

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

31 December 2014

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(Incorporated in Malaysia)**

Interim Financial Statements - 31 December 2014

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2014

(The figures have not been audited)

	AS AT 31/12/2014 RM'000 (Unaudited)	AS AT 31/12/2013 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,331	1,441
Investment Properties	55,123	48,043
Land held for property development	356,219	179,802
Goodwill on consolidation	-	3,269
Deferred tax assets	9,156	14,489
	<u>421,829</u>	<u>247,044</u>
Current Assets		
Inventories	593,554	438,261
Amount owing by customers on contracts	2,057	2,356
Trade receivables	27,707	29,605
Other receivables	64,681	125,225
Tax recoverable	986	1,254
Cash held under Housing Development Accounts	3,263	3,050
Fixed deposits with licensed banks	23,675	27,188
Cash and bank balances	20,443	18,711
	<u>736,366</u>	<u>645,650</u>
TOTAL ASSETS	<u><u>1,158,195</u></u>	<u><u>892,694</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	9,520	11,288
Retained profits	13,615	30,799
	<u>141,923</u>	<u>160,875</u>
Non-controlling interests	<u>6,580</u>	<u>7,669</u>
TOTAL EQUITY	<u><u>148,503</u></u>	<u><u>168,544</u></u>
Non-Current Liabilities		
Borrowings	91,704	246,935
Deferred tax liabilities	45	45
	<u>91,749</u>	<u>246,980</u>
Current Liabilities		
Trade payables	98,401	105,488
Other payables	83,689	42,086
Deferred revenue	267,660	269,610
Borrowings	451,624	39,342
Current tax liabilities	16,569	20,644
	<u>917,943</u>	<u>477,170</u>
TOTAL LIABILITIES	<u>1,009,692</u>	724,150
TOTAL EQUITY AND LIABILITIES	<u><u>1,158,195</u></u>	<u><u>892,694</u></u>
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	<u>0.43</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 December 2014

(The figures have not been audited)

	3 months ended		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	1,943	12,262	142,553	135,902
Cost of sales	13,269	(4,862)	(104,592)	(98,339)
Gross profit	15,212	7,400	37,961	37,563
Other operating income	591	2,092	2,311	4,636
Selling and distribution expenses	(1,101)	(637)	(4,174)	(1,923)
Administration expenses	(3,844)	(2,480)	(11,191)	(10,460)
Other operating expenses	(13,831)	(9,129)	(23,599)	(10,347)
	(2,973)	(2,754)	1,308	19,469
Finance costs	(8,538)	(156)	(8,585)	(208)
Profit / (loss) before taxation	(11,511)	(2,910)	(7,277)	19,261
Taxation	(4,595)	1,409	(7,726)	(4,299)
Profit / (loss) for the period	(16,106)	(1,501)	(15,003)	14,962
Other comprehensive income / (expense) :				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	32	(6,626)	(1,768)	(8,128)
Other comprehensive income / (expense) for the period	32	(6,626)	(1,768)	(8,128)
Total comprehensive income / (expense) for the period	(16,074)	(8,127)	(16,771)	6,834
Profit / (loss) attributable to:				
Owners of the Company	(15,240)	(1,566)	(13,855)	17,922
Non-controlling interests	(866)	65	(1,148)	(2,960)
	(16,106)	(1,501)	(15,003)	14,962
Total comprehensive income / (expense) attributable to:				
Owners of the Company	(15,208)	(8,192)	(15,623)	9,794
Non-controlling interests	(866)	65	(1,148)	(2,960)
	(16,074)	(8,127)	(16,771)	6,834
Earnings / (loss) per share attributable to Owners of the Company:				
- Basic (sen)	(4.58)	(0.47)	(4.16)	5.38

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 year ended 31 December 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)	30,799	160,875	7,669	168,544
Profit / (loss) for the year	-	-	-	-	(13,855)	(13,855)	(1,148)	(15,003)
Other comprehensive income / (expense) for the year	-	-	-	(1,768)	-	(1,768)	-	(1,768)
Total comprehensive income / (expense) for the year	-	-	-	(1,768)	(13,855)	(15,623)	(1,148)	(16,771)
Acquisition of subsidiary company	-	-	-	-	-	-	59	59
Dividends for the year ended 31 Dec 2013	-	-	-	-	(3,329)	(3,329)	-	(3,329)
Balance as at 31 December 2014	83,222	35,566	19,706	(10,186)	13,615	141,923	6,580	148,503
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 year	-	-	-	-	17,922	17,922	(2,960)	14,962
Other comprehensive income / (expense) for the year	-	-	-	(8,128)	-	(8,128)	-	(8,128)
Total comprehensive income / (expense) for the year	-	-	-	(8,128)	17,922	9,794	(2,960)	6,834
Dividends for the year ended 31 Dec 2012	-	-	-	-	(4,993)	(4,993)	-	(4,993)
Balance as at 31 December 2013	83,222	35,566	19,706	(8,418)	30,799	160,875	7,669	168,544

