

# **MAGNA PRIMA BERHAD**

**Company No.: 369519-P**

**(Incorporated in Malaysia)**

**Interim Financial Statements**

**30 June 2014**

# **MAGNA PRIMA BERHAD**

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(Incorporated in Malaysia)**

## **Interim Financial Statements - 30 June 2014**

	<b>Page No.</b>
<b>Condensed Consolidated Statement Of Financial Position</b>	<b>1</b>
<b>Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income</b>	<b>2</b>
<b>Condensed Consolidated Statement Of Changes In Equity</b>	<b>3</b>
<b>Condensed Consolidated Statement Of Cash Flows</b>	<b>4</b>
<b>Notes To The Interim Financial Statements</b>	<b>5 - 14</b>

**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 June 2014

*(The figures have not been audited)*

	AS AT 30/06/2014 RM'000 (Unaudited)	AS AT 31/12/2013 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,308	1,441
Investment Properties	48,728	48,043
Land held for property development	179,802	179,802
Goodwill on consolidation	3,269	3,269
Deferred tax assets	9,441	14,489
	<u>242,548</u>	<u>247,044</u>
<b>Current Assets</b>		
Inventories	500,570	438,261
Amount owing by customers on contracts	2,057	2,356
Trade receivables	30,628	29,605
Other receivables	261,055	125,225
Tax recoverable	474	1,254
Cash held under Housing Development Accounts	3,648	3,050
Fixed deposits with licensed banks	51,760	27,188
Cash and bank balances	30,203	18,711
	<u>880,395</u>	<u>645,650</u>
<b>TOTAL ASSETS</b>	<u><u>1,122,943</u></u>	<u><u>892,694</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	83,222	83,222
Share premium	35,566	35,566
Other reserves	14,063	11,288
Retained profits	53,258	30,799
	<u>186,109</u>	<u>160,875</u>
<b>Non-controlling interests</b>	<u>7,644</u>	<u>7,669</u>
<b>TOTAL EQUITY</b>	<u><u>193,753</u></u>	<u><u>168,544</u></u>
<b>Non-Current Liabilities</b>		
Borrowings	324,641	246,935
Deferred tax liabilities	45	45
	<u>324,686</u>	<u>246,980</u>
<b>Current Liabilities</b>		
Trade payables	125,394	105,488
Other payables	69,390	42,086
Deferred revenue	211,829	269,610
Borrowings	179,876	39,342
Current tax liabilities	18,015	20,644
	<u>604,504</u>	<u>477,170</u>
<b>TOTAL LIABILITIES</b>	<u>929,190</u>	<u>724,150</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,122,943</u></u>	<u><u>892,694</u></u>
<b>Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)</b>	<u><u>0.56</u></u>	<u><u>0.48</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 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 30 June 2014

*(The figures have not been audited)*

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>	<b>30/06/2014</b>	<b>30/06/2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>6,693</b>	4,575	<b>139,942</b>	118,094
Cost of sales	<b>(1,413)</b>	(4,633)	<b>(102,685)</b>	(89,352)
Gross profit	<b>5,280</b>	(58)	<b>37,257</b>	28,742
Other operating income	<b>748</b>	337	<b>1,270</b>	622
Selling and distribution expenses	<b>(1,258)</b>	(196)	<b>(1,759)</b>	(482)
Administration expenses	<b>(2,548)</b>	(2,585)	<b>(5,251)</b>	(5,415)
Other operating expenses	<b>664</b>	(718)	<b>(3,933)</b>	(816)
	<b>2,886</b>	(3,220)	<b>27,584</b>	22,651
Finance costs	<b>(17)</b>	(18)	<b>(32)</b>	(35)
Profit / (loss) before taxation	<b>2,869</b>	(3,238)	<b>27,552</b>	22,616
Taxation	<b>655</b>	1,587	<b>(5,177)</b>	(1,014)
Profit / (loss) for the period	<b>3,524</b>	(1,651)	<b>22,375</b>	21,602
Other comprehensive income / (expense) :				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	<b>2,775</b>	(1,902)	<b>2,775</b>	(2,186)
Other comprehensive income / (expense) for the period	<b>2,775</b>	(1,902)	<b>2,775</b>	(2,186)
Total comprehensive income / (expense) for the period	<b>6,299</b>	(3,553)	<b>25,150</b>	19,416
Profit / (loss) attributable to:				
Owners of the Company	<b>3,574</b>	1,293	<b>22,459</b>	24,584
Non-controlling interests	<b>(50)</b>	(2,944)	<b>(84)</b>	(2,982)
	<b>3,524</b>	(1,651)	<b>22,375</b>	21,602
Total comprehensive income / (expense) attributable to:				
Owners of the Company	<b>6,349</b>	(609)	<b>25,234</b>	22,398
Non-controlling interests	<b>(50)</b>	(2,944)	<b>(84)</b>	(2,982)
	<b>6,299</b>	(3,553)	<b>25,150</b>	19,416
Earnings / (loss) per share attributable to Owners of the Company:				
- Basic (sen)	<b>1.07</b>	0.39	<b>6.75</b>	7.39
- Diluted (sen)	<b>1.07</b>	0.39	<b>6.75</b>	7.39

