

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

30 September 2013

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(Incorporated in Malaysia)

Interim Financial Statements - 30 September 2013

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 September 2013

(The figures have not been audited)

| | AS AT 30/09/2013 RM'000 (Unaudited) | AS AT 31/12/2012 RM'000 (Audited) |
|--|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 1,511 | 1,623 |
| Investment Properties | 47,862 | - |
| Land held for property development | 179,411 | 154,084 |
| Goodwill on consolidation | 3,269 | 3,269 |
| Deferred tax assets | 3,734 | 6,508 |
| | <u>235,787</u> | <u>165,484</u> |
| Current Assets | | |
| Inventories | 415,766 | 421,103 |
| Non-current assets held for sale | 5,188 | 5,188 |
| Amount owing by customers on contracts | 21,052 | 25,241 |
| Trade receivables | 46,209 | 61,232 |
| Other receivables | 123,851 | 102,558 |
| Tax recoverable | 293 | 320 |
| Cash held under Housing Development Accounts | 2,865 | 2,821 |
| Short term deposits with licensed banks | 19,809 | 5,221 |
| Cash and bank balances | 6,036 | 1,594 |
| | <u>641,069</u> | <u>625,278</u> |
| TOTAL ASSETS | <u><u>876,856</u></u> | <u><u>790,762</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to Owners of the Company | | |
| Share capital | 83,222 | 83,222 |
| Share premium | 35,566 | 35,566 |
| Other reserves | 17,914 | 19,416 |
| Retained profits | 32,366 | 17,871 |
| | <u>169,068</u> | <u>156,075</u> |
| Non-controlling interests | <u>7,604</u> | <u>10,629</u> |
| TOTAL EQUITY | <u><u>176,672</u></u> | <u><u>166,704</u></u> |
| Non-Current Liabilities | | |
| Hire purchase payables | 108 | 139 |
| Bank borrowings | 195,491 | 156,948 |
| Deferred tax liabilities | 45 | 45 |
| | <u>195,644</u> | <u>157,132</u> |
| Current Liabilities | | |
| Trade payables | 106,618 | 126,588 |
| Other payables | 46,026 | 42,193 |
| Deferred revenue | 290,887 | 264,706 |
| Hire purchase payables | 42 | 74 |
| Bank borrowings | 49,045 | 12,614 |
| Current tax liabilities | 11,922 | 20,751 |
| | <u>504,540</u> | <u>466,926</u> |
| TOTAL LIABILITIES | <u>700,184</u> | <u>624,058</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>876,856</u></u> | <u><u>790,762</u></u> |
| Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM) | <u><u>0.51</u></u> | <u><u>0.47</u></u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 30 September 2013

(The figures have not been audited)

| | 3 months ended | | 9 months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2013 RM'000 | 30/09/2012 RM'000 | 30/09/2013 RM'000 | 30/09/2012 RM'000 |
| Revenue | 5,546 | 5,144 | 123,640 | 46,116 |
| Cost of sales | (4,125) | (2,600) | (93,477) | (16,158) |
| Gross profit | 1,421 | 2,544 | 30,163 | 29,958 |
| Other operating income | 1,922 | 492 | 2,544 | 2,109 |
| Selling and distribution expenses | (804) | (1,542) | (1,286) | (3,800) |
| Administration expenses | (2,565) | (3,450) | (7,980) | (10,533) |
| Other operating expenses | (402) | (28) | (1,218) | 2,489 |
| | (428) | (1,984) | 22,223 | 20,223 |
| Finance costs | (17) | (17) | (52) | (49) |
| Profit / (loss) before taxation | (445) | (2,001) | 22,171 | 20,174 |
| Taxation | (4,694) | (7,508) | (5,708) | (13,599) |
| Profit / (loss) for the period | (5,139) | (9,509) | 16,463 | 6,575 |
| Other comprehensive income : | | | | |
| Currency translation differences on consolidation | 684 | (85) | (1,502) | (318) |
| Other comprehensive income for the period | 684 | (85) | (1,502) | (318) |
| Total comprehensive income / (loss) for the period | (4,455) | (9,594) | 14,961 | 6,257 |
| Profit / (loss) attributable to: | | | | |
| Owners of the Company | (5,096) | (9,452) | 19,488 | 6,668 |
| Non-controlling interests | (43) | (57) | (3,025) | (93) |
| | (5,139) | (9,509) | 16,463 | 6,575 |
| Total comprehensive income / (loss) attributable to: | | | | |
| Owners of the Company | (4,412) | (9,537) | 17,986 | 6,350 |
| Non-controlling interests | (43) | (57) | (3,025) | (93) |
| | (4,455) | (9,594) | 14,961 | 6,257 |
| Earnings / (loss) per share attributable to Owners of the Company: | | | | |
| - Basic (sen) | (1.53) | (2.84) | 5.85 | 2.00 |
| - Diluted (sen) | (1.53) | (2.84) | 5.85 | 2.00 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 30 September 2013