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 year ended 31 December 2014

(The figures have not been audited)

	12 months 31/12/2014 RM'000	12 months 31/12/2013 RM'000
Cash Flows From Operating Activities		
(Loss) /Profit before taxation	(7,277)	19,261
Adjustments for :-		
Depreciation of property, plant and equipment	303	308
Depreciation of investment properties	81	80
Net gain / loss on disposal of property, plant & equipment	(83)	-
Provision for legal suit	(7,581)	-
Loss on initial measurement of loan and receivables	-	541
Net allowance for liquidated & ascertained damages	(3,744)	(465)
Impairment of trade receivables	8,158	2,545
Impairment of other receivables	1,228	-
Unrealised foreign exchange gain	(2,792)	2,685
Finance income	(914)	(819)
Finance expense	8,586	208
Operating profit before changes in working capital	(4,035)	24,344
Changes in working capital		
Land held for property development	(171,224)	(26,739)
Inventories	(137,630)	(2,946)
Amount owing by/to customers on contract	299	(1,762)
Trade receivables	(6,260)	28,708
Other receivables	59,376	(24,009)
Trade payables	(7,087)	(21,239)
Deferred revenue	(1,950)	4,903
Other payables	55,987	(2,327)
	(208,489)	(45,411)
Net cash used in operations	(212,524)	(21,067)
Interest paid	(40,484)	(11,854)
Interest received	914	652
Tax paid	(6,764)	(4,221)
	(46,334)	(15,423)
Net cash used in operating activities	(258,858)	(36,490)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(165)	(126)
Purchase of investment property	6,377	(41,581)
Proceeds from disposal of property, plant and equipment	83	-
Net cash generated from/(used in) investing activities	6,295	(41,707)
Cash Flows From Financing Activities		
Dividend paid	(3,329)	(4,993)
Repayment of hire purchase liabilities	(34)	(74)
Repayment of bank borrowings	(41,862)	(29,908)
Fixed deposits with licensed banks	25,784	(21,974)
Drawdown of bank borrowings	294,516	145,738
Net cash generated from financing activities	275,075	88,789
Net change in cash & cash equivalents	22,512	10,592
Cash & cash equivalents at the beginning of the financial year	21,731	4,457
Effects of exchange rate changes	1,768	6,682
Cash & cash equivalents at the end of the financial year	46,011	21,731

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Cash and bank balances	20,443	18,710
Cash held under Housing Development Accounts	3,263	3,049
Fixed deposits with licensed banks	23,675	27,188
Bank overdrafts	-	(63)
	47,381	48,884
Less: Fixed deposits pledged with licensed banks	(1,370)	(27,153)
	46,011	21,731

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 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 dates financial period beginning on or after
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 10, MFRS 12 and MFRS 128	Investment entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendment to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification on Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments	1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition other than the adoption of MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers. The Group is currently assessing the impact of these standards and plans to adopt these standards on the respective effective dates.

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 year 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 year under review except that the costs of sales on the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income of RM13.27 million in the current quarter arises from reversal of overprovision of construction costs of RM13.90 million upon finalisation of completed project.

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 year under review.

A7 Debts and Equity Securities

During the current quarter and financial period Magna Prime Berhad completed the exercise relating to the issuance of Redeemable Convertible Preference Shares ("RCPS") facilities. The details of the exercise are as follows:

Date of drawdown	Amounts drawdown	Subscriber
17-Dec-14	RM 40 million	Lembaga Tabung Angkatan Tentera

A8 Dividends Paid

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

The following dividends were paid during the current financial period to-date and previous corresponding period to date :