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 30 June 2014

*(The figures have not been audited)*

	Attributable to Owners of the Company							
	Non-Distributable			Distributable				
	Share capital RM'000	Share premium 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 2014	83,222	35,566	19,706	(8,418)	30,799	160,875	7,669	168,544
Profit / (loss) for the period	-	-	-	-	22,459	22,459	(84)	22,375
Other comprehensive income / (expense) for the period	-	-	-	2,775	-	2,775	-	2,775
Total comprehensive income / (expense) for the period	-	-	-	2,775	22,459	25,234	(84)	25,150
Acquisition of subsidiary company	-	-	-	-	-	-	59	59
<b>Balance as at 31 June 2014</b>	<b>83,222</b>	<b>35,566</b>	<b>19,706</b>	<b>(5,643)</b>	<b>53,258</b>	<b>186,109</b>	<b>7,644</b>	<b>193,753</b>
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	-	-	-	-	24,584	24,584	(2,982)	21,602
Other comprehensive income / (expense) for the period	-	-	-	(2,186)	-	(2,186)	-	(2,186)
Total comprehensive income / (expense) for the period	-	-	-	(2,186)	24,584	22,398	(2,982)	19,416
Balance as at 31 June 2013	83,222	35,566	19,706	(2,476)	42,455	178,473	7,647	186,120

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 30 June 2014

(The figures have not been audited)

	6 months ended 30/06/2014 RM'000	6 months ended 30/06/2013 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	27,552	22,616
Adjustments for :-		
Depreciation of property, plant and equipment	133	161
Depreciation of investment properties	40	-
Bad debts written off	-	597
Net gain / loss on disposal of property, plant & equipment	(70)	-
Net allowance for liquidated & ascertained damages	3,396	27
Unrealised foreign exchange gain	(991)	-
Finance income	(523)	(251)
Finance expense	32	35
Operating profit before changes in working capital	<u>29,569</u>	<u>23,185</u>
Changes in working capital		
Land held for property development	-	(606)
Inventories	(52,689)	45,702
Amount owing by/to customers on contract	300	6,485
Trade receivables	(1,023)	(1,355)
Other receivables	(130,739)	(21,389)
Trade payables	19,906	(26,086)
Deferred revenue	(57,781)	(25,514)
Other payables	25,677	8,624
	<u>(196,349)</u>	<u>(14,139)</u>
Net cash (used in)/generated from operations	(166,780)	9,046
Interest paid	(7,799)	(35)
Interest received	523	251
Tax paid	(2,706)	(1,849)
	<u>(9,982)</u>	<u>(1,633)</u>
Net cash (used in)/generated from operating activities	(176,762)	7,413
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	-	(125)
Purchase of investment property	-	-
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	<u>130</u>	<u>(125)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of hire purchase liabilities	(20)	(52)
Repayment of bank borrowings	(16,764)	(18,687)
Fixed deposits with licensed banks	(24,420)	(7,258)
Drawdown of bank borrowings	227,419	19,910
Net cash generated from/(used in) financing activities	<u>186,215</u>	<u>(6,087)</u>
<b>Net change in cash &amp; cash equivalents</b>	<u>9,583</u>	<u>1,201</u>
<b>Cash &amp; cash equivalents at the beginning of the financial period</b>	<u>24,322</u>	<u>4,457</u>
<b>Effects of exchange rate changes</b>	<u>2,723</u>	<u>-</u>
<b>Cash &amp; cash equivalents at the end of the financial period</b>	<u><u>36,628</u></u>	<u><u>5,658</u></u>

