

# **MAGNA PRIMA BERHAD**

Company No.: 369519-P

(Incorporated in Malaysia)

**Interim Financial Statements**

**30 September 2016**

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(Incorporated in Malaysia)**

## **Interim Financial Statements - 30 September 2016**

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**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2016

(The figures have not been audited)

	AS AT 30/09/2016 RM'000 (Unaudited)	AS AT 31/12/2015 RM'000 (Restated)	AS AT 01/01/2015 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	1,586	961	1,331
Investment Properties	533,119	464,745	56,475
Land held for property development	65,033	65,025	65,013
Trade receivables	-	-	2,469
Deferred tax assets	7,889	10,311	11,625
	<u>607,627</u>	<u>541,042</u>	<u>136,913</u>
<b>Current Assets</b>			
Inventories	324,672	329,645	712,835
Contract assets	8,156	-	-
Amount owing by customers on contracts	-	2,057	2,057
Trade receivables	31,903	31,649	23,880
Other receivables	25,231	17,176	64,215
Tax recoverable	620	1,875	986
Cash held under Housing Development Accounts	4,487	4,050	3,263
Fixed and short term deposits with licensed banks	16,853	78,253	27,506
Cash and bank balances	20,935	21,569	16,960
	<u>432,857</u>	<u>486,274</u>	<u>851,702</u>
Assets classified as held for sales	-	-	171,182
<b>TOTAL CURRENT ASSETS</b>	<u>432,857</u>	<u>486,274</u>	<u>1,022,884</u>
<b>TOTAL ASSETS</b>	<u>1,040,484</u>	<u>1,027,316</u>	<u>1,159,797</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Owners of the Company</b>			
Share capital	83,222	83,222	83,222
Share premium	35,566	35,566	35,566
Treasury shares	(2,385)	(77)	-
Other reserves	25,753	23,730	9,526
Retained profits	461,910	406,531	15,109
	<u>604,066</u>	<u>548,972</u>	<u>143,423</u>
<b>Non-controlling interests</b>	<u>6,310</u>	<u>6,378</u>	<u>6,368</u>
<b>TOTAL EQUITY</b>	<u>610,376</u>	<u>555,350</u>	<u>149,791</u>
<b>Non-Current Liabilities</b>			
Borrowings	162,932	191,041	91,704
Deferred tax liabilities	20,545	10,664	94
	<u>183,477</u>	<u>201,705</u>	<u>91,798</u>
<b>Current Liabilities</b>			
Trade payables	34,057	38,698	98,402
Other payables	77,188	55,080	84,576
Deferred revenue	-	27,167	267,660
Contract liabilities	8,850	-	-
Borrowings	87,401	77,296	451,624
Current tax liabilities	39,135	72,020	15,946
	<u>246,631</u>	<u>270,261</u>	<u>918,208</u>
<b>TOTAL LIABILITIES</b>	<u>430,108</u>	<u>471,966</u>	<u>1,010,006</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,040,484</u>	<u>1,027,316</u>	<u>1,159,797</u>
<b>Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)</b>	<u>1.83</u>	<u>1.65</u>	<u>0.43</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 September 2016

