

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

31 March 2014

MAGNA PRIMA BERHAD

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

Interim Financial Statements - 31 March 2014

	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Statement Of Cash Flows	4
Notes To The Interim Financial Statements	5 - 13

MAGNA PRIMA BERHAD*(Company No.: 369519-P)***(Incorporated in Malaysia)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 March 2014

(The figures have not been audited)

	AS AT 31/03/2014 RM'000 (Unaudited)	AS AT 31/12/2013 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,373	1,441
Investment Properties	48,383	48,043
Land held for property development	179,802	179,802
Goodwill on consolidation	3,269	3,269
Deferred tax assets	8,706	14,489
	<u>241,533</u>	<u>247,044</u>
Current Assets		
Inventories	429,485	438,261
Amount owing by customers on contracts	2,590	2,356
Trade receivables	35,492	29,605
Other receivables	131,216	125,225
Tax recoverable	814	1,254
Cash held under Housing Development Accounts	11,724	3,050
Fixed deposits with licensed banks	51,018	27,188
Cash and bank balances	4,692	18,711
	<u>667,031</u>	<u>645,650</u>
TOTAL ASSETS	<u>908,564</u>	<u>892,694</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	13,905	11,288
Retained profits	49,686	30,799
	<u>182,379</u>	<u>160,875</u>
Non-controlling interests	7,694	7,669
TOTAL EQUITY	<u>190,073</u>	<u>168,544</u>
Non-Current Liabilities		
Borrowings	286,105	246,935
Deferred tax liabilities	45	45
	<u>286,150</u>	<u>246,980</u>
Current Liabilities		
Trade payables	139,131	105,488
Other payables	42,555	42,086
Deferred revenue	184,366	269,610
Borrowings	46,124	39,342
Current tax liabilities	20,165	20,644
	<u>432,341</u>	<u>477,170</u>
TOTAL LIABILITIES	718,491	724,150
TOTAL EQUITY AND LIABILITIES	<u>908,564</u>	<u>892,694</u>
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	<u>0.55</u>	<u>0.48</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter and period to-date ended 31 March 2014

(The figures have not been audited)

	3 months ended	
	31/03/2014	31/03/2013
	RM'000	RM'000
Revenue	133,249	113,519
Cost of sales	(101,272)	(84,719)
Gross profit	31,977	28,800
Other operating income	523	285
Selling and distribution expenses	(501)	(286)
Administration expenses	(2,703)	(2,830)
Other operating expenses	(4,597)	(98)
	24,699	25,871
Finance costs	(15)	(17)
Profit / (loss) before taxation	24,684	25,854
Taxation	(5,832)	(2,601)
Profit / (loss) for the period	18,852	23,253
Other comprehensive income / (expense) :		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	2,617	(284)
Other comprehensive income / (expense) for the period	2,617	(284)
Total comprehensive income / (expense) for the period	21,469	22,969
Profit / (loss) attributable to:		
Owners of the Company	18,886	23,291
Non-controlling interests	(34)	(38)
	18,852	23,253
Total comprehensive income / (expense) attributable to:		
Owners of the Company	21,503	23,007
Non-controlling interests	(34)	(38)
	21,469	22,969
Earnings / (loss) per share attributable to Owners of the Company:		
- Basic (sen)	5.67	7.00
- Diluted (sen)	5.67	7.00

The Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

(The figures have not been audited)

	Attributable to Owners of the Company							
	Non-Distributable				Distributable			
	Share capital	Share premium	Capital reserve	Foreign currency exchange reserve	Retained profits	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2014	83,222	35,566	19,706	(8,418)	30,800	160,876	7,669	168,545
Profit / (loss) for the period	-	-	-	-	18,886	18,886	(34)	18,852
Other comprehensive income / (expense) for the period	-	-	-	2,617	-	2,617	-	2,617
Total comprehensive income / (expense) for the period	-	-	-	2,617	18,886	21,503	(34)	21,469
Acquisition of subsidiary company	-	-	-	-	-	-	59	59
Balance as at 31 March 2014	83,222	35,566	19,706	(5,801)	49,686	182,379	7,694	190,073
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	-	-	-	-	23,291	23,291	(38)	23,253
Other comprehensive income / (expense) for the period	-	-	-	(284)	-	(284)	-	(284)
Total comprehensive income / (expense) for the period	-	-	-	(284)	23,291	23,007	(38)	22,969
Balance as at 31 March 2013	83,222	35,566	19,706	(574)	41,162	179,082	10,591	189,673

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

(The figures have not been audited)