(The figures have not been audited)

| | Attributable to Owners of the Company | | | | | | | | |
|---|---------------------------------------|------------------|---------------------|--------------------|--|---------------------|----------------|----------------------------------|---------------------------|
| | Non-Distributable | | | | | Distributable | | | Total Equity RM'000 |
| | Share capital | Share premium | Warrants reserve | Capital reserve | Foreign currency exchange reserve | Retained profits | Total | Non- controlling Interests | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| Balance as at 1 January 2013 | 83,222 | 35,566 | - | 19,706 | (290) | 17,871 | 156,075 | 10,629 | 166,704 |
| Profit / (loss) for the period | - | - | - | - | - | 19,488 | 19,488 | (3,025) | 16,463 |
| Other comprehensive income / (loss) for the period | - | - | - | - | (1,502) | - | (1,502) | - | (1,502) |
| Total comprehensive income / (loss) for the period | - | - | - | - | (1,502) | 19,488 | 17,986 | (3,025) | 14,961 |
| Dividends for the year ended 31 Dec 2012 | - | - | - | - | - | (4,993) | (4,993) | - | (4,993) |
| Balance as at 30 September 2013 | 83,222 | 35,566 | - | 19,706 | (1,792) | 32,366 | 169,068 | 7,604 | 176,672 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 30 September 2013

(The figures have not been audited)

| | Attributable to Owners of the Company | | | | | | | | |
|---|---------------------------------------|---------------|------------------|-----------------|-----------------------------------|-----------------------------|------------------|---------------------------|-------------------------|
| | Non-Distributable | | | | | Distributable | | | |
| | Share capital | Share premium | Warrants reserve | Capital reserve | Foreign Currency Exchange reserve | Retained profits (Restated) | Total (Restated) | Non-controlling Interests | Total Equity (Restated) |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2012 (as previously reported) | 83,222 | 35,566 | - | 30 | 139 | 40,249 | 159,206 | 1,131 | 160,337 |
| 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 | 146,492 | 1,131 | 147,623 |
| Profit / (loss) for the period | - | - | - | - | - | 6,668 | 6,668 | (93) | 6,575 |
| Other comprehensive income / (loss) for the period | - | - | - | - | (318) | - | (318) | - | (318) |
| Total comprehensive income / (loss) for the period | - | - | - | - | (318) | 6,668 | 6,350 | (93) | 6,257 |
| Dividends for the year ended 31 Dec 2011 | - | - | - | - | - | (4,993) | (4,993) | - | (4,993) |
| Balance as at 30 September 2012 | 83,222 | 35,566 | - | 30 | (179) | 29,210 | 147,849 | 1,038 | 148,887 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 30 September 2013

(The figures have not been audited)

| | 9 months ended 30/09/2013 RM'000 | 9 months ended 30/09/2012 RM'000 |
|---|---|--|
| Operating activities | | |
| Profit before taxation | 22,171 | 20,174 |
| Adjustments for :- | | |
| Depreciation of property, plant and equipment | 238 | 222 |
| Bad debts written off | 597 | - |
| Net gain / loss on disposal of property, plant & equipment | - | (190) |
| Net allowance for liquidated & ascertained damages | 30 | (2,573) |
| Interest income | (351) | (924) |
| Interest expense | 52 | 49 |
| Operating profit before changes in working capital | <u>22,737</u> | <u>16,758</u> |
| Changes in working capital | | |
| Land held for property development | (25,327) | 96,483 |
| Inventories | 5,363 | (200,108) |
| Amount owing by/to customers on contract | 4,189 | (4,635) |
| Trade receivables | 14,426 | (15,985) |
| Other receivables | (32,445) | (2,776) |
| Trade payables | (19,970) | (5,192) |
| Deferred revenue | 26,181 | 165,529 |
| Other payables | 3,803 | (2,783) |
| | <u>(23,780)</u> | <u>30,533</u> |
| Net cash (used in)/generated from operations | (1,043) | 47,291 |
| Interest paid | (52) | (49) |
| Interest received | 351 | 924 |
| Tax paid | (2,112) | (11,662) |
| | <u>(1,813)</u> | <u>(10,787)</u> |
| Net cash (used in)/generated from operating activities | (2,856) | 36,504 |
| Investing activities | | |
| Purchase of property, plant and equipment | (126) | (27) |
| Purchase of investment property | (47,862) | - |
| Proceeds from disposal of property, plant and equipment | - | 191 |
| Net cash (used in)/generated from investing activities | <u>(47,988)</u> | <u>164</u> |
| Financing activities | | |
| Dividend paid | (4,993) | (4,993) |
| Repayment of hire purchase liabilities | (63) | (291) |
| Repayment of bank borrowings | (26,398) | (33,815) |
| Fixed deposits with licensed banks | (14,596) | - |
| Drawdown of bank borrowings | 101,372 | - |
| Net cash generated from/(used in) financing activities | <u>55,322</u> | <u>(39,099)</u> |
| Net change in cash & cash equivalents | <u>4,478</u> | <u>(2,431)</u> |
| Cash & cash equivalents at the beginning of the financial period | <u>4,457</u> | <u>11,363</u> |
| Effects of exchange rate changes | <u>-</u> | <u>(1)</u> |
| Cash & cash equivalents at the end of the financial period | <u><u>8,935</u></u> | <u><u>8,931</u></u> |