*(The figures have not been audited)*

	3 months ended		9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000 (Restated)	30/09/2016 RM'000	30/09/2015 RM'000 (Restated)
Revenue	<b>43,066</b>	248,489	<b>89,492</b>	710,704
Cost of sales	<b>(23,637)</b>	(119,179)	<b>(47,528)</b>	(431,333)
Gross profit	<b>19,429</b>	129,310	<b>41,964</b>	279,371
Other operating income	<b>(3,691)</b>	7,857	<b>51,758</b>	19,766
Selling and distribution expenses	<b>(928)</b>	(1,249)	<b>(2,582)</b>	(14,942)
Administration expenses	<b>(2,318)</b>	(3,891)	<b>(8,096)</b>	(9,727)
Other operating expenses	<b>(2,559)</b>	(23,769)	<b>(3,939)</b>	(25,255)
	<b>9,933</b>	108,258	<b>79,105</b>	249,213
Finance costs	<b>(2,932)</b>	(1,999)	<b>(6,785)</b>	(10,888)
Profit before taxation	<b>7,001</b>	106,259	<b>72,320</b>	238,325
Taxation	<b>(3,221)</b>	(20,347)	<b>(19,201)</b>	(64,749)
Profit for the period	<b>3,780</b>	85,912	<b>53,119</b>	173,576
Other comprehensive income / (expense) :				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	<b>10,582</b>	13,736	<b>2,023</b>	17,445
Other comprehensive income / (expense) for the period	<b>10,582</b>	13,736	<b>2,023</b>	17,445
Total comprehensive income / (expense) for the period	<b>14,362</b>	99,648	<b>55,142</b>	191,021
Profit / (loss) attributable to:				
Owners of the Company	<b>3,748</b>	85,370	<b>53,187</b>	173,041
Non-controlling interests	<b>32</b>	542	<b>(68)</b>	535
	<b>3,780</b>	85,912	<b>53,119</b>	173,576
Total comprehensive income / (expense) attributable to:				
Owners of the Company	<b>14,330</b>	99,106	<b>55,210</b>	190,486
Non-controlling interests	<b>32</b>	542	<b>(68)</b>	535
	<b>14,362</b>	99,648	<b>55,142</b>	191,021
Earnings per share attributable to Owners of the Company:				
- Basic (sen)	<b>1.13</b>	25.65	<b>16.05</b>	51.98
- Diluted (sen)	<b>1.08</b>	24.43	<b>15.27</b>	49.51

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2016

(The figures have not been audited)

	Attributable to Owners of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Treasury shares	Capital reserve	Capital redemption 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	RM'000	RM'000
Balance as at 1 January 2016	83,222	35,566	(77)	19,706	400	3,624	205,422	347,863	6,378	354,241
Effect of early adoption of MFRS 15	-	-	-	-	-	-	12,111	12,111	-	12,111
Effect of changes in accounting policy on investment properties	-	-	-	-	-	-	201,109	201,109	-	201,109
Balance as at 1 January 2016 (Restated)	83,222	35,566	(77)	19,706	400	3,624	418,642	561,083	6,378	567,461
Profit / (loss) for the period	-	-	-	-	-	-	53,187	53,187	(68)	53,119
Other comprehensive income / (expense) for the period	-	-	-	-	-	2,023	-	2,023	-	2,023
Total comprehensive income / (expense) for the period	-	-	-	-	-	2,023	53,187	55,210	(68)	55,142
Dividend paid	-	-	-	-	-	-	(9,919)	(9,919)	-	(9,919)
Acquisition of treasury shares	-	-	(2,308)	-	-	-	-	(2,308)	-	(2,308)
Balance as at 30 September 2016	83,222	35,566	(2,385)	19,706	400	5,647	461,910	604,066	6,310	610,376
Balance as at 1 January 2015	83,222	35,566	-	19,706	-	(10,180)	13,817	142,131	6,368	148,499
Effect of changes in accounting policy on investment properties	-	-	-	-	-	-	1,292	1,292	-	1,292
Balance as at 1 January 2015 (Restated)	83,222	35,566	-	19,706	-	(10,180)	15,109	143,423	6,368	149,791
Profit / (loss) for the period	-	-	-	-	-	-	173,041	173,041	535	173,576
Other comprehensive income / (expense) for the period	-	-	-	-	-	17,445	-	17,445	-	17,445
Total comprehensive income / (expense) for the period	-	-	-	-	-	17,445	173,041	190,486	535	191,021
Transfer from retained profit to capital redemption reserve	-	-	-	-	400	-	(400)	-	-	-
Dividend paid	-	-	-	-	-	-	(16,644)	(16,644)	-	(16,644)
Acquisition of treasury shares	-	-	(77)	-	-	-	-	(77)	-	(77)
Balance as at 30 September 2015 (Restated)	83,222	35,566	(77)	19,706	400	7,265	171,106	317,188	6,903	324,091