	Year ended 31/12/2014 RM'000	Year ended 31/12/2013 RM'000
Final dividend for the year ended :	31 December 2013	31 December 2012
Approved and declared on	30 May 2014	30 May 2013
Date paid	26 August 2014	24 August 2013
Number of ordinary shares on which dividends were payable / paid ('000)	332,890	332,890
Amount per share (single-tier)	1.0 sen	1.5 sen
Net dividend paid (RM'000)	<u>3,329</u>	<u>4,993</u>

A9 Segmental Analysis

The Group's segmental reports for the current financial year 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
Year ended 31/12/2014 :						
Total revenue	132,943	49,756	8,266	27,940	(76,352)	142,553
Intersegment revenue	-	(44,921)	(4,157)	(27,274)	76,352	-
Segment revenue :	<u>132,943</u>	<u>4,835</u>	<u>4,109</u>	<u>666</u>	<u>-</u>	<u>142,553</u>
Segment profit / (loss) before tax :	<u>39,992</u>	<u>(38,971)</u>	<u>(8,082)</u>	<u>(216)</u>	<u>-</u>	<u>(7,277)</u>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	846	20	-	47	-	913
Segment assets :	<u>1,284,279</u>	<u>77,464</u>	<u>3,206</u>	<u>589,088</u>	<u>(795,842)</u>	<u>1,158,195</u>
Segment liabilities :	<u>1,167,517</u>	<u>108,231</u>	<u>11,462</u>	<u>343,241</u>	<u>(620,759)</u>	<u>1,009,692</u>
Year ended 31/12/2013 :						
Total revenue	125,412	26,348	12,118	33,967	(61,943)	135,902
Intersegment revenue	-	(26,433)	(2,393)	(33,117)	61,943	-
Segment revenue :	<u>125,412</u>	<u>(85)</u>	<u>9,725</u>	<u>850</u>	<u>-</u>	<u>135,902</u>
Segment profit / (loss) before tax :	<u>(30,972)</u>	<u>3,718</u>	<u>(2,311)</u>	<u>60,568</u>	<u>(11,742)</u>	<u>19,261</u>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	730	33	47	9	-	819
Segment assets :	<u>973,931</u>	<u>153,059</u>	<u>11,543</u>	<u>482,328</u>	<u>(728,167)</u>	<u>892,694</u>
Segment liabilities :	<u>845,689</u>	<u>132,084</u>	<u>11,425</u>	<u>256,052</u>	<u>(521,100)</u>	<u>724,150</u>

A9 Segmental Analysis (Cont'd)

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
Year ended 31/12/2014 :			
Total revenue	142,553	-	142,553
Intersegment revenue	-	-	-
Segment revenue :	142,553	-	142,553
Segment profit / (loss) before tax :	(1,182)	(6,095)	(7,277)
Segment assets :	704,529	453,666	1,158,195
Segment liabilities :	637,182	372,510	1,009,692
Year ended 31/12/2013 :			
Total revenue	135,902	-	135,902
Intersegment revenue	-	-	-
Segment revenue :	135,902	-	135,902
Segment profit / (loss) before tax :	23,162	(3,901)	19,261
Segment assets :	598,810	293,884	892,694
Segment liabilities :	517,251	206,899	724,150

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 year 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 year till 19 February 2015 except the following:

- (1) The Development Project in Melbourne, namely "Istana Project", was successfully completed and settlement of Account with Purchases of the Properties commenced on 12 January 2015.
- (2) The bridging loan of AUD \$83million with Export-Import Bank of Malaysia Sdn Bhd was fully repaid from proceeds received from the settlement with Purchases.

A12 Changes in the Composition of the Group

Acquisition by Magna Prima Berhad (MPB) of Pavilion Uptrend Sdn Bhd

On the 10 January 2014, the Company has acquired 70% of the issued and paid up share capital in new subsidiary company, Pavilion Uptrend Sdn Bhd ("Pavilion Uptrend") comprising 140,000 ordinary shares of RM1.00 each fully paid up for a total cash consideration of RM140,000.

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, the Chief Executive Officer of the Company has acquired the remaining 30% of the issued and paid up share capital of Pavilion Uptrend Sdn Bhd comprising 60,000 ordinary shares of RM1.00 each fully paid up for a total cash consideration of RM60,000.