	3 months ended 31/03/2014 RM'000	3 months ended 31/03/2013 RM'000
Cash Flows From Operating Activities		
Profit before taxation	24,684	25,854
Adjustments for :-		
Depreciation of property, plant and equipment	68	78
Depreciation of investment properties	20	-
Net gain / loss on disposal of property, plant & equipment	(70)	-
Net allowance for liquidated & ascertained damages	4,809	27
Unrealised foreign exchange gain	(1,022)	-
Finance income	(114)	(70)
Finance expense	15	17
Operating profit before changes in working capital	28,390	25,906
Changes in working capital		
Land held for property development	-	(301)
Inventories	11,955	63,442
Amount owing by/to customers on contract	(234)	5,924
Trade receivables	(5,887)	(6,137)
Other receivables	(3,734)	(7,576)
Trade payables	33,643	(16,656)
Deferred revenue	(85,244)	(44,248)
Other payables	(2,878)	(3,442)
	(52,379)	(8,994)
Net cash (used in)/generated from operations	(23,989)	16,912
Interest paid	(5,709)	(17)
Interest received	114	70
Tax paid	(479)	(1,607)
	(6,074)	(1,554)
Net cash (used in)/generated from operating activities	(30,063)	15,358
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	(52)
Net cash generated from acquisition of subsidiary companies	60	-
Proceeds from disposal of property, plant and equipment	70	-
Net cash generated from/(used in) investing activities	130	(52)
Cash Flows From Financing Activities		
Repayment of hire purchase liabilities	(11)	(29)
Repayment of bank borrowings	(1,887)	(10,583)
Fixed deposits with licensed banks	(21,830)	(5,045)
Drawdown of bank borrowings	47,812	5,851
Net cash generated from/(used in) financing activities	24,084	(9,806)
Net change in cash & cash equivalents	(5,849)	5,500
Cash & cash equivalents at the beginning of the financial period	21,732	4,457
Effects of exchange rate changes	2,568	-
Cash & cash equivalents at the end of the financial period	18,451	9,957
Cash and cash equivalents at the end of the financial period comprises:		
	As at 31/03/2014 RM'000	As at 31/03/2013 RM'000
Cash and bank balances	4,692	4,548
Cash held under Housing Development Accounts	11,724	4,367
Fixed deposits with licensed banks	51,018	11,266
	67,434	20,181
Less: Fixed deposits pledged with licensed banks	(48,983)	(10,224)
	18,451	9,957

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. 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 2013.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following MFRSs:

MFRSs, Amendments to MFRSs and Interpretations

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation -Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the group.

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)	To be announced by MASB
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)	To be announced by MASB
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	To be announced by MASB
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle		1 July 2014

A3 Auditors' Report For The Financial Year Ended 31 December 2013

The auditors' report on the financial statements for the financial year ended 31 December 2013 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 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
Period ended 31/03/2014 :						
Total revenue	130,945	14,526	2,545	258	(15,025)	133,249
Intersegment revenue	-	(14,131)	(811)	(83)	15,025	-
Segment revenue :	130,945	395	1,734	175	-	133,249
Segment profit / (loss) before tax :	47,928	(22,197)	(113)	(934)	-	24,684
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	111	2	-	1	-	114
Segment assets :	949,509	123,232	10,129	494,863	(669,169)	908,564
Segment liabilities :	813,429	122,063	10,098	269,203	(496,302)	718,491
Period ended 31/03/2013 :						
Total revenue	109,945	14,995	4,312	254	(15,987)	113,519
Intersegment revenue	-	(14,988)	(999)	-	15,987	-
Segment revenue :	109,945	7	3,313	254	-	113,519
Segment profit / (loss) before tax :	27,438	(532)	(63)	(989)	-	25,854
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	64	2	-	4	-	70
Segment assets :	794,357	167,017	12,435	374,718	(610,743)	737,784
Segment liabilities :	625,887	115,520	9,910	202,810	(406,016)	548,111

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 31/03/2014 :			
Total revenue	133,249	-	133,249
Intersegment revenue	-	-	-
Segment revenue :	133,249	-	133,249
Segment profit / (loss) before tax :	23,790	894	24,684
Segment assets :	555,965	352,599	908,564
Segment liabilities :	456,387	262,104	718,491
Period ended 31/03/2013 :			
Total revenue	113,519	-	113,519
Intersegment revenue	-	-	-
Segment revenue :	113,519	-	113,519
Segment profit / (loss) before tax :	26,165	(311)	25,854
Segment assets :	556,282	181,502	737,784
Segment liabilities :	464,434	83,677	548,111