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2016

*(The figures have not been audited)*

	<b>9 months ended 30/09/2016 RM'000</b>	9 months ended 30/09/2015 RM'000 (Restated)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	72,320	238,325
Adjustments for :-		
Depreciation of property, plant and equipment	258	194
Amortisation of cost incurred to obtain a contract	258	-
Net (gain) / loss on disposal of property, plant & equipment	(5)	(141)
Property, plant and equipment written off	40	-
Fair value gain on investment properties	(49,296)	-
Under/(Over)provision for liquidated and ascertained damages	125	(688)
Unrealised foreign exchange (gain) / loss	2,723	1,364
Finance income	(1,584)	(2,534)
Finance expense	6,785	10,495
Operating profit before changes in working capital	<u>31,624</u>	<u>247,015</u>
Changes in working capital		
Inventories	13,004	334,072
Contract assets	12,331	-
Trade receivables	(254)	1,568
Other receivables	(8,055)	44,021
Trade payables	(4,641)	(47,646)
Deferred revenue	-	(198,907)
Other payables	19,261	(5,998)
Contract liabilities	8,850	-
	<u>40,496</u>	<u>127,110</u>
Net cash generated from operations	72,120	374,125
Interest paid	(12,606)	(20,343)
Interest received	1,584	2,534
Tax paid	(44,193)	(15,850)
Tax refund	1,317	76
	<u>(53,898)</u>	<u>(33,583)</u>
Net cash generated from operating activities	18,222	340,542
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(416)	(480)
Purchase of investment property	(56,486)	(3)
Purchase of land held for property development	(8)	(8)
Proceeds from disposal of property, plant and equipment	5	655
Net cash (used in)/generated from investing activities	<u>(56,905)</u>	<u>164</u>
<b>Cash Flows From Financing Activities</b>		
Dividend paid	(9,919)	(16,644)
Repayment of hire purchase liabilities	(60)	(27)
Repayment of bank borrowings	(37,086)	(326,788)
Fixed deposits with licensed banks	(94)	(437)
Redemption of RCPS	-	(40,000)
Drawdown of bank borrowings	9,472	101,860
Repurchase of shares	(2,309)	(77)
Net cash used in financing activities	<u>(39,996)</u>	<u>(282,113)</u>
<b>Net change in cash &amp; cash equivalents</b>	<u>(78,679)</u>	<u>58,593</u>
<b>Cash &amp; cash equivalents at the beginning of the financial period</b>	<u>97,409</u>	<u>43,260</u>
<b>Effect of exchange rate changes</b>	<u>2,004</u>	<u>17,355</u>
<b>Cash &amp; cash equivalents at the end of the financial period</b>	<u><u>20,734</u></u>	<u><u>119,208</u></u>

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

	<b>As at 30/09/2016 RM'000</b>	As at 30/09/2015 RM'000
Cash and bank balances	20,935	17,294
Cash held under Housing Development Accounts	4,487	4,053
Fixed and short term deposits with licensed banks	16,853	102,767
Bank overdrafts	(15,425)	-
	<u>26,850</u>	<u>124,114</u>
Less: Fixed deposits pledged with licensed banks	(6,116)	(4,906)
	<u><u>20,734</u></u>	<u><u>119,208</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 2015 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 2015. 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 2015.

### **A2 Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following new standards and amendments/improvements to existing standards that are applicable to the Group for the financial period beginning 1 January 2016 as set out below:

#### **MFRSs, Amendments to MFRSs and Interpretations**

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure initiative
Amendments to MFRS 116 and MFRS 138	Clarification on Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012-2014 Cycle	

The effective new standards and amendments/improvements to existing standards above did not have any significant impact to the financial results and position of the Group.

#### **A2.1 Early adoption of a Standard**

The Group has elected to early adopt MFRS 15 "Revenue from Contracts with Customers" as issued by the Malaysian Accounting Standards Board ("MASB") on 2 September 2014. The Group has elected to apply the transitional provisions under MFRS 15 paragraph C3(b) whereby the effects of adopting MFRS 15 is adjusted at the opening balance of equity as at 1 January 2016 and prior year comparatives are not restated. The effects of the adoption of MFRS 15 are as follows:

##### Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2016 to be consistent with the terminology used under MFRS 15:

- Contract liabilities recognised in relation to property development activities were previously presented as deferred revenue.
- Contract assets recognised in relation to construction activities were previously presented as amount owing by customers on contracts.

##### Accounting for property development activities

In prior reporting periods, the Group accounts for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under MFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the billings to purchasers of properties is recognised as contract assets - accrued billings.

The excess of cumulative billings to purchasers of properties over revenue recognised in profit or loss is recognised as contract liabilities - progress billings.