Cash and cash equivalents at the end of the financial period comprises:

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Cash and bank balances	30,203	2,656
Cash held under Housing Development Accounts	3,648	2,968
Fixed deposits with licensed banks	51,760	12,471
	<u>85,611</u>	<u>18,095</u>
Less: Fixed deposits pledged with licensed banks	(48,983)	(12,437)
	<u><u>36,628</u></u>	<u><u>5,658</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 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:

<b>MFRSs, Amendments to MFRSs and Interpretations</b>		<b>Effective for annual periods beginning on or after</b>
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
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

**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
<b>Period ended 30/06/2014 :</b>						
Total revenue	131,602	33,964	4,425	479	(30,528)	139,942
Intersegment revenue	-	(28,969)	(1,418)	(141)	30,528	-
<b>Segment revenue :</b>	<b>131,602</b>	<b>4,995</b>	<b>3,007</b>	<b>338</b>	<b>-</b>	<b>139,942</b>
<b>Segment profit / (loss) before tax :</b>	<b>47,187</b>	<b>(17,127)</b>	<b>(772)</b>	<b>(1,736)</b>	<b>-</b>	<b>27,552</b>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	502	2	-	19	-	523
<b>Segment assets :</b>	<b>1,229,413</b>	<b>115,220</b>	<b>11,114</b>	<b>543,625</b>	<b>(776,429)</b>	<b>1,122,943</b>
<b>Segment liabilities :</b>	<b>1,090,839</b>	<b>117,215</b>	<b>11,133</b>	<b>318,675</b>	<b>(608,672)</b>	<b>929,190</b>
<b>Period ended 30/06/2013 :</b>						
Total revenue	112,003	21,972	7,972	501	(24,354)	118,094
Intersegment revenue	-	(22,558)	(1,796)	-	24,354	-
<b>Segment revenue :</b>	<b>112,003</b>	<b>(586)</b>	<b>6,176</b>	<b>501</b>	<b>-</b>	<b>118,094</b>
<b>Segment profit / (loss) before tax :</b>	<b>26,597</b>	<b>(1,833)</b>	<b>(239)</b>	<b>(1,909)</b>	<b>-</b>	<b>22,616</b>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	176	31	36	8	-	251
<b>Segment assets :</b>	<b>819,678</b>	<b>167,999</b>	<b>11,285</b>	<b>409,099</b>	<b>(649,651)</b>	<b>758,410</b>
<b>Segment liabilities :</b>	<b>683,743</b>	<b>114,715</b>	<b>8,827</b>	<b>213,761</b>	<b>(448,756)</b>	<b>572,290</b>

**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
<b>Period ended 30/06/2014 :</b>			
Total revenue	139,942	-	139,942
Intersegment revenue	-	-	-
<b>Segment revenue :</b>	<b>139,942</b>	<b>-</b>	<b>139,942</b>
<b>Segment profit / (loss) before tax :</b>	<b>27,795</b>	<b>(243)</b>	<b>27,552</b>
<b>Segment assets :</b>	<b>692,037</b>	<b>430,906</b>	<b>1,122,943</b>
<b>Segment liabilities :</b>	<b>587,801</b>	<b>341,389</b>	<b>929,190</b>
<b>Period ended 30/06/2013 :</b>			
Total revenue	118,094	-	118,094
Intersegment revenue	-	-	-
<b>Segment revenue :</b>	<b>118,094</b>	<b>-</b>	<b>118,094</b>
<b>Segment profit / (loss) before tax :</b>	<b>23,034</b>	<b>(418)</b>	<b>22,616</b>
<b>Segment assets :</b>	<b>553,678</b>	<b>204,732</b>	<b>758,410</b>
<b>Segment liabilities :</b>	<b>465,276</b>	<b>107,014</b>	<b>572,290</b>