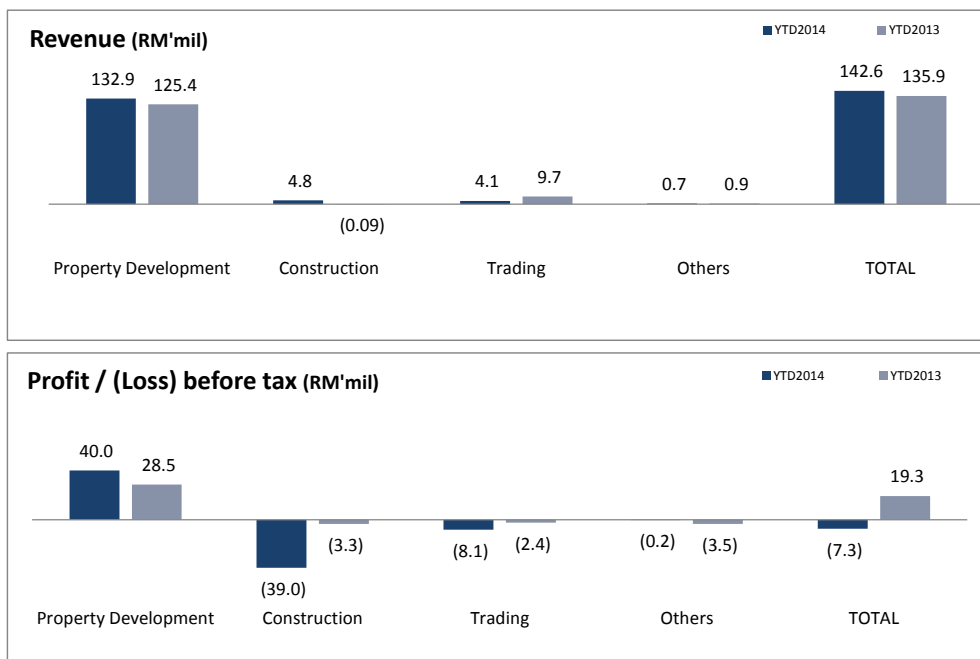
A13 Capital Commitment

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	-	118,521
	-	118,521

B Bursa Malaysia Listing Requirements

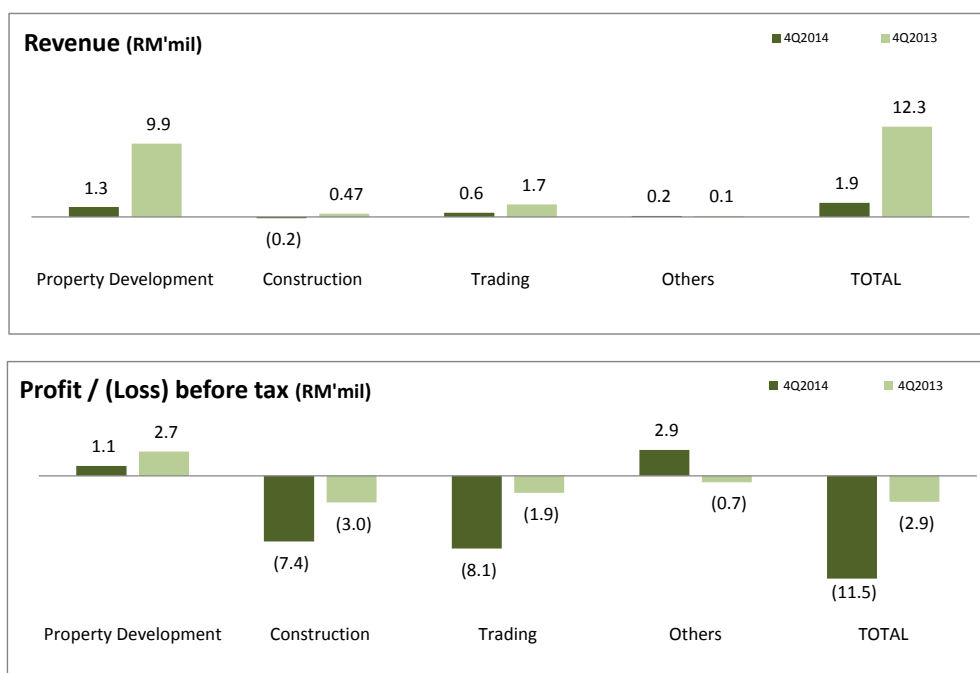
B1 Review of Performance - Comparison with Previous Corresponding Period and Quarter

For the 12 months ended 31 December 2014, the Group achieved a revenue of RM142.6 million, an increase of 5% from RM135.9 million, whereas the Group incurred a loss before tax of RM7.3 million for current period from a profit before tax of RM19.3 million compared to the financial year ended 31 December 2013.