##### Accounting of costs incurred to obtain a contract

In prior reporting periods, sales commissions and other costs incurred in order to secure long term property development contracts with purchasers were expensed in profit or loss as they did not qualify for recognition as an asset under any other accounting standards. Following the adoption of MFRS 15, such incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

**A2 Significant Accounting Policies (Cont'd)**

**A2.1 Early adoption of a Standard (Cont'd)**

Effect of changes in accounting policy together with the effect of MFRS 15

	<b>As at 1 January 2016</b>				<b>Cumulative retrospective restatement on 01/01/2016 RM'000</b>
	<b>As previously stated RM'000</b>	<b>Effect of changes in accounting policy (Note A2.2) RM'000</b>	<b>Reclassification under MFRS 15 RM'000</b>	<b>Adjustments under MFRS 15 RM'000</b>	
<u>Consolidated statement of financial position</u>					
Investment properties	253,064	211,681	-	(37,408) *	427,337
Deferred tax assets	10,311	-	-	(4,329)	5,982
Inventories	329,645	-	-	8,032	337,677
Amount owing by customers on contracts	2,057	-	(2,057)	-	-
Contract assets	-	-	2,057	18,688	20,745
Deferred revenue	(27,167)	-	27,167	-	-
Contract liabilities	-	-	(27,167)	27,167	-
Deferred tax liabilities	(92)	(10,572)	-	(39)	(10,703)
Retained earnings	(205,422)	(201,109)	-	(12,111)	(418,642)

\* The adjustment on investment properties arises from the differences in the method used to measure the stage of completion. Prior to the adoption of MFRS 15, the stage of completion of the investment property was accounted with reference to certifications of progress by the project Architect. Following the adoption of MFRS 15, management has taken a consistent approach for all its projects to measure stage of completion with reference to the input method of measuring progress.

The amount by which each financial statement item is affected in the current reporting period to date by the application of MFRS 15 as compared to MFRS 111, MFRS 118 and the related IC interpretations 15 that were previously in effect before the adoption of MFRS 15 are as follows:

	<b>Period to date ended 30 September 2016</b>		
	<b>Results without the early adoption of MFRS 15 RM'000</b>	<b>Effect of the early adoption of MFRS 15 RM'000</b>	<b>Results as reported RM'000</b>
<u>Consolidated statement of financial position (extract)</u>			
Investment properties	533,119	-	533,119
Deferred tax assets	-	7,889	7,889
Inventories	371,194	(46,522)	324,672
Amount owing to customers on contracts	3,199	(3,199)	-
Contract assets	-	8,156	8,156
Deferred revenue	(91,870)	91,870	-
Contract liabilities	-	(8,850)	(8,850)
Deferred tax liabilities	(2,294)	(18,251)	(20,545)
Retained profits	(430,817)	(31,093)	(461,910)
<u>Consolidated statement of profit or loss and other comprehensive income (extract)</u>			
Revenue	47,113	42,379	89,492
Cost of sales	(30,383)	(17,145)	(47,528)
Selling and distribution expenses	(2,324)	(258)	(2,582)
Taxation	(13,207)	(5,994)	(19,201)
<u>Consolidated statement of cash flows (extract)</u>			
<b>Cash flows from operating activities</b>			
Profit/(Loss) before taxation	47,344	24,976	72,320
Amortisation cost incurred to obtain a contract	-	258	258
(Increase)/Decrease in working capital:			
Inventories	59,526	(46,522)	13,004
Contract assets	11,721	610	12,331
Contract liabilities	(40,648)	49,498	8,850
<b>Cash flows from investing activities</b>			
Purchase of investment properties	(56,486)	-	(56,486)



**A2 Significant Accounting Policies (Cont'd)**

**A2.2 Change in accounting policies on Investment Properties**

During the second quarter of the financial period, the Group changed its accounting policy with respect to the subsequent measurement of investment properties as allowed under MFRS 140, "investment properties" from the cost model to the fair value model to provide more relevant presentation.

The change in accounting policy has been applied retrospectively in accordance to *MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors*, of which the Group applied prospectively in previous quarter. As such adjustments have been made to the opening balance and comparative amounts disclosed in for each prior period presented.