**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 19 August 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:

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
<b>Company</b>		
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	503,953	170,937
- Unsecured	-	-
Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	1,557	3,188
	<u>505,510</u>	<u>174,125</u>

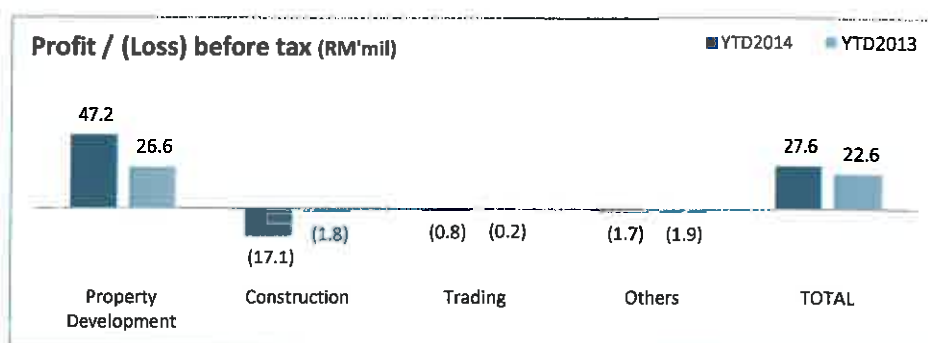
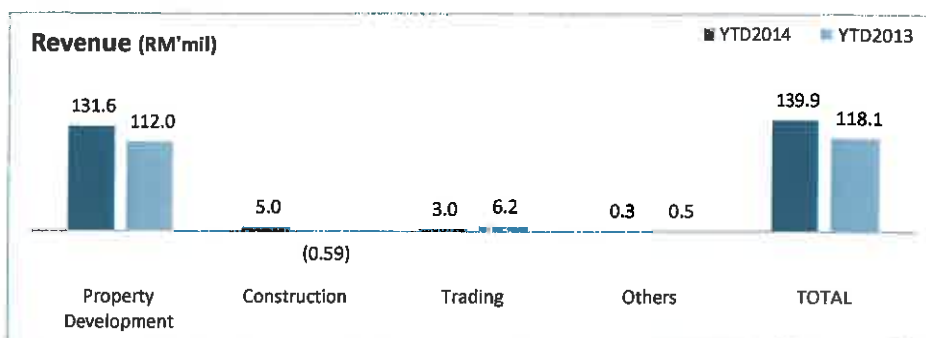
**A14 Capital Commitment**

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	-	139,245
	<u>-</u>	<u>139,245</u>

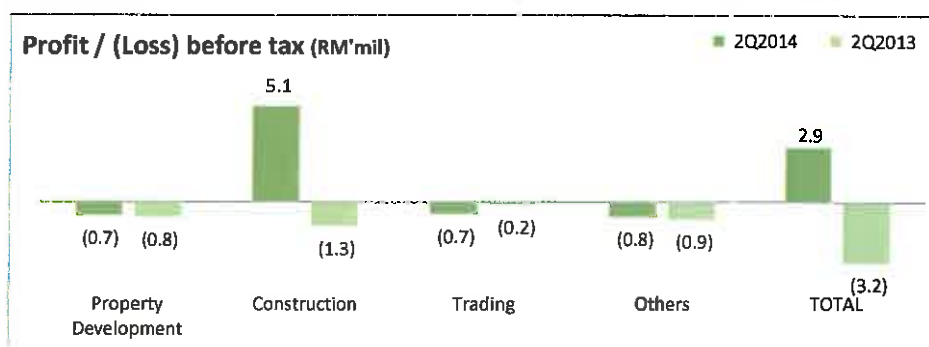
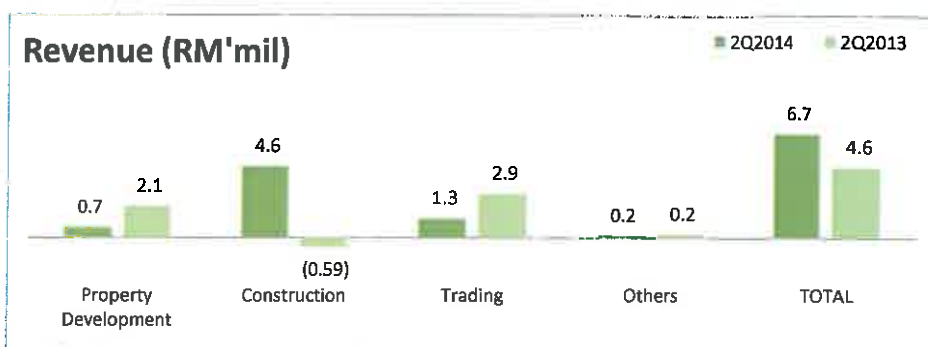
**B Bursa Malaysia Listing Requirements**