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 22 May 2014 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 31/03/2014 RM'000	As at 31/03/2013 RM'000
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	331,841	169,620
- Unsecured	-	-
Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	1,662	2,318
	333,503	171,938

A14 Capital Commitment

	As at 31/03/2014 RM'000	As at 31/03/2013 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	118,521	139,245
	118,521	139,245

B Bursa Malaysia Listing Requirements

B1 Review of Performance - Comparison with Previous Corresponding Quarter

For the 3 months ended 31 March 2014, the Group achieved a revenue of RM133.2 million, an increase of 17% from RM113.5 million, whereas the Group's profit before tax fall to RM24.7 million from RM25.9 million compared to the financial year ended 31 March 2013.



Property Development

Property Development segment recorded a revenue of RM130.9 million for the current quarter, an increase of 19% from RM109.9 million compared to the previous corresponding quarter and profit before tax improved by 75% to RM47.9 million compared to RM27.4 million in the previous corresponding quarter due to the recognition of completion for Seri Jalil development project in this quarter.

On going sales for the existing development project i.e. The Boulevard Business Park development project along Jalan Kuching, remain good responses from the market and the construction works for this project have been on-going progressively.

Construction & Engineering

For the first 3 months, Construction & Engineering segment posted a revenue of RM0.4 million and a loss before tax of RM22.2 million as a result of the material adjustment on the construction cost of the previous completed project subsequent to the arbitration dispute.

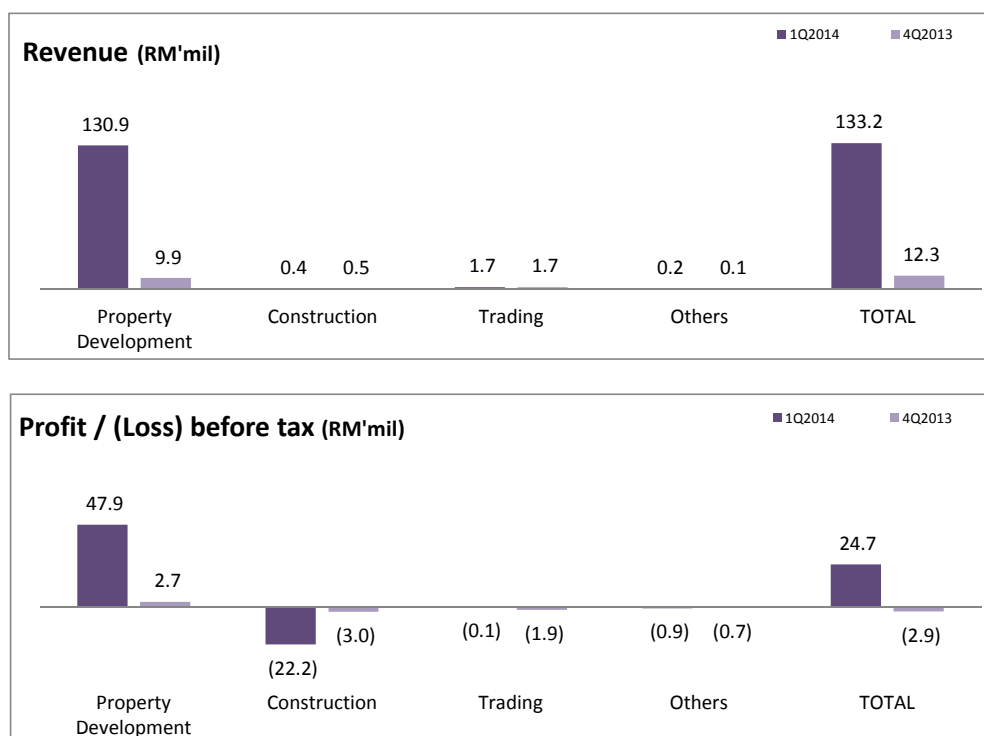
Trading

Trading segment revenue declined by 48% to RM1.7 million from RM3.3 million compared to the previous corresponding quarter and the segment incurred loss before tax of RM0.1 million due to the competitive products selling prices and the volatility in raw material prices in the market.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

For the current quarter, the Group recorded revenue of RM133.2 million, an increase of 987% compared to RM12.3 million in the immediate preceding quarter ended 31 December 2013 mainly due to recognition of completion for Seri Jalil development project in the current quarter.

Hence, the Group posted a profit before tax of RM24.7 million, compared to a loss before tax of RM2.9 million, an increase of 948% over the immediate preceding quarter ended 31 December 2013.



