-	-	-	-	-	(7,791)	(7,791)	-	(7,791)	
Balance as at 1 January 2011 (Restated)	61,801	18,843	6,441	30	-	24,758	111,873	2,945	114,818	
Profit / (loss) for the period [as previously reported]	-	-	-	-	-	2,167	2,167	6	2,173	
Effects of adoption of IC Interpretation 15	-	-	-	-	-	(1,241)	(1,241)	-	(1,241)	
Profit / (loss) for the period [Restated]	-	-	-	-	-	926	926	6	932	
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss) for the period	-	-	-	-	-	926	926	6	932	
Issue of ordinary shares:										
- pursuant to exercise of Warrants 2006/2011	31	15	-	-	-	-	46	-	46	
Transfer of warrants reserve		9	(9)	-	-	-	-	-	-	
Balance as at 31 March 2011	61,832	18,867	6,432	30	-	25,684	112,845	2,951	115,796	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

MAGNA PRIMA BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2012

(The figures have not been audited)

	3 months ended 31/03/2012	3 months ended 31/03/2011 (Restated)
	RM'000	RM'000
Operating activities		
Profit / (loss) before taxation	2,204	838
Adjustments for :-		
Depreciation of property, plant and equipment	79	184
Net gain / loss on disposal of property, plant & equipment	(3)	-
Net allowance for liquidated & ascertained damages	(2,564)	(3)
Interest income	(323)	(179)
Interest expense	19	59
Operating profit before changes in working capital	(588)	899
Changes in working capital		
Land held for property development	(1,605)	-
Inventories	(97)	9
Property development costs	(36,108)	(56,707)
Amount owing by/to customers on contract	2,232	4,329
Trade receivables	(15,700)	(7,763)
Accrued billings	6,292	12,147
Other receivables	2,155	13,006
Trade payables	(6,063)	2,005
Progress billings	68,391	25,432
Other payables	3,587	(1,741)
	23,084	(9,283)
Net cash generated from/(used in) operations	22,496	(8,384)
Interest paid	(19)	(59)
Interest received	323	179
Tax paid	(1,601)	(2,910)
	(1,297)	(2,790)
Net cash generated from/(used in) operating activities	21,199	(11,174)
Investing activities		
Purchase of property, plant and equipment	(2)	(7)
Proceeds from disposal of property, plant and equipment	4	-
Net cash generated from/(used in) investing activities	2	(7)
Financing activities		
Repayment of hire purchase liabilities	(99)	(59)
Repayment of bank borrowings	(15,760)	(6,276)
Drawdown of bank borrowings	-	16,900
Net proceeds from new shares issued	-	46
Net cash (used in)/generated from financing activities	(15,859)	10,611
Net change in cash & cash equivalents	5,342	(570)
Cash & cash equivalents at the beginning of the financial period	11,362	17,318
Effects of exchange rate changes	3	-
Cash & cash equivalents at the end of the financial period	16,706	16,748

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

	As at 31/03/2012	As at 31/03/2011
	RM'000	RM'000
Cash and bank balances	11,502	8,803
Cash held under Housing Development Accounts	4,952	8,338
Short term deposits with licensed banks	565	1,619
Bank overdrafts	-	(465)
	17,019	18,295
Less: Short term deposits pledged with licensed banks	(313)	(1,547)
	16,706	16,748

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 Malaysian Financial Reporting Standards ("MFRS") 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 2011. 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 2011. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

Having taken into consideration the potential impact of the new MFRS framework, and also the fact that the International Accounting Standards Board (IASB) is planning to issue a new standard on revenue recognition this year that will subsume IC Interpretation 15: Agreements for the Construction of Real Estate for property developers, the management weighed its options and decided to adopt the MFRS framework for the financial period beginning 1 January 2012.

These interim financial statements are the Group's first MFRS-compliant Interim Financial Statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The date of transition to the MFRS framework is 1 January 2011. The impact of the transition from FRS to MFRS is described in Note A2(a) below.

A2 Significant Accounting Policies

(a) IC Interpretation 15: Agreements for the Construction of Real Estate ("IC 15")

This interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of the real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

This new interpretation further provides guidance on accounting for revenue recognition from the construction of real estate.