**B1 Review of Performance - Comparison with Previous Corresponding Quarter**

For the 6 months ended 30 June 2014, the Group achieved a revenue of RM139.9 million, an increase of 19% from previous year's corresponding amount of RM118.1 million, whereas the Group's profit before tax increased to RM27.6 million from RM22.6 million compared to the period year ended 30 June 2013.



The Group recorded revenue and profit before tax for the current quarter ended 30 June 2014 recorded at RM6.7 million and RM2.9 million, increase of 46% and 191% from RM4.6 million and loss before tax of RM3.2 million respectively compared to the previous corresponding quarter ended 30 June 2013 from its ongoing construction projects.



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

**Property Development**

Property Development segment recorded a revenue of RM131.6 million for 6 months period as compared to the RM112.0 million recorded in the previous corresponding period due to the recognition from our Seri Jalil development project in the first quarter of this year.

However, for the current quarter, revenue decreased to RM0.7 million from RM2.1 million, while loss before tax decreased to RM0.7 million from loss before tax of RM0.8 million, a decrease by 67% and 13% respectively compared to previous corresponding quarter due to no development project completed in this quarter.

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

**Construction & Engineering**

For the second quarter, the Construction & Engineering segment posted a revenue of RM4.6 million and a profit before tax of RM5.1 million. Although this division recorded an improved profit before tax of RM5.1 million in the current quarter on the back of cumulative revenue of RM5 million in the current 6 months, it showed a cumulative loss before tax of RM17.1 million as at end of the second quarter as a result of the provision of RM22.2 million pursuant to an arbitration dispute.

**Trading**

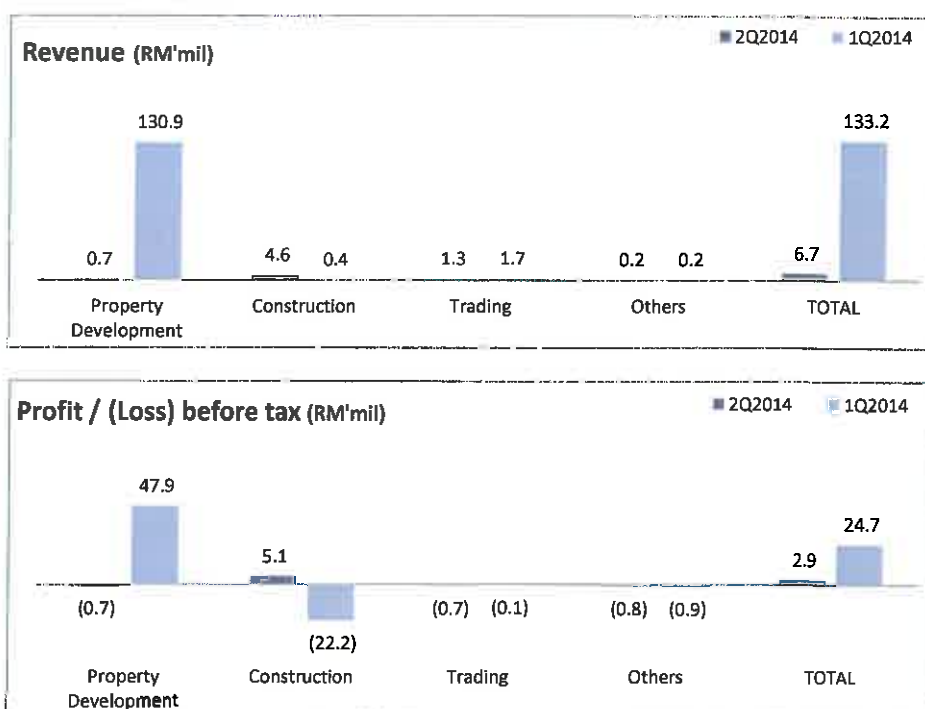
Trading segment revenue declined by 52% to RM3.0 million from RM6.2 million compared to the previous corresponding quarter and the segment incurred loss before tax of RM0.8 million due to the competitive products selling prices and the volatility in raw material prices in the market.