With the above adoption of MFRS 108, whereby the fair value adjustments had been adjusted retrospectively, the condensed statement of profit or loss and other comprehensive income for quarter and period ended 30 June 2016 are restated as follows:-

	As previously stated		Effect of changes in accounting policy RM'000	Restated	
	3 months ended 30/06/2016 RM'000	6 months ended 30/06/2016 RM'000		3 months ended 30/06/2016 RM'000	6 months ended 30/06/2016 RM'000
Revenue	21,878	46,426		21,878	46,426
Cost of sales	(10,146)	(23,891)		(10,146)	(23,891)
Gross profit	11,732	22,535		11,732	22,535
Other operating income	262,198	267,104	(211,655)	50,543	55,449
Selling and distribution expenses	(1,138)	(1,654)		(1,138)	(1,654)
Administration expenses	(2,925)	(5,818)	40	(2,885)	(5,778)
Other operating expenses	(471)	(1,380)		(471)	(1,380)
	269,396	280,787		57,781	69,172
Finance costs	(1,980)	(3,853)		(1,980)	(3,853)
Profit before taxation	267,416	276,934		55,801	65,319
Taxation	(22,507)	(26,548)	10,568	(11,939)	(15,980)
Profit for the period	244,909	250,386		43,862	49,339
Other comprehensive income / (expense) for the period	(655)	(8,559)		(655)	(8,559)
Total comprehensive income / (expense) for the period	244,254	241,827		43,207	40,780
Profit / (loss) attributable to:					
Owners of the Company	244,956	250,486		43,909	49,439
Non-controlling interests	(47)	(100)		(47)	(100)
	244,909	250,386		43,862	49,339
Total comprehensive income / (expense) attributable to:					
Owners of the Company	244,301	241,927		43,254	40,880
Non-controlling interests	(47)	(100)		(47)	(100)
	244,254	241,827		43,207	40,780
Earnings per share attributable to Owners of the Company:					
- Basic (sen)	73.93	75.60		13.25	14.92
- Diluted (sen)	70.17	71.75		12.58	14.16

The above restatement does not have any impact on the net assets per share attributable to Owners of the Company and the condensed consolidated statement of financial position for the period ended 30 June 2016.

**A2 Significant Accounting Policies (Cont'd)**

**A2.2 Change in accounting policies on Investment Properties (Cont'd)**

Effect of changes in accounting policy

	As at 31 December 2015			As at 1 January 2015		
	As previously stated RM'000	Effect of changes in accounting policy RM'000	Restated RM'000	As previously stated RM'000	Effect of changes in accounting policy RM'000	Restated RM'000
<u>Consolidated statement of financial position (extract)</u>						
Investment properties	253,064	211,681	464,745	55,123	1,352	56,475
Deferred tax liabilities	(92)	(10,572)	(10,664)	(34)	(60)	(94)
Retained profits	(205,422)	(201,109)	(406,531)	(13,817)	(1,292)	(15,109)

**A2.3 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 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date yet to be determined by the Malaysian Accounting Standards Board

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. 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 2015**

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not subjected to any qualification.

**A4 Seasonal 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 except as disclose in item A2 relating to the early adoption of MFRS 15 and the adoption of MFRS 140 whereby the Group has applied fair value model on its investment properties, the effect of which is disclosed in item A2.2.

**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 were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial period to-date, except:

1) Share buy back

The Company repurchased 2,201,800 ordinary shares at an average price of RM1.043 each of its issued share capital from the open market.

	No. of Treasury Shares Units	Treasury Shares RM
Balance as at 1 January 2016	85,200	76,888
Repurchased during the period	2,201,800	2,308,543
Balance as at 30 September 2016	<u>2,287,000</u>	<u>2,385,431</u>

None of the treasury shares held were resold or cancelled during the period under review.

**A8 Dividends Paid**

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

In respect of financial year ended 31 December 2015:

- single tier interim dividend of 5.0 sen per ordinary share, paid on 13 July 2015, amounting to RM16,644,497.00.
- second single tier interim dividend of 3.0 sen per ordinary share, paid on 4 May 2016, amounting to RM9,918,733.00.