For the current quarter ended 31 December 2014, the Group recorded a revenue of RM1.9 million, a decrease of 85% from RM12.3 million in the previous corresponding quarter ended 31 December 2013.

The loss before tax for the current quarter was RM11.5 million, an increase of 297%, as compared to RM2.9 million in the corresponding quarter.



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

Property Development

Property Development segment recorded a revenue RM132.9 million for 12 month period as compared to the RM125.4 million recorded in the corresponding period.

Profit before tax for the 12 months ended 31 December 2014 was RM40 million, as compared with a loss before tax of RM31 million in the corresponding period.

The increase in both revenue and profits was the results of higher recognition of revenue and profit from Seri Jalil Development Project during the first quarter of this year.

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

Construction & Engineering

Construction and engineering segment recorded a revenue RM4.8 million for the 12 month period as compared with a marginal negative revenue of RM0.09 million in the corresponding period.

Loss before tax for the 12 month period was RM39.0 million as compared with a loss of RM3.3 million in the corresponding period. The loss before tax was mainly due to additional construction costs being provided arising from the Legal and Arbitration dispute.

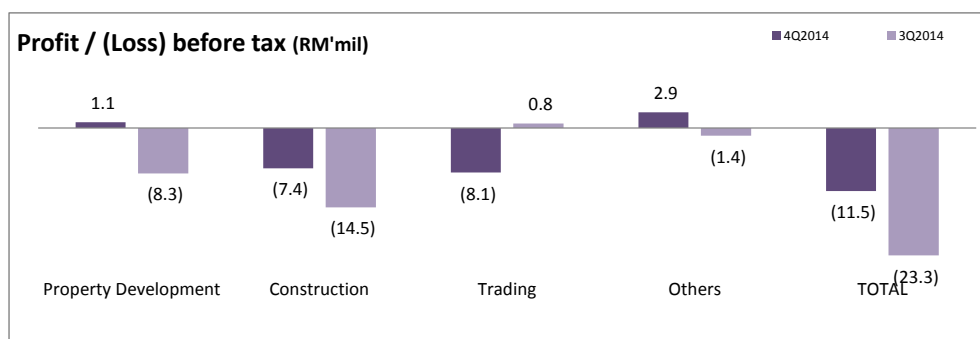
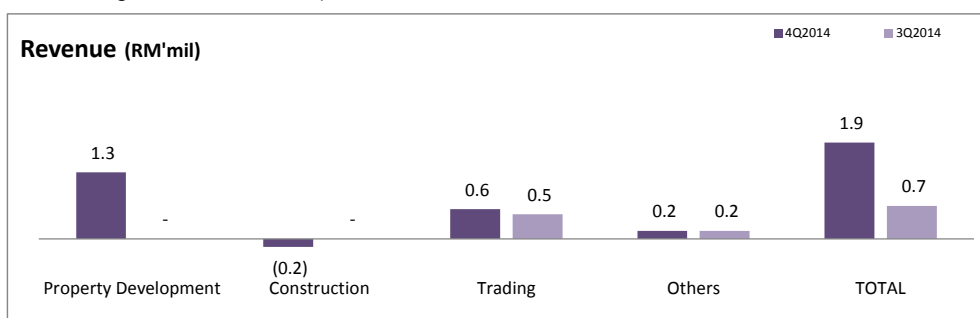
Trading

Trading segment revenue declined by 58% from RM9.7 million to RM4.1 million compared to the previous corresponding quarter. The provision of impairment on trade receivable has resulted in the segment suffering a loss before tax of RM8.1 million.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

For the current quarter, the Group recorded a marginal revenue of RM1.9 million, compared to RM0.7 million in the immediate preceding quarter ended 30 September 2014 due to sale of completed property.

The Group posted a loss before tax of RM11.5 million in the current period, compared to a loss before tax of RM23.3 million in immediate preceding period ended 30 September 2014. The variation in results arises mainly from provision of additional construction costs as a result of legal and arbitration dispute.



B3 Prospects for the Next Financial Year

The Board is optimistic of the financial performance of the Group with the completion of Istana Project in Melbourne and the commencement of settlement with Purchases in first quarter of 2015. We will redeploy our resources on our existing and new projects.