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

The effects on the Group's opening balances and comparative figures arising from the adoption of IC 15 are as follows:-

Consolidated Statement of Financial Position (extract)

	As previously reported RM'000	Effects on adoption of IC 15 RM'000	As restated RM'000
<u>Year ended 31/12/2011 :</u>			
Deferred tax assets	2,877	6,713	9,590
Property development costs	178,070	113,070	291,140
Progress billings	62,326	132,495	194,821
Retained earnings	<u>40,249</u>	<u>(12,714)</u>	<u>27,535</u>

Consolidated Statement of Financial Position (extract) [cont'd]

	As previously reported RM'000	Effects on adoption of IC 15 RM'000	As restated RM'000
<u>Period ended 31/3/2011 :</u>			
Deferred tax assets	2,914	1,612	4,526
Property development costs	184,937	99,209	284,146
Progress billings	5,700	109,853	115,553
Retained earnings	34,716	(9,032)	25,684
<u>Opening balances as at 1/1/2011 :</u>			
Deferred tax assets	3,222	1,198	4,420
Property development costs	146,318	81,132	227,450
Progress billings	-	90,121	90,121
Retained earnings	32,549	(7,791)	24,758

In accordance with the transitional provisions of IC 15, the changes above are applied retrospectively. As such, the opening balances as at 1 January 2011 and comparatives as at 31 December 2011 and 31 March 2011 have been restated.

The adoption of IC 15 has significant impact on the revenue and profit for the financial period to-date under review. Had IC 15 not been adopted, the results of the Group in accordance with the previous FRS framework would have been as follows :-

	Results as per previous FRS framework RM'000	Effects on adoption of IC 15 RM'000	IC 15 / MFRS- compliant results RM'000
<u>Period ended 31/3/2012 :</u>			
<u>Consolidated Statement of Financial Position (extract)</u>			
Deferred tax assets	1,966	9,741	11,708
Property development costs	154,921	172,327	327,248
Progress billings	59,347	203,865	263,212
Retained earnings	50,351	(21,796)	28,555
<u>Consolidated Statement of Comprehensive Income (extract)</u>			
Revenue	76,654	(71,370)	5,284
Costs of sales	61,239	(59,257)	1,982
Gross profit	15,415	(12,113)	3,302
Profit / (loss) before taxation	14,317	(12,113)	2,204
Total comprehensive income / (loss) for the period	9,187	(9,084)	103

(b) Adoption of MFRSs, Amendments to MFRSs and Interpretations issued but not yet effective

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

MFRSs, Amendments to MFRSs and Interpretations		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013

(b) Adoption of MFRSs, Amendments to MFRSs and Interpretations issued but not yet effective (cont'd)

MFRSs, Amendments to MFRSs and Interpretations		Effective for annual periods beginning on or after
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A3 Auditors' Report For The Financial Year Ended 31 December 2011

The auditors' report on the financial statements for the financial year ended 31 December 2011 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 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 under review.

A7 Debts and Equity Securities

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 during the period under review.

A9 Segmental Analysis

The Group's segmental reports for the current financial period 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>Period ended 31/03/2012 :</u>						
Total revenue	2	26,868	5,933	2,661	(30,180)	5,284
Intersegment revenue	-	(27,180)	(563)	(2,437)	30,180	-
Segment revenue :	2	(312)	5,370	224	-	5,284
Segment profit / (loss) before tax :	(322)	2,140	(283)	949	(281)	2,203
<i>Included in the segment profit / (loss) are :-</i>						
Interest income	305	2	-	16	-	323
Segment assets :	739,922	148,824	13,085	335,729	(574,111)	663,449
Segment liabilities :	719,168	117,298	10,308	182,939	(513,991)	515,722

By operating segment [cont'd] :