**A9 Segmental Analysis**

The Group's segmental reports for the current financial period are as follows:

**By operating segment :**

	Property Dev't RM'000	Const. & Engineering RM'000	Trading RM'000	Non- reportable segments RM'000	Intersegment eliminations RM'000	Consolidated RM'000
<b>Period ended 30/09/2016 :</b>						
Total revenue	141,724	59,275	-	551	(112,058)	89,492
Intersegment revenue	(52,631)	(59,275)	-	(152)	112,058	-
<b>Segment revenue :</b>	<b>89,093</b>	<b>-</b>	<b>-</b>	<b>399</b>	<b>-</b>	<b>89,492</b>
<b>Primary geographical markets:</b>						
Australia	38,231	-	-	-	-	38,231
Malaysia	103,493	59,275	-	551	(112,058)	51,261
	<b>141,724</b>	<b>59,275</b>	<b>-</b>	<b>551</b>	<b>(112,058)</b>	<b>89,492</b>
<b>Nature of product</b>						
Commercial properties	84,415	59,275	-	551	(112,058)	32,183
Residential properties	57,309	-	-	-	-	57,309
	<b>141,724</b>	<b>59,275</b>	<b>-</b>	<b>551</b>	<b>(112,058)</b>	<b>89,492</b>
<b>Timing of revenue recognition:</b>						
Good transferred at a point in time	46,819	-	-	551	(152)	47,218
Good transferred over time	94,905	59,275	-	-	(111,906)	42,274
	<b>141,724</b>	<b>59,275</b>	<b>-</b>	<b>551</b>	<b>(112,058)</b>	<b>89,492</b>
<b>Segment profit / (loss) before tax :</b>	<b>29,029</b>	<b>6,733</b>	<b>(88)</b>	<b>44,505</b>	<b>(7,859)</b>	<b>72,320</b>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	1,499	3	-	82	-	1,584
<b>Segment assets :</b>	<b>1,171,350</b>	<b>130,159</b>	<b>5,765</b>	<b>741,133</b>	<b>(1,007,923)</b>	<b>1,040,484</b>
<b>Segment liabilities :</b>	<b>623,011</b>	<b>137,864</b>	<b>9,130</b>	<b>480,563</b>	<b>(820,460)</b>	<b>430,108</b>
<b>Period ended 30/09/2015 :</b>						
Total revenue	708,473	69,591	5,998	1,548	(74,906)	710,704
Intersegment revenue	-	(69,591)	(4,288)	(1,027)	74,906	-
Segment revenue :	708,473	-	1,710	521	-	710,704
<b>Segment profit / (loss) before tax :</b>	<b>221,896</b>	<b>21,884</b>	<b>5,256</b>	<b>(1,647)</b>	<b>(9,064)</b>	<b>238,325</b>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	1,532	24	-	978	-	2,534
<b>Segment assets :</b>	<b>1,011,671</b>	<b>73,718</b>	<b>10,248</b>	<b>588,909</b>	<b>(825,465)</b>	<b>859,081</b>
<b>Segment liabilities :</b>	<b>716,317</b>	<b>83,785</b>	<b>12,221</b>	<b>361,639</b>	<b>(639,053)</b>	<b>534,909</b>

**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 :-

	<b>Malaysia RM'000</b>	<b>Australia RM'000</b>	<b>Consolidated RM'000</b>
<b><u>Period ended 30/09/2016 :</u></b>			
Total revenue	51,261	38,231	89,492
Intersegment revenue	-	-	-
Segment revenue :	<b>51,261</b>	<b>38,231</b>	<b>89,492</b>
Segment profit / (loss) before tax :	<b>65,680</b>	<b>6,640</b>	<b>72,320</b>
Segment assets :	<b>842,091</b>	<b>198,393</b>	<b>1,040,484</b>
Segment liabilities :	<b>423,451</b>	<b>6,657</b>	<b>430,108</b>

**Period ended 30/09/2015 :**

Total revenue	227,571	483,133	710,704
Intersegment revenue	-	-	-
Segment revenue :	<b>227,571</b>	<b>483,133</b>	<b>710,704</b>
Segment profit / (loss) before tax :	<b>113,659</b>	<b>124,666</b>	<b>238,325</b>
Segment assets :	<b>635,618</b>	<b>223,463</b>	<b>859,081</b>
Segment liabilities :	<b>497,113</b>	<b>37,796</b>	<b>534,909</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 Investment Properties**

During the financial period, the Group revalued its investment properties. The valuation exercise is carried out by professional independent valuers.

**A12 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 16 November 2016 being the latest practicable date which is not earlier than 7 days from the date of issuance of these Interim Financial Statements.

**A13 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.

**A14 Contingent Liabilities**