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	Year ended 31/12/2014 RM'000	Year ended 31/12/2013 RM'000
In respect of :		
- current year	1,211	10,928
- deferred taxation	(4,740)	(7,074)
	(3,529)	3,854
Under / (over) provision in prior years	11,255	445
	7,726	4,299

The effective tax rate of the Group for the financial year ended 31 December 2014 is not consistent with the applicable statutory tax rate mainly due to underprovision of tax in prior years.

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 year 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 year 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	Year ended 31/12/2014 RM'000	Year ended 31/12/2013 RM'000
Realised	19,668	16,949
Unrealised	(15,882)	13,850
	3,786	30,799
Consolidation adjustments	9,830	-
Total retained profits	13,616	30,799

B7 Corporate Proposals

The following are status on the corporate proposals that have been announced by the Company but not completed as at 19 February 2015 (being the latest practicable date) which is not earlier than 7 days from the date of issuance of these Interim Financial Statements :-

The total gross proceeds raised by the Company from the Redeemable Convertible Preference Share (RCPS) amounted to RM 40,000,000.00. The status of the utilisation of proceeds as at 19 February 2015 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Balance	Timeframe for unutilised utilisation
MPB Group's property development	38,000	(27,314)		10,686	12 months
General Working Capital	1,600	(1,742)	142	-	3 months
Defrayment of expenses in relation to the Proposals	400	(258)	(142) *	-	3 months
Total	40,000	(29,314)	-	10,686	

* The unutilised amount of RM142,000 designated for the estimated expenses in relation to the Proposals has been reallocated for general working capital requirements.

B8 Group Borrowings

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Secured		
Borrowings repayable		
- within 12 months	451,624	39,342
- after 12 months	91,704	246,935
Total borrowings	543,328	286,277

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

	As at 31/12/2014 AUD'000	As at 31/12/2013 AUD'000
Secured		
Borrowings repayable		
- within 12 months	83,000	-
- after 12 months	-	11,040
Total borrowings	83,000	11,040

The borrowing of AUD \$83million was fully settled subsequent to the end of the financial period.

B9 Details of Financial Instruments with Off Balance Sheet Risks

There is no off-balance sheet risk envisaged as at the date of this report that might materially affect the Group's business position.

B11 Changes and Details of Pending Material Litigation

(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 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.

B11 Changes and Details of Pending Material Litigation (cont'd)

- (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

On 3 April 2014 The Court granted Stay in favour of MPB against the Judgement of High Court 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 Court has fixed the Appeal on 26 November for both Embassy and MPB.

Meanwhile, the Court of Appeal has adjourned the Hearing of Appeal from 26 November 2014 to 29 January 2015.

The matter was postponed on the basis of settlement between the parties. However the court fixed hearing on the above mentioned Appeal on 31/3/2015 before a special panel.

- (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.

B11 Changes and Details of Pending Material Litigation (cont'd)

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 deemed fit and the Appeal deposit to be returned to Embassy.

(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.

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.

On 27 June 2014, the Arbitrator awarded the Amended Final Award sum in favor of Bina BMK sum amounting to RM33,972,772.35 with an interest of 8% per annum until the date of actual realization of the full payment.

Subsequently, MPC filed an Originating Summon vide Kuala Lumpur High Court Suit No 24(ARB)-10-07/2014 on 5 August 2014 against Bina BMK in respect of the decision of the Learned Arbitrator. This matter is fixed for Hearing on 30 January 2015.

Meanwhile, Bina BMK has filed an Application to the High Court that the Award made by the Learned Arbitrator be deposited in Court pending the determination of the Originating Summon. This Application is fixed for Hearing on 31 October 2014.

Apart from the foregoing, Bina BMK has filed an Application for registration of the Award as a Judgement. This Application is fixed for Case Management on 20 October 2014. On the Case Management date, the Court fixed this Application for Hearing 30 January 2015. 7/10/14 – Bina BMK has filed in an Application for payment for the amount of RM 33,972,772.35 pursuant to corrected Award dated 27/6/2014 this Application is made pursuant to section 37(7) of the Arbitration Act.

On 31 October 2014 Bina BMK withdrew the Application with the liberty to file afresh with no order as to cost.

Meanwhile the Court fixed Magna Prima Construction Sdn Bhd's Application pursuant to section 37(7) and 42(8) from 21 November 2014 to 30 January 2015.

On 30 January 2015 High Court has deferred the decision to enable parties to clarify certain issues of law.