	Property devt RM'000	Const. & Engineering RM'000	Trading RM'000	Non- reportable segments RM'000	Intersegment eliminations RM'000	Consolidated RM'000
As restated:						
<i>Period ended 31/03/2011 :</i>						
Total revenue	780	20,978	6,578	2,101	(23,358)	7,079
Intersegment revenue	-	(20,755)	(613)	(1,990)	23,358	-
Segment revenue :	<u>780</u>	<u>223</u>	<u>5,965</u>	<u>111</u>	<u>-</u>	<u>7,079</u>
Segment profit / (loss) before tax :	<u>(1,793)</u>	<u>3,523</u>	<u>94</u>	<u>216</u>	<u>(1,202)</u>	<u>838</u>
<i>Included in the segment profit / (loss) are :-</i>						
Interest income	26	149	-	8	-	183
Segment assets :	<u>533,820</u>	<u>255,878</u>	<u>10,387</u>	<u>323,008</u>	<u>(614,740)</u>	<u>508,353</u>
Segment liabilities :	<u>489,823</u>	<u>226,321</u>	<u>7,113</u>	<u>214,253</u>	<u>(542,997)</u>	<u>394,513</u>
As previously reported:						
<i>Period ended 31/03/2011 :</i>						
Total revenue	780	20,978	6,578	2,101	(23,358)	7,079
Intersegment revenue	-	(20,755)	(613)	(1,990)	23,358	-
Segment revenue :	<u>780</u>	<u>223</u>	<u>5,965</u>	<u>111</u>	<u>-</u>	<u>7,079</u>
Segment profit / (loss) before tax :	<u>(1,793)</u>	<u>3,523</u>	<u>94</u>	<u>217</u>	<u>(1,202)</u>	<u>839</u>
<i>Included in the segment profit / (loss) are :-</i>						
Interest income	26	149	-	8	-	183
Segment assets :	<u>533,820</u>	<u>255,878</u>	<u>10,387</u>	<u>323,008</u>	<u>(614,740)</u>	<u>508,353</u>
Segment liabilities :	<u>489,823</u>	<u>226,321</u>	<u>7,113</u>	<u>214,253</u>	<u>(542,997)</u>	<u>394,513</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
Period ended 31/03/2012 :			
Total revenue	5,284	-	5,284
Intersegment revenue	-	-	-
Segment revenue :	<u>5,284</u>	<u>-</u>	<u>5,284</u>
Segment profit / (loss) before tax :	<u>2,627</u>	<u>(424)</u>	<u>2,203</u>
Segment assets :	<u>561,272</u>	<u>102,177</u>	<u>663,449</u>
Segment liabilities :	<u>412,600</u>	<u>103,122</u>	<u>515,722</u>
As restated:			
<i>Period ended 31/03/2011 :</i>			
Total revenue	7,079	-	7,079
Intersegment revenue	-	-	-
Segment revenue :	<u>7,079</u>	<u>-</u>	<u>7,079</u>
Segment profit / (loss) before tax :	<u>838</u>	<u>-</u>	<u>838</u>
Segment assets :	<u>508,353</u>	<u>-</u>	<u>508,353</u>
Segment liabilities :	<u>394,513</u>	<u>-</u>	<u>394,513</u>

By geographical segment (cont'd) :

As previously reported:

Period ended 31/03/2011 :

Total revenue	7,079	-	7,079
Intersegment revenue	-	-	-
Segment revenue :	<u>7,079</u>	<u>-</u>	<u>7,079</u>
Segment profit / (loss) before tax :	839	-	839
Segment assets :	508,353	-	508,353
Segment liabilities :	<u>394,513</u>	<u>-</u>	<u>394,513</u>

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 period till 18 May 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

There were no changes in the composition of the Group during the current financial period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

A13 Contingent Assets and Contingent Liabilities

Details of contingent assets of the company are as follows :

	As at 31/03/2012 RM'000	As at 31/03/2011 RM'000
Group		
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	3,393	3,311
- at par	(1,022)	(1,022)
Inflow of economic benefit which is probable but not virtually certain	<u>2,371</u>	<u>2,289</u>

Details of contingent liabilities of the company are as follows :

	As at 31/03/2012 RM'000	As at 31/03/2011 RM'000
Company		
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	115,954	120,549
- Unsecured	-	-
Utilised portion of corporate guarantees given to trade creditors of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	4,196	5,128
	<u>120,150</u>	<u>125,677</u>

A14 Capital Commitment

	As at 31/03/2012 RM'000	As at 31/03/2011 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	124,181	136,664
	<u>124,181</u>	<u>136,664</u>

A15 Significant Related Party Transaction

	As at 31/03/2012 RM'000	As at 31/03/2011 RM'000
Company		
Management fee received/receivable from subsidiary companies	<u>2,437</u>	<u>1,898</u>

B Bursa Malaysia Listing Requirements

B1 Review of Performance - Comparison with Previous Corresponding Quarter

For the 3 months ended 31 March 2012, the Group achieved a revenue of RM5.3 million, a decline of 25% compared to RM7.1 million for the financial period ended 31 March 2011. The lower revenue was a direct result of the IC Interpretation 15 ('IC 15') adoption by the Property Development segment as described below. Profit before tax increased by 163% to RM2.2 million compared to a pre-tax profit of RM0.8 million in the previous corresponding quarter due to support from the Construction segment.

With the newly-adopted IC 15, no revenue was recorded for the Property Development segment for the 3 months ended 31 March 2012, due to the fact that no development project was completed, no risks and rewards were transferred during the period as compared to the previous corresponding period. Sales and order book for the existing development projects achieved good response from the market and the construction works for these projects have been on-going progressively, both of which are expected to contribute in earnest to the Group's earnings upon completion.