B3 Prospects for the Current Financial Year

The Board is targeting to complete The Istana project in third quarter of this financial year which will boost 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 31/03/2014 RM'000	Period to-date 31/03/2013 RM'000
In respect of :		
- current year	-	1,538
- deferred taxation	5,832	1,003
	<u>5,832</u>	<u>2,541</u>
Under / (over) provision in prior years	-	60
	<u><u>5,832</u></u>	<u><u>2,601</u></u>

The effective tax rate of the Group for the financial period to-date ended 31 March 2014 is fairly consistent at the applicable statutory tax rate.

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.

B5 Taxation (cont'd)

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	Period to-date
	31/03/2014	31/03/2013
	RM'000	RM'000
Realised	60,326	42,218
Unrealised	(10,640)	(1,056)
Total retained profits	<u>49,686</u>	<u>41,162</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 22 May 2014 (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 proposed acquisition is deemed completed with the fully payment of the balance Purchase Consideration on 2 May 2014 after the relevant Transfer instrument in respect of the issue documents of title were presented to the Registry of Land Titles for registration on the same day.

B10 Group Borrowings

Details of Group borrowings as at 31 March 2014 are as follows:

Secured	As at	As at
	31/03/2014	31/03/2013
	RM'000	RM'000
Borrowings repayable		
- within 12 months	46,124	30,774
- after 12 months	286,105	134,240
Total borrowings	<u>332,229</u>	<u>165,014</u>

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

Secured	As at	As at
	31/03/2014	31/03/2013
	AUD'000	AUD'000
Borrowings repayable		
- within 12 months	2,877	-
- after 12 months	51,729	11,040
Total borrowings	<u>54,606</u>	<u>11,040</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

- (i) 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")

A police report was lodged on 23 October 2000 stating that a sum of RM22,100,000 was withdrawn from the bank accounts of two subsidiary companies on 16 October 2000 as follows:-

<u>Subsidiary Companies</u>	<u>RM</u>
Magna Prima Construction Sdn. Bhd. ("MPC")	16,684,300
Dunia Epik Sdn. Bhd. ("DE")	5,415,700
	<u>22,100,000</u>

The withdrawal of the above sum of RM22,100,000 was made by a former Director of Magna Prima Berhad ("MPB"), and the above subsidiary companies in collaboration with various other Parties.

MPB, MPC and DE (collectively known as "Plaintiffs"), instituted a Civil Suit in the High Court of Kuala Lumpur ("Court") against Top Green Entity Sdn. Bhd. ("Top Green") and fourteen (14) other individuals, for the recovery of the sum of RM22,100,000.

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

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

A Settlement Agreement (SA) dated 10 September 2008 had been signed between the Plaintiffs and Tang Chee Meng ("4th Defendant"). As at 13 May 2009, 953,000 shares belonging to the 4th Defendant has been transferred to the Plaintiffs. Accordingly, the Notice of Discontinuance was filed for the suit against the 4th Defendant on 16 June 2009.

On 24 March 2010, Goh Hock Choy ("5th Defendant") filed an application to strike out the Plaintiffs' Writ and Statement of Claim ("Striking Out Application").

On 5 July 2013, the Court has duly awarded the damages in the sum of RM20,789,144 ("Damages") to be paid by Tan Chow Poo ("12th Defendant") to MPC and DE together with interests and costs.

On 10 October 2013, the Letter of Demand was duly served on the 12th Defendant demanding for the sum of RM42,553,500 calculated as at 8 October 2013. As to date, no response have been received after serving the Letter of Demand.

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

A contract was executed between Bauer (M) Sdn. Bhd. ("Bauer") and Embassy Court Sdn. Bhd. ("Embassy") (collectively known as "the Parties") on 6 October 2006 ("the Contract"). Bauer was appointed to carry out and complete the Piling and Substructure Works for "the Avare" in Off Jalan Tun Razak, Kuala Lumpur.

On 26 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 :-

- The existence of an Agreement dated 12 September 2006 between Bauer and Embassy; and
- The Final Account Claim.

On 3 February 2012, the Final Award save as to costs given by the Arbitration exercised under Pertubuhan Akitek Malaysia ("PAM") states that Embassy is to pay Bauer the sum of RM18,718,966 being the outstanding sum of monies for works done in the contract together with interest.

On 8 March 2013, the Final Award as to costs was delivered by the Arbitrator whereby Embassy is required to pay Bauer the sum of RM1,102,589 as costs.