B11 Changes and Details of Pending Material Litigation (cont'd)

- (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 High Court 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.

On 21 November 2014 High Court has deferred the decision to enable parties to clarify certain issue of law to 13 January 2015 for clarification and decision .

On 13 January 2015 Kuala Lumpur High Court delivered the decision that the finding of the Arbitrator to be set aside which resulted in Bina BMK being wrongfully entitle to the sum of RM6,202,600.01 and allowed cost of RM15,000.00 in favour of MPC.

Meanwhile the Court allowed Bina BMK's Application for recognition and enforcement of Award for the sum of RM27,770,172.32 pursuant to Section 38.

MPC has instructed solicitor to file in a Notice of Appeal against the decision of the High Court dated 13 January 2015 and notice of Appeal has been filed by MPC's solicitor on 12/2/15.

- (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.

The Plaintiff's application for Summary Judgment has been dismissed. Our striking out application has been allowed with costs of RM3,000.00 on 14 June 2013. However, the Plaintiff appealed to the Court of Appeal (**Court of Appeal Civil No: W02(IM)(NCVC)-1497-07/2013**) and on 1 November 2013, the Court of Appeal allowed Plaintiff's appeal against the High Court's order to strike out the claim.

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. The matter has now been fixed for Hearing on 14 November 2014. Meanwhile, the Court has fixed for Decision on 5 December 2014.

B11 Changes and Details of Pending Material Litigation (cont'd)

On 5 December 2014 High Court of Kuala Lumpur has delivered the Judgement allowing N.V Bina's claim against Magna Park Sdn Bhd that the sum of RM6,041,934.55 together with the Judgement interest at a rate of 4% per annum to be paid by Magna Park Sdn Bhd and RM15,000.00 cost.

On 8 December 2014 MPK instructed solicitor to appeal against the decision of the High Court dated 5 December 2014. Meanwhile on 18 December 2014 N.V Bina's solicitor has served Section 218 Notice pursuant to Companies Act against Magna Park Sdn Bhd.

In order to prevent Winding Up Petition, MPK has further instructed solicitor to file in an application to restrain the N.V Bina in their presentation of Winding Up Petition by way of Originating Summons dated 6 January 2015.

Meanwhile, the Court has fixed 15 January 2015 for hearing of the Originating Summons on the Notice of Stay.

On 15 January 2015 on the Hearing of the Submission MPK duly instructed solicitor to inform the Court that (2) units of Apartments namely Lot 2-20-03 together with the attached car parks and Lot 1-11/03A with the attached car parks value at the judgement sum belonging to Magna Shah Alam Sdn Bhd by way of power of Attorney shall be produced as collateral until full and final disposal of Magna Park's Appeal against the decision of HC dated 5/12/14.

Meanwhile as a Matter of abundant caution we have further Instructed Solicitors to apply interim injunction and the Court has fixed 10/2/15 the Case Management on the hearing of stay pending appeal and the stay has been refused by Court.

However on 24/2/15 the court granted injunction to restrain N.V Bina from Serving petition for winding up against Magna Park until full disposal of appeal and the hearing of appeal is now fixed on 21/5/15

B12 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 year by the weighted average number of ordinary shares in issue.

	3 months ended		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(15,240)	(1,566)	(13,855)	17,922
Weighted average number of ordinary shares in issue ('000)	332,890	332,890	332,890	332,890
Basic EPS (sen)	<u>(4.58)</u>	<u>(0.47)</u>	<u>(4.16)</u>	<u>5.38</u>

(b) Dilute loss/ earning per share

The diluted (loss) earnings per share of the Group is similar to the basic (loss) / earnings per share as the Group does not have any potential dilutive ordinary shares in issue.

B13 Additional disclosures pursuant to para 16, Part A, Appendix 9b of Bursa Malaysia Securities Berhad Listing Requirements

	As at 12/31/2014 RM'000	As at 12/31/2013 RM'000
Interest income	(913)	(819)
Other income	(1,298)	(485)
Interest expenses	8,585	-
Depreciation and amortization	384	389
Provision for impairment of receivables	8,126	2,545
Gain or loss of foregin exchange	2,788	2,685
Gain or loss of property, plant and equipment	<u>(83)</u>	<u>-</u>

Other than items above which have been included in the profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial year ended 31 December 2014.

BY ORDER OF THE BOARD

Magna Prima Berhad
 Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
 26 February 2015