Revenue reported in Construction & Engineering segment resulted from the adjustment of previously completed projects, and profit before tax in this segment declined by 39% quarter-on-quarter, despite its participation in the in-house development projects and share of the profit margin with Property Development segment.

Trading segment revenue declined marginally by 10% compared to the previous corresponding quarter and the financial results slumped by 401% due to competitive products selling prices in the market and volatility in raw material prices.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

For the current quarter, the Group recorded a lower revenue of RM5.3 million, a drop of 77% compared to RM23.1 million in the immediate preceding quarter ended 31 December 2011 as a result of the IC 15 adoption as highlighted above.

Despite this, the Group's profit before tax had increased by 139% to RM2.2 million, compared with a loss before tax of RM5.6 million for the immediate preceding quarter ended 31 December 2011 due to adjustments in provisional sums.

B3 Prospects for the Current Financial Year

The Board is targeting to complete U1 Shah Alam Phase 2 commercial tower project this year, together with One Sierra project, a mixed development in Bandar Selayang, and Alam D'16 project in Shah Alam. Upon their completion and subsequent hand-over of vacant possession to purchasers, these project revenue and respective cost of sales will be recognised in full, thus improving the Group's performance for this year. Further on, development work has continued progressively on the Boulevard Business Park project along Jalan Kuching, and also the Seri Jalil project in Bukit Jalil which have high sales and order books.

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 to-date ended 31/03/2012	Period to-date ended 31/03/2011 (Restated)
Group	RM'000	RM'000
In respect of :		
- current year	3,262	14
- deferred taxation	(2,089)	(108)
	1,173	(94)
Under / (over) provision in prior years	-	-
	1,173	(94)

The effective tax rate of the Group for the financial period to-date ended 31 March 2012 was higher than the applicable statutory tax rate mainly due to the effects of adoption of IC 15 by the Property Development segment.

Where the Group undertakes a property development project involving sale of goods, IC 15 changes the Group's revenue recognition to take place at the time of delivery of vacant possession to purchasers when risk and reward is transferred, instead of recognised based on the percentage of completion method.

Due to the adoption IC 15, a lower revenue and profit before tax for the current financial period to-date has been reported in these interim financial statements, which would normally attract a lower taxation amount. However, the Inland Revenue Board's Public Rulings specifies either the progress billings method or the percentage completion method is to be used for profit computation for property developers, and will not allow the entire project revenue and profit recognition to be delayed until project completion and hand-over of vacant possession, as per accounting treatment under IC 15. As such, an adjustment has been made to reflect the actual taxation amount for the current financial period to-date as if the Group had still utilised the percentage completion method for profit recognition.

A corresponding adjustment has also been made to the deferred tax assets of the Group, thus reflecting a future tax benefit upon physical completion of the respective projects.

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 :-

	Period to-date ended 31/03/2012	Period to-date ended 31/03/2011 (Restated)
Group	RM'000	RM'000
Realised	23,904	27,424
Unrealised	4,651	111
Total retained earnings	<u>28,555</u>	<u>27,535</u>

B7 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.

B8 Quoted Investments

There was no purchase or disposal of quoted investments during the financial period to-date 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 18 May 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 March 2012 are as follows:

	As at 31/03/2012	As at 31/03/2011
Secured	RM'000	RM'000
Bank borrowings repayable		
- within 12 months	16,462	16,173
- after 12 months	99,572	104,795
Total borrowings	<u>116,034</u>	<u>120,968</u>

There are no borrowings in foreign currency during the financial period to-date 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.

B12 Changes and Details of Pending Material Litigation (cont'd)

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")

- (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 26 April 2011, the Court has fixed the Trial dates on 24 October 2011 and 25 October 2011. Prior to the said Trial dates, parties were instructed by the Court to mediate the matter but it was to no avail.
- (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. The Parties had filed in their respective written submissions thereafter.
- (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 12 January 2012.

4) Interest of 4% per annum on both judgement sum and pre-judgement sum from 12 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 16 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.

- (viii) Regarding the 5th Defendant, the Company is in the process of filing its Proof of Debt as the 5th Defendant had been adjudicated Bankrupt on 7 July 2011.
- (ix) The 12th Defendant filed an Appeal on 10 February 2012 against the High Court decision dated 12 January 2012. A hearing date is pending to be fixed by the Court of Appeal.
- (x) On 4 April 2012, the Company filed an assessment of damages application against the 12th Defendant. The next Case Management is fixed on 12 June 2012.