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

| | As at 30/09/2013 RM'000 | As at 30/09/2012 RM'000 |
|---|--|-------------------------------|
| Cash and bank balances | 6,036 | 2,976 |
| Cash held under Housing Development Accounts | 2,865 | 4,930 |
| Short term deposits with licensed banks | 19,809 | 1,766 |
| | <u>28,710</u> | <u>9,672</u> |
| Less: Short term deposits pledged with licensed banks | (19,775) | (741) |
| | <u><u>8,935</u></u> | <u><u>8,931</u></u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

A Explanatory Notes Pursuant To MFRS 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 2012. 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 2012.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of 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 |
| 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 2012

The auditors' report on the financial statements for the financial year ended 31 December 2012 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 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 following dividends were paid during the current financial period to-date and previous corresponding period to date :

| | Period ended 30/09/2013 RM'000 | Period ended 30/09/2012 RM'000 |
|---|---|---|
| Final dividend for the year ended : | 31 December 2012 | 31 December 2011 |
| Approved and declared on | 30 May 2013 | 30 May 2012 |
| Date paid | 26 August 2013 | 24 August 2012 |
| Number of ordinary shares on which dividends were payable / paid ('000) | 332,890 | 332,890 |
| Amount per share (single-tier) | 1.5 sen | 1.5 sen |
| Net dividend paid (RM'000) | <u>4,993</u> | <u>4,993</u> |

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 30/09/2013 :</u> | | | | | | |
| Total revenue | 115,468 | 24,670 | 9,970 | 1,062 | (27,530) | 123,640 |
| Intersegment revenue | - | (25,222) | (1,960) | (348) | 27,530 | - |
| Segment revenue : | <u>115,468</u> | <u>(552)</u> | <u>8,010</u> | <u>714</u> | <u>-</u> | <u>123,640</u> |
| Segment profit / (loss) before tax : | <u>25,787</u> | <u>(337)</u> | <u>(488)</u> | <u>(2,791)</u> | <u>-</u> | <u>22,171</u> |
| <i>Included in the segment profit / (loss) are :-</i> | | | | | | |
| Interest income | 264 | 31 | 47 | 9 | - | 351 |
| Segment assets : | <u>927,186</u> | <u>176,916</u> | <u>11,916</u> | <u>479,305</u> | <u>(718,467)</u> | <u>876,856</u> |
| Segment liabilities : | <u>794,690</u> | <u>123,253</u> | <u>9,675</u> | <u>289,960</u> | <u>(517,394)</u> | <u>700,184</u> |
| <u>Period ended 30/09/2012 :</u> | | | | | | |
| Total revenue | 28,372 | 133,529 | 17,216 | 690 | (133,691) | 46,116 |
| Intersegment revenue | - | (131,415) | (2,276) | - | 133,691 | - |
| Segment revenue : | <u>28,372</u> | <u>2,114</u> | <u>14,940</u> | <u>690</u> | <u>-</u> | <u>46,116</u> |
| Segment profit / (loss) before tax : | <u>21,588</u> | <u>3,134</u> | <u>(578)</u> | <u>(3,970)</u> | <u>-</u> | <u>20,174</u> |
| <i>Included in the segment profit / (loss) are :-</i> | | | | | | |
| Interest income | 863 | 7 | - | 54 | - | 924 |
| Segment assets : | <u>839,206</u> | <u>194,959</u> | <u>16,983</u> | <u>350,245</u> | <u>(660,190)</u> | <u>741,203</u> |
| Segment liabilities : | <u>717,379</u> | <u>129,959</u> | <u>14,080</u> | <u>204,810</u> | <u>(473,912)</u> | <u>592,316</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 30/09/2013 : | | | |
| Total revenue | 123,640 | - | 123,640 |
| Intersegment revenue | - | - | - |
| Segment revenue : | 123,640 | - | 123,640 |
| Segment profit / (loss) before tax : | 22,710 | (539) | 22,171 |
| Segment assets : | 625,461 | 251,395 | 876,856 |
| Segment liabilities : | 546,386 | 153,798 | 700,184 |
| Period ended 30/09/2012 : | | | |
| Total revenue | 46,116 | - | 46,116 |
| Intersegment revenue | - | - | - |
| Segment revenue : | 46,116 | - | 46,116 |
| Segment profit / (loss) before tax : | 20,894 | (720) | 20,174 |
| Segment assets : | 623,111 | 118,092 | 741,203 |
| Segment liabilities : | 572,443 | 19,873 | 592,316 |