To enforce or execute the Final Award, Bauer initiated a judgement debtor summons to assess Embassy's financial position. On 20 September 2013, the Decision of the High Court is that Embassy has to pay RM8,389,068 together with the cost of RM1,000 to Bauer.

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

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

On 24 September 2013, Embassy has instructed its solicitors to proceed to lodge an Appeal to the Court of Appeal against the Decision of the High Court dated on 20 September 2013 on this matter. The Notice of Appeal by Embassy has been dismissed by the Judge In Chambers with cost of RM4,000 on 2 October 2013.

On 24 March 2014, Embassy has instructed its solicitors to lodge an Appeal to the Court of Appeal in respect of the Decision of the High Court Judge and the Court of Appeal has fixed the Hearing of the Appeal on 7 May 2014.

On 7 May 2014, this matter came up for Hearing at the Court of Appeal and the Court of Appeal has directed this matter for Case Management on 19 June 2014.

(iii) 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")

On 4 March 2011, Bauer (M) Sdn. Bhd. ("Bauer") filed an action against Embassy Court Sdn. Bhd. ("Embassy") and Magna Prima Berhad ("MPB") at the High Court of Kuala Lumpur. The two main claims by Bauer were for:-

- a) Specific performance against Embassy to produce Corporate Guarantee issued by MPB; and
- b) MPB to indemnify and/or pay to Bauer such monies in the event that Embassy fails to pay the sum awarded by the Arbitrator.

The full trial was concluded on 22 February 2013 and decision was delivered on 27 February 2014 in favour of Bauer to require Embassy to obtain a corporate guarantee from MPB.

Embassy filed a Notice of Appeal on 26 March 2014 and is fixed for hearing on 29 April 2014.

This matter has been fixed for Case Management on 17 June 2014.

(iv) In the matter of an Arbitration between Bina BMK vs Magna Prima Construction

On 11 June 2008, Bina BMK Sdn. Bhd. ("BMK"), a subcontractor for the Plaza Prima Kepong project brought an arbitration matter for a claim amounting to RM34,520,882 for issues such as, among others, wrongful determination of contract, claim for the balance sum due for works done, claim for the materials left on site and damages against the Company's subsidiary, Magna Prima Construction Sdn. Bhd. ("MPC"). MPC denied the above and has brought about a counter claim against BMK for RM7,104,058. On 5 May 2009, the documents were filed and exchanged by both Parties and the mutual exchange of revised witness statements was conducted.

The trial has been concluded on 31 July 2012. On 21 April 2014, the results of Final Award is ready to be released, pending MPC to remit the sum of RM15,000 as a top-up security deposit to Pertubuhan Akitek Malaysia ("PAM").

On 8 May 2014, MPC received the Final Award save as to cost and the Arbitrator has awarded the sum of RM21,819,350.41 in favour of BMK. A sum of RM15,000 was duly paid by BMK on behalf of MPC to PAM, in order to obtain the Final Award.

This matter will be raised to the High Court on the decision of the Arbitrator.

(v) Court of Appeal Civil Appeal No. W-02(NCVC)(A)-2466-11/2013 Embassy Court vs Yip Kum Fook & 2 Others

An Originating Summon was filed by Embassy Court Sdn. Bhd. ("Embassy") against Messrs. Yip Kum Fook & Associates ("the Defendant") on 30 August 2012 at the High Court of Kuala Lumpur. In this matter, Embassy claims for the sum of RM4,157,426 held as Stakeholder Sum by the Defendant for a project known as "The Avare" to be released back to Embassy.

On 16 October 2013, this matter has been dismissed with cost of RM4,000.00 to be paid to the Defendant and another RM4,000.00 to be paid to the Interveners (Purchasers) respectively.

However, Embassy has instructed its solicitors to lodge an Appeal on this matter in relation to the Decision of the High Court on 30 December 2013 and the Court of Appeal has fixed this matter for Hearing of the Appeal on 8 April 2014, whereby the Court of Appeal has directed the Parties to change the mode of proceedings.

B13 Dividend Proposed

A proposed final single tier exempt dividend of 1.0 sen per share at par value of RM0.25 per share (2012: single tier exempt dividend of 1.5 sen per share at par value of RM0.25 per share) has been recommended for the financial year ended 31 December 2013 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	
	31/03/2014	31/03/2013
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	18,886	23,291
Weighted average number of ordinary shares in issue ('000)	332,890	332,890
Basic EPS (sen)	5.67	7.00

(b) Diluted EPS

There are no diluted earnings per share as the Company does not have any Share Option in issue at the quarter under review.

BY ORDER OF THE BOARD

Magna Prima Berhad
Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
29 May 2014