In the matter of an Arbitration between Bauer (M) Sdn Bhd ("Bauer") and Embassy Court Sdn Bhd ("Embassy")

- (i) A contract was executed between Bauer and Embassy (together known as "the Parties") on 6 October 2005 ("the Contract"). Bauer was appointed to carry out and complete the Piling and Substructure Works to the Cadangan Pembangunan 1 Blok Kondominium 41 Tingkat (78 units) Termasuk 1 Tingkat Kemudahan Penduduk, 2 Tingkat Lower Ground and 11 Tingkat Letak Kereta dan Keperluan M & E (herein called "the Works") at Sebahagian Lot 305, Seksyen 63, Lorong Kuda, Off Jalan Tun Razak, Kuala Lumpur.
- (ii) On 26th June 2008, an Arbitration matter was initiated by Bauer against Embassy, a wholly-owned subsidiary of Magna Prima Berhad ("MPB"). The two main issues are :-
 - 1) the existence of an agreement dated 12 September 2006 between Bauer and Embassy; and
 - 2) the Final Account Claim.
- (iii) On 3 February 2012, the Final Award given from the Arbitration exercise under Pertubuhan Akitik Malaysia ("PAM") states that Embassy is to pay the Claimant RM13,276,164.02 being outstanding sum of monies for work done in the contract together with interest of RM5,442,802.26. As to our counter claim, we are only entitled for RM502,979.40 being remedial and uncompleted work.

*Kuala Lumpur High Court Originating Summons No. : 24NCC(ARB)-4-02/2012 ("Registration of Final Award")
Bauer (M) Sdn Bhd ("Bauer" or "Applicant" or "Plaintiff") v Embassy Court Sdn Bhd ("Embassy" or "Respondent" or "Defendant")*

- (i) On 15 February 2012, Bauer filed an application to register the Final Award in the High Court of Kuala Lumpur against Embassy.
- (ii) On 2 April 2012, the registration of the Final Award by Bauer was successful.

*Kuala Lumpur High Court Suit No. : S-22NCVC-178-2011 ("Specific Performance")
Bauer (M) Sdn Bhd ("Bauer" or "Plaintiff") v Embassy Court Sdn Bhd ("Embassy" or "1st Defendant") & Magna Prima Bhd ("Magna Prima" or "2nd Defendant")*

- (i) On 4 March 2011, the Plaintiff filed an action against the 1st Defendant and the 2nd Defendant at the High Court of Kuala Lumpur. The two main claims by Bauer are for:-
 - 1) specific performance against the Embassy to produce corporate guarantee issued by Magna Prima; and
 - 2) Magna Prima to indemnify and/or pay to Bauer such monies in the event that Embassy fails to pay Bauer the sum awarded by the Arbitrator.
- (ii) All witnesses were called in to Trials held on 16, 17 & 18 November 2011. Subsequently, the parties have filed in their respective oral and written submissions.
- (iii) On 15 February 2012, Embassy and Magna Prima have been served with Bauer's application for leave to adduce the Final Award as further evidence and was fixed for Hearing on 1 March 2012.
- (iv) On 2 May 2012, the Court has allowed the Plaintiff's application and re-open its case to call its witnesses to adduce the Final Award as further evidence. The Court also allowed the Defendants to re-open their case and to recall their witnesses or to call fresh witnesses, to rebut the Plaintiff's evidence but only insofar as it relates to the said Final Award. Costs are held to be costs in the cause.

*Shah Alam High Court Suit Originating Motion No. : 25-73-04/2012 ("Setting Aside")
Embassy Court Sdn Bhd ("Embassy" or "1st Applicant") & Magna Prima Berhad ("Magna Prima" or "2nd Applicant") v Bauer (M) Sdn Bhd ("Bauer" or "Respondent")*

- (i) On 23 April 2012, the Applicants filed an application against the Respondent to set aside the Final Award dated 3 February 2012. The setting aside application is fixed for case management on 17 May 2012.

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

	3 months ended	
	31/03/2012	31/03/2011 (Restated)
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	1,020	926
Weighted average number of ordinary shares in issue ('000)	332,890	247,300
Basic EPS (sen)	0.31	0.37

B14 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. The Warrants exercise period expired in September 2011.

	3 months ended	
	31/03/2012	31/03/2011 (Restated)
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	<u>1,020</u>	<u>926</u>
Weighted average number of ordinary shares in issue ('000)	332,890	247,300
Effects of dilution ('000)	<u>-</u>	<u>47,997</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>332,890</u>	<u>295,297</u>
Diluted EPS (sen)	<u>0.31</u>	<u>0.31</u>

BY ORDER OF THE BOARD

Magna Prima Berhad
Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
25 May 2012