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 11 November 2013 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 Liabilities

Details of contingent liabilities of the company are as follows :

| Company | As at 30/09/2013 RM'000 | As at 30/09/2012 RM'000 |
|---|-------------------------------|-------------------------------|
| Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies: | | |
| - Secured on assets of subsidiary companies | 244,680 | 97,811 |
| - Unsecured | - | - |
| Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies: | | |
| - Unsecured | 2,264 | 3,672 |
| | 246,944 | 101,483 |

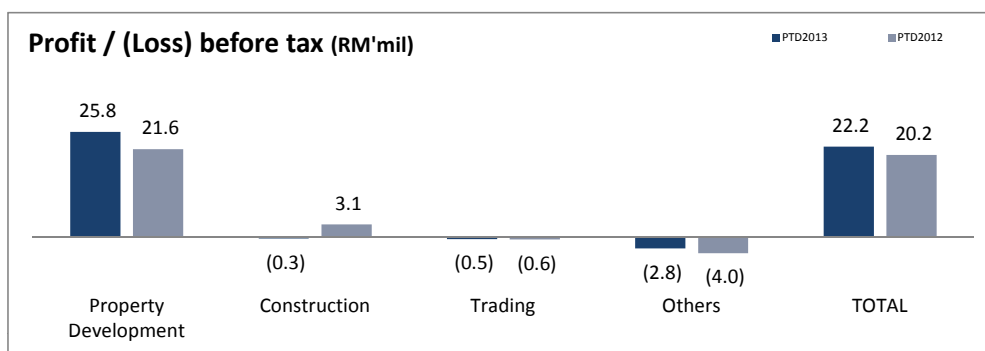
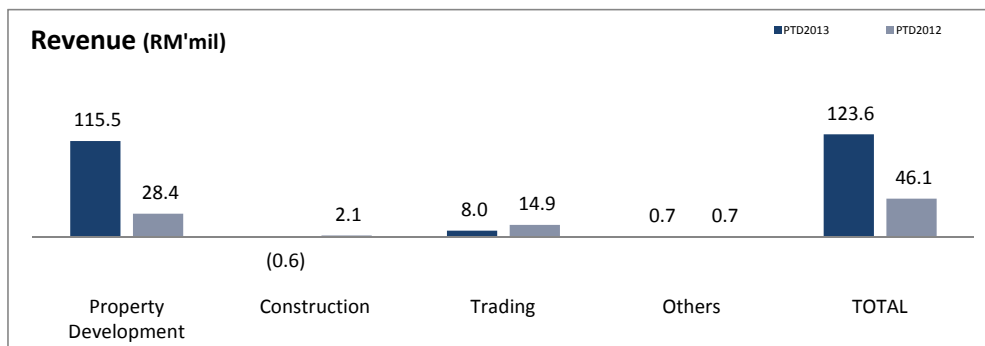
A14 Capital Commitment

| | As at 30/09/2013 RM'000 | As at 30/09/2012 RM'000 |
|---|-------------------------------|-------------------------------|
| Approved and contracted for: | | |
| - Purchase of property, plant and equipment | - | - |
| - Contractual obligation for development projects | 118,521 | 119,741 |
| | 118,521 | 119,741 |