Revenue recorded at RM1.3 million for current quarter, a decrease of 55% from RM2.9 million and loss before tax increased to RM0.7 million from RM0.2 million compared to previous corresponding quarter.

**B2 Review of Performance - Comparison with Immediate Preceding Quarter**

For the current quarter, the Group recorded revenue of RM6.7 million, a decrease of 95% compared to RM133.2 million in the immediate preceding quarter ended 31 March 2014. The previous quarter's revenue were at a record high of RM133.2 million mainly due to the completion of Seri Jalil development project in the previous quarter.

Hence, the Group posted a profit before tax of RM2.9 million in the current quarter, compared to a profit before tax of RM24.7 million, a decrease of 88% over the immediate preceding quarter ended 31 March 2014.



**B3 Prospects for the Current Financial Year**

The Board is targeting to complete The Istana project within 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:

<b>Group</b>	<b>Period to-date 30/06/2014 RM'000</b>	<b>Period to-date 30/06/2013 RM'000</b>
In respect of:		
- current year	77	7,062
- deferred taxation	5,100	(6,109)
	<u>5,177</u>	<u>953</u>
Under / (over) provision in prior years	-	61
	<u>5,177</u>	<u>1,014</u>

The effective tax rate of the Group for the financial period to-date ended 30 June 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 :-

<b>Group</b>	<b>Period to-date 30/06/2014 RM'000</b>	<b>Period to-date 30/06/2013 RM'000</b>
Realised	66,738	44,113
Unrealised	(13,480)	(1,658)
Total retained profits	<u>53,258</u>	<u>42,455</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 19 August 2014 (being the latest practicable date) which is not earlier than 7 days from the date of issuance of these Interim Financial Statements :-

- (a) The Board of Director of MPB ("Board wishes to announce that the Company had on 11 August entered into a conditional subscription agreement with LTAT in relation to the proposed subscription of 40,000,000 new RCPS at an issue price of RM1.00 each and pursuant thereto, the Company proposes to undertake the following corporate proposals:

- (i) Proposed Issuance
- (ii) Proposed Increase in Authorised Share Capital and
- (iii) Proposed M&A Amendments

(The Proposed Issuance, the Proposed Increase in Authorised Share Capital and the Proposed M&A Amendments shall collectively be referred to as the "Proposals".)

**B10 Group Borrowings**

Details of Group borrowings as at 30 June 2014 are as follows:

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
<b>Secured</b>		
Borrowings repayable		
- within 12 months	179,876	31,759
- after 12 months	324,641	139,187
Total borrowings	<u>504,517</u>	<u>170,946</u>

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

	As at 30/06/2014 AUD'000	As at 30/06/2013 AUD'000
<b>Secured</b>		
Borrowings repayable		
- within 12 months	73,047	-
- after 12 months	-	16,856
Total borrowings	<u>73,047</u>	<u>16,856</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) 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 :-

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

On 3 February 2012, the Final Award save as to costs given by the Arbitration exercised under Pertubuhan Akitik 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.

(ii) Kuala Lumpur High Court Suit No. : S-22NCVC-178-2011  
 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 dated 21 February 2014 in favour of Bauer to require Embassy to obtain a corporate guarantee from MPB.