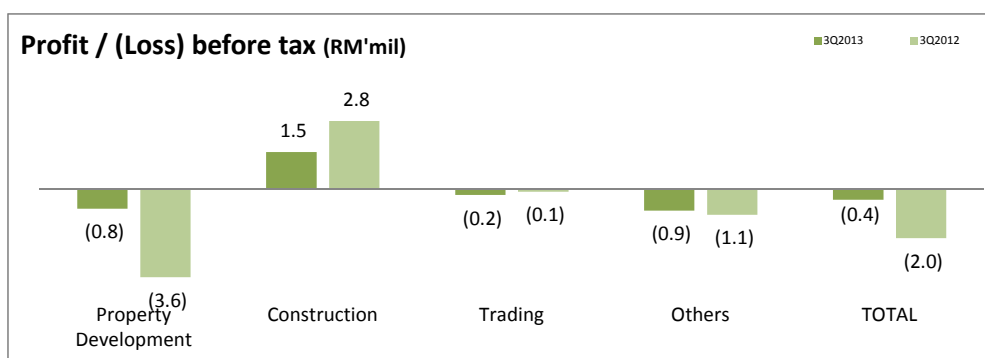
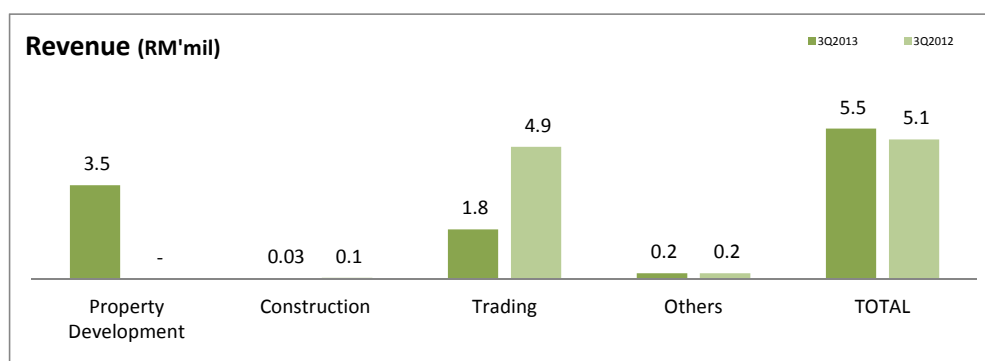
B Bursa Malaysia Listing Requirements

B1 Review of Performance - Comparison with Previous Corresponding Period and Quarter

For the 9 months ended 30 September 2013, the Group achieved a revenue of RM123.6 million, an increase of 168% from RM46.1 million, whereas the Group's profit before tax increased slightly to RM22.2 million from RM20.2 million compared to the financial period ended 30 September 2012.



Current quarter's revenue recorded at RM5.5 million, an increase of 8% from RM5.1 million compared to the previous corresponding quarter and loss before tax had improved by 78% to RM0.4 million compared to RM2.0 million in the previous corresponding quarter due to revenue recognised on completion in the property development segment and the construction segment.



B1 Review of Performance - Comparison with Previous Corresponding Period and Quarter (Cont'd)

Property Development

Property Development segment achieved a revenue of RM115.5 million for 9 months period from RM28.4 million in the previous corresponding period due to recognition of completion for One Sierra development project (19 units of bungalow) and also Alam D'16 development project.

Revenue recorded at RM3.5 million, while loss before tax reduced to RM0.8 million from RM3.6 million, a decrease of 77% compared to previous corresponding quarter due to the recognition of sold unit for One Sierra development project in this quarter.

Sales for the existing development projects i.e. Seri Jalil development project in Bukit Jalil and the Boulevard Business Park development project along Jalan Kuching received good responses from the market and the construction works for these projects have been on-going progressively.

Construction & Engineering

Construction & Engineering segment result for the 9 months recorded a negative revenue of RM0.6 million and a loss before tax of RM0.3 million as the results of the adjustment on the provisional sums, a decrease of 126% and 111% respectively from a revenue of RM2.1 million and profit before tax of RM3.1 million in the previous corresponding period.

Revenue and profit before tax recorded at RM0.03 million and RM1.5 million for current quarter, a decrease of 38% and 46% from revenue of RM0.1 million and profit before tax of RM2.8 million respectively compare to previous corresponding quarter.

Trading

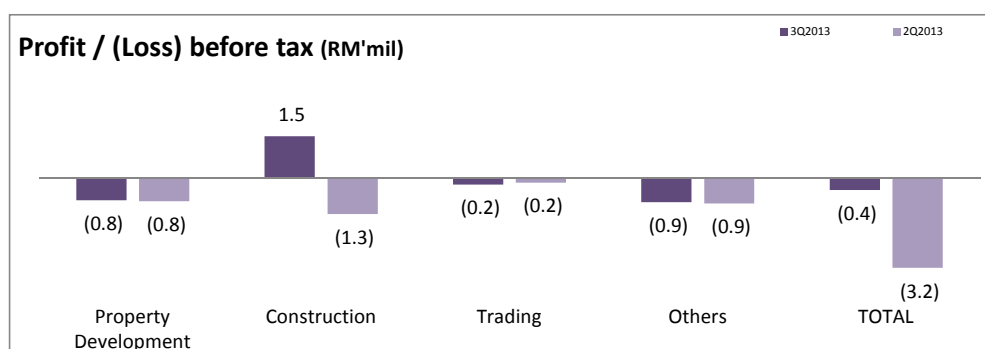
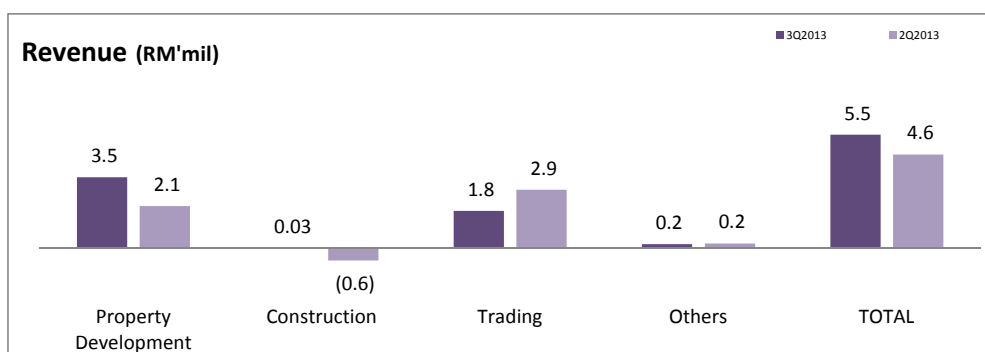
Trading segment revenue declined by 46% to RM8.0 million from RM14.9 million compared to the previous corresponding period and the segment incurred loss before tax of RM0.5 million due to the competitive products selling prices and the volatility in raw material prices in the market.

Revenue recorded at RM1.8 million for current quarter, a decrease of 62% from RM4.9 million and loss before tax increased to RM0.2 million from RM0.1 million compare to previous corresponding quarter.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

For the current quarter, the Group recorded revenue of RM5.5 million, an increase of 21% compared to RM4.6 million in the immediate preceding quarter ended 30 June 2013 mainly due to recognition of sold unit for One Sierra development project in the current quarter.

Nevertheless, the Group's incurred loss before tax of RM0.4 million, compared to a loss before tax of RM3.2 million, improved by 86% over the immediate preceding quarter ended 30 June 2013.



B3 Prospects for the Current Financial Year

The Board is targeting to complete Seri Jalil project in Bukit Jalil this year. Upon its completion, the project revenue and respective cost of sales will be recognised in full and expected to improve the Group's performance for 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:

| Group | Period to-date 30/09/2013 RM'000 | Period to-date 30/09/2012 RM'000 |
|---|---|--|
| In respect of : | | |
| - current year | 9,370 | 15,804 |
| - deferred taxation | (5,994) | (2,280) |
| | 3,376 | 13,524 |
| Under / (over) provision in prior years | 2,332 | 75 |
| | 5,708 | 13,599 |

The effective tax rate of the Group for the financial period to-date ended 30 September 2013 is lower than the applicable statutory tax rate mainly due to the effects of adoption of MFRS 118 by the Property Development segment.

Where the Group undertakes a property development project involving sale of goods, the development revenue and development cost will be recognised based on the completion method, i.e. revenue recognition only takes place at the time of delivery of vacant possession to purchasers where risks and rewards are transferred, in accordance with the conditions set pursuant to MFRS 118 : Revenue.

The revenue and profit before tax for the current financial period to-date have been reported in these interim financial statements, which would normally attract a higher applicable statutory 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 MFRS 118. As such, an adjustment has been made to reflect the actual taxation amount for the current financial period to-date as if the Group would have still utilised the percentage completion method for profit recognition.