On 10 March 2014 MPB filed an appeal to the Court of Appeal, Civil Appeal No. W-02(IM)(NCVC)-819-05/2014 against the decision of the High Court and on 26 March 2014 Embassy filed an appeal to the Court of Appeal, Civil Appeal No. Civil Appeal No. W-02(NCVC)(W)-614-04/2014 against the decision of the High Court.

Meanwhile, on 12 March 2014 MPB filed Notice of Stay against the decision of High Court until the full and final disposal of MPB's Appeal for the COA against the said order dated 21 February 2014. MPB through Muafakat Baru provide an undertaking by way of pledging a piece of property value excess of full Judgement sum. Magna Prima Berhad as a caution apply for a court injunction to restrain Bauer on representing or filing the petition against Magna Prima Berhad pursuant to S.218(1)(e) date 18 March 2014

**B12 Changes and Details of Pending Material Litigation**

On 3 April 2014 The Court granted Stay in favour of MPB against the Judgement of HC until final disposal of Magna Prima's Appeal to Court of Appeal. However Bauer is seeking for an Appointment with learned Judge for Variation/ Clarification of the Order dated 3 April 2014 Bauer's intention to set aside the order on the basis that the order is enforceable by law.

On 24 April 2014 Notice filed by Bauer to set aside the Stay.

On 5 May 2014 Court allow for Fortuna injunction in favour of Magna Prima Berhad until the full & final determination in respect of Magna's Appeal.

On 10 July 2014 Court dismissed the Application by Bauer on the setting aside the Stay order. The said appeal is now fixed for hearing on 26 November 2014. The Court has fixed the Appeal on 26 November for both Embassy and MPB.

(iii) Kuala Lumpur High Court (Commercial Division) Originating Summons No. 24NCC(ARB)-4-02/2012  
BAUER (M) SDN. BHD. v EMBASSY COURT SDN. BHD. "Order for examination of Judgment Debtor."

Plaintiff filed an Order for examination of Judgment Debtor among others, for the Directors to attend and to be examine orally on the following matter:-

- i) whether any debts owed to the Company.
- ii) any other debts owed by the Company.
- iii) any other property or assets of the Company.
- iv) Company ability to pay the Judgment Sum.

Order given by the Court dated on 4 February 2013 and Examination on 12 March 2013. Plaintiff to serve the Questions to the Defendant by 26 March 2013 and for Judgment Debtor to serve answer by 16 April 2013. Hearing has been fixed on 3 May 2013. Nonetheless, Hearing was adjourned to 15 May 2013 at 9.30am at Level 3, KL High Court. The next Hearing has been fixed on 12 June 2013 at 9.30am. In addition to that, Case Management has been fixed on 14 June 2013 whereby it is to fix a suitable date for Dato' Rizal. Further Case Management has been fixed on 21 June 2013 as to pending Dato' Rizal medical status to enable for a suitable hearing date to be fixed. The Tentative hearing has been fixed on 23 July 2013.

On 26 August 2013 further Case Management has been fixed to update the Court in respect of Dato' Rizal's medical condition. In addition to that, further Case Management has been fixed on 5 September 2013 for further directions from the Court. Moreover, Plaintiff has withdrawn the application to examine Dato' Rizal with liberty to file afresh on 5 September 2013.

Clarification / Decision has been fixed by the Court on 20 September 2013. On 20 September 2013 the Court ordered the Defendant to pay the sum of RM8,386,068.12 together with costs of RM1,000.00 within thirty days from 20 September 2013.

The nature of the decision is on the following basis:-

- a) Non Current Assets – RM42,520.00
- b) Current Assets:-
  - i) Trade Receivable – RM8,302,261
  - ii) Other Receivable – RM37,208.00
  - iii) Cash at bank – RM7,079.12

On 1 October 2013 Notice of Appeal was filed to the Judge in Chambers and Case Management has been fixed on 22 October 2013.

Hearing of Notice of Appeal has been fixed on 10 December 2013 the Court has dismissed the Notice of Appeal with costs of RM4000.