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

B6 Retained Profits

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 | Period to-date 30/09/2013 RM'000 | Period to-date 30/09/2012 RM'000 |
|------------------------|---|--|
| Realised | 34,159 | 24,357 |
| Unrealised | (1,793) | 4,853 |
| Total retained profits | 32,366 | 29,210 |

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 11 November 2013 (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 30 September 2013 are as follows:

| | As at 30/09/2013 RM'000 | As at 30/09/2012 RM'000 |
|---------------------------|-------------------------------|-------------------------------|
| Secured | | |
| Bank borrowings repayable | | |
| - within 12 months | 49,087 | 12,718 |
| - after 12 months | 195,599 | 85,069 |
| Total borrowings | <u>244,686</u> | <u>97,787</u> |

Included in the above are borrowings which are denominated in a foreign currency as follows:

| | As at 30/09/2013 AUD'000 | As at 30/09/2012 AUD'000 |
|---------------------------|--------------------------------|--------------------------------|
| Secured | | |
| Bank borrowings repayable | | |
| - within 12 months | - | - |
| - after 12 months | 24,701 | - |
| Total borrowings | <u>24,701</u> | <u>-</u> |

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 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.

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")*

(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 immoveable, 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.

(xi) Case management was fixed on 12th June 2012 for our assessment of damages.

(xii) 12th Defendant Stay Application is fixed for hearing on 7th August 2012 and parties to file their respective written submissions to the Court on/before 3 August 2012.

(xiii) Further case management on our assessment of damages fixed on 9 August 2012 pending outcome of 12th Defendant stay application.

(xiv) On 7th August 2012, Court has allowed 12th Defendant's application for stay. 12th Defendant's appeal is fixed for hearing on 12th November 2012.

(xv) On 9th August 2012, the Court fixed mention for the Plaintiff's assessment of damages on 19th November 2012 pending the outcome of 12th Defendant's appeal.

(xvi) On 12th November 2011, the Court of Appeal had dismissed the 12th Defendant's appeal with costs of RM10,000.

(xvii) Our Assessment of damages has been postponed to 27th November 2012. Further Case Management fixed on 3rd January 2013 and 9th January 2013.

(xviii) Mention fixed on 20th February 2013 to update the Court as to whether the 12th Defendant will be self represented or appoint a new solicitor.

(xix) Next case management fixed on 14th March 2013.

(xx) Further case management fixed on 27th March 2013 to enable the Plaintiff to prepare and file Affidavit of Service and Notice

(xxi) The Plaintiff's Assessment of Damages against the 12th Defendant is fixed for Hearing on 29th May 2013. The Court fixed a further Hearing / Clarification date on 19th June 2013.

(xxii) The Court has fixed the Decision for awarding the assessment of damages against the 12th Defendant on 2nd July 2013. The matter has been adjourned to 5th July 2013.

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")*

(xxiii) On 5th July 2013, the Court awarded damages as follows:-

(a) the sum of RM20,789,144.00 ("Damages") to be paid by the 12th Defendant to MPC and DESB in the following apportionment:-

- (1) the sum of RM15,373,444.00 to be paid to MPC; and
- (2) the sum of RM5,415,700.00 to be paid to DESB.

(b) interest at the rate of 8% per annum for the damages awarded calculated from 16th October 2000 until 5th July 2013 ("Interest")

(c) interest at 4% per annum of the total sum of Damages and Interest ("Total Sum") from 5th July 2013 until the date of full and final settlement of the Total Sum ("Daily Interest"); and

(d) costs of RM5,000.00

(xxiv) Letter of Demand was served on the 12th Defendant on 10th October 2013 demanding for the sum of RM42,553,499.78 calculated as at 8th October 2013.

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.

(v) Case Management on 16th May 2012, Court has allowed Plaintiff's application to adduce the final arbitration award.

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

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")

- (vi) Further case management on 30th May 2012, our Solicitors applied for postponement for application of stay to enable us to reply to Plaintiff's Affidavit in Reply. The matter adjourned to 14th June 2012.
- (vii) Hearing fixed on 14th June 2012 has been vacated as the current judge will be transferred to another court. Court fixed a further case management on 20th July 2012.
- (viii) 20th July 2012, our application for a Stay of Proceeding fixed for Hearing on 27th July 2012. Puan Amelia Tee has fixed the matter for continued trial on 25th September 2012, 2.00 p.m.
- (ix) On 27th July 2012, the court has adjourned the Hearing for our Stay Application to 25th September 2012. Thereafter, the matter has been adjourned to 18th October 2012.
- (x) On 18th October 2012, the Court has fixed the matter for Decision on 25th October 2012. Stay of Proceedings allowed.
- (xi) Case management fixed on 29th November 2012. Tentative trial date fixed on 14th December 2012 in the event our leave to the Federal Court not granted.
- (xii) Trial fixed on 3rd January 2013. The Court has fixed 8th February 2013 to decide on the extent of cross examination of the Arbitrator.
- (xiii) Continued Trial fixed on 22nd February 2013.
- (xiv) The matter has been fixed for continued Hearing on 27th February 2013 for Plaintiff's Counsel to verbally apply to Court to expunge specific parts in the Arbitrator's evidence given during cross examination on 14th December 2012
- (xv) On 25th March 2013, the Court has directed parties to file further written submissions in Court.
- (xvi) The matter is fixed for Decision on 30th April 2013 but was later postponed to 14th May 2013 and later to 21st May 2013.
- (xvii) The matter is now pending for a new Decision date to be fixed by the Court.