Subsequent to that, Embassy filed a Notice of Appeal to the Court of Appeal on 10 January 2014. On 7 August 2014, Embassy and Plaintiff/Respondent entered into a Consent Order dated 7 August 2014 whereby Embassy withdrew the Appeal with no order as to costs, the Plaintiff/Respondent shall file an application in the event they want to enforce the Order dated 20 September 2013, Embassy is at liberty to raise any defense deem fit and the Appeal deposit to be returned to Embassy.

**B12 Changes and Details of Pending Material Litigation**

(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 Akitik 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 was raised to the High Court on the decision of the Arbitrator.

On 4 June 2014 Bina BMK's solicitor wrote to Arbitrator on their dissatisfaction against the decision of the Arbitrator and they further highlighted to the Arbitrator that the Final Award dated on 21 April 2014 was noted on computation errors in the calculations and the Arbitrator's Assessment on Bina BMK's entitlement was taken into account under the claimants claim.

(v) Kuala Lumpur High Court OS Suit No. 24NCC(ARB)-32-06/2014 Magna Prima Construction Sdn. Bhd. v Bina BMK Sdn. Bhd.

On 18 June 2014 Magna Prima Construction instructed their solicitor to filed and initiate a proceeding against the decision of the Arbitrator in HC on the basis that the Arbitrator does not take into consideration on the amount paid directly to BMK's sub. contractor.

On 27 June 2014 Arbitrator delivered the Amended Final Award save as to costs that Magna Prima Construction need to pay RM31,182,839.48 instead of RM21,819,350.41 after taken into consideration the additional deduction of values of various heads of claims.

On 7 July 2014 Bina BMK via their solicitor send a demand letter based on the Arbitrator corrected Final Award which is published by the Arbitrator on 27/06/2014 and demanding for the sum of RM33,972,772.35.

On 5 August 2014 Court has fixed for case management against the decision of the Arbitration.

The Hearing is now fixed on 30 January 2015 on the said matter.

(vi) Kuala Lumpur High Court Suit No. 22NCVC-256-03/2013  
N.V. BINA SDN, BHD. v MAGNA PARK SDN, BHD.

Plaintiff is claiming for the following:-

- i) Outstanding sum of RM6,041,934.56 or alternatively the sum of RM4,883,919.35;
- ii) Interest at the rate of 4% per annum calculated from 05/06/08 until full settlement;
- iii) Costs; and
- iv) Other reliefs.

Writ and Statement of Claim were served by Plaintiff's solicitor on 14 March 2013 and Notice of Appearance has been filed on 26 March 2013.

On 11 April 2013 Case Management has been fixed to file our Defence on/before 18 April 2013 and further Case Management has been fixed on 10 May 2013

Hearing was fixed on 7 June 2013 nonetheless the Court had adjourned the Hearing to 14 June 2013.

On 12 May 2014 it was fixed for the Defendant to file in their defence afterwards Case Management has been fixed on 8 July 2014

The Court has fix the Trial dates which are now fixed on 7 - 13 October 2014. Meantime the Court directed parties to give a date for Mediation on this matter on early September.

**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. The totalling RM3,328,899.40 for financial year ended 31 December 2013 was paid to shareholders on 26 August 2014.

**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	
	PRECEDING YEAR CORRESPONDING QUARTER Restated 30/06/2014	30/06/2013	CURRENT YEAR TO DATE 30/06/2014	PRECEDING YEAR CORRESPONDING PERIOD Restated 30/06/2013
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	<b>3,574</b>	1,293	<b>22,459</b>	24,584
Weighted average number of ordinary shares in issue ('000)	<b>332,890</b>	332,890	<b>332,890</b>	332,890
Basic EPS (sen)	<b>1.07</b>	0.39	<b>6.75</b>	7.39

**(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	
	30/06/2014	Restated 30/06/2013	30/06/2014	Restated 30/06/2013
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	<b>3,574</b>	1,293	<b>22,459</b>	24,584
Weighted average number of ordinary shares in issue ('000)	<b>332,890</b>	332,890	<b>332,890</b>	332,890
Effects of dilution ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<b>332,890</b>	332,890	<b>332,890</b>	332,890
Diluted EPS (sen)	<b>1.07</b>	0.39	<b>6.75</b>	7.39

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  
 26 August 2014