Court of Appeal Civil Appeal No. W-02(IM)(NCVC)-1249-06/2012

Embassy Court Sdn Bhd ("Embassy") ("Appellant 1") & Magna Prima Berhad ("Appellant 2") v Bauer (M) Sdn Bhd ("Bauer") ("Respondent")

- (i) Filed Notice of Appeal on 16th May 2012 in regards to Bauer's application to adduce the Final Award dated 03/02/2012 as further evidence after full trial.
- (ii) Case management on 21st June 2012 whereby further case management was fixed on 19th July 2012 pending filing of Record of Appeal.
- (iii) Case management on 19th July 2012 whereby the hearing of the Appeal has been fixed on 13th September 2012.
- (iv) On 13th September 2012, our appeal has been dismissed.

Federal Court Civil Application No. 08(i)-725-10/2012(w)

Embassy Court Sdn Bhd ("Embassy") & Magna Prima Berhad ("Magna") ("Appellants") v Bauer (M) Sdn Bhd ("Respondent")

- (i) Filed an application for leave to the Federal Court on 5th October 2012. Case Management fixed on 10th October 2012.
- (ii) On 10th October 2012, the Federal Court has fixed the matter for Hearing on 28th November 2012.
- (iii) Our application has been dismissed.

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.
- (ii) On 17th May 2012, our setting aside application was fixed for further Case Management on 4th July 2012 for parties to file written submission.
- (iii) On 4th July 2012, the Court has fixed a further case management on 8th August 2012 to fix a hearing date for our setting aside application.
- (iv) On 3rd July 2012, the Respondent filed an application to strike out our setting aside application of the Final Award and the same has been fixed for Case Management on 31st July 2012.

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

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")

- (v) On 31st July 2012, the Court has adjourned the Respondent's striking out application to 8th August 2012 at 9.00 am to fix a hearing date for the Respondent's striking out application.
- (vi) On 8th August 2012, the Court has fixed a hearing on 24th October 2012 for both Applicants setting aside application and Respondent's striking out application.
- (vii) The Hearing which was fixed on 24th October 2012 has been vacated and the Court has fixed a new Hearing on 12th December 2012.
- (viii) On 27th December 2012, the Court has dismissed our application with costs.

Court of Appeal Civil Appeal No. B-02(IM)-309-02/2013

Embassy Court Sdn Bhd ("Embassy" or "1st Appellant") & Magna Prima Berhad ("Magna Prima" or "2nd Appellant") v Bauer (M) Sdn Bhd ("Bauer" or "Respondent")

- (i) On 22nd January 2013, the Appellants filed an appeal against the High Court decision dated 27th December 2012.
- (ii) Thereafter, the appellants will prepare and file the memorandum of appeal and the record of appeal 8 weeks from 22nd January 2013.
- (iii) Supplementary Record of Appeal filed on 3rd April 2013.
- (iv) The Court fixed the matter for Hearing on 22nd August 2013.
- (v) Hearing adjourned to 29th August 2013 and thereafter 10th September 2013.
- (vi) On 10th September 2013, the Court has dismissed the Appellants appeal with costs.

B13 Dividend Proposed

There was no interim dividend proposed in the current quarter and previous corresponding quarter.

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 | | Period to-date ended | |
|---|-----------------------|------------|-----------------------------|------------|
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000) | (5,096) | (9,452) | 19,488 | 6,668 |
| Weighted average number of ordinary shares in issue ('000) | 332,890 | 332,890 | 332,890 | 332,890 |
| Basic EPS (sen) | (1.53) | (2.84) | 5.85 | 2.00 |

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 | | Period to-date ended | |
|---|-----------------------|------------|-----------------------------|------------|
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000) | (5,096) | (9,452) | 19,488 | 6,668 |
| Weighted average number of ordinary shares in issue ('000) | 332,890 | 332,890 | 332,890 | 332,890 |
| Effects of dilution ('000) | - | - | - | - |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 332,890 | 332,890 | 332,890 | 332,890 |
| Diluted EPS (sen) | (1.53) | (2.84) | 5.85 | 2.00 |

BY ORDER OF THE BOARD

Magna Prima Berhad
 Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
 18 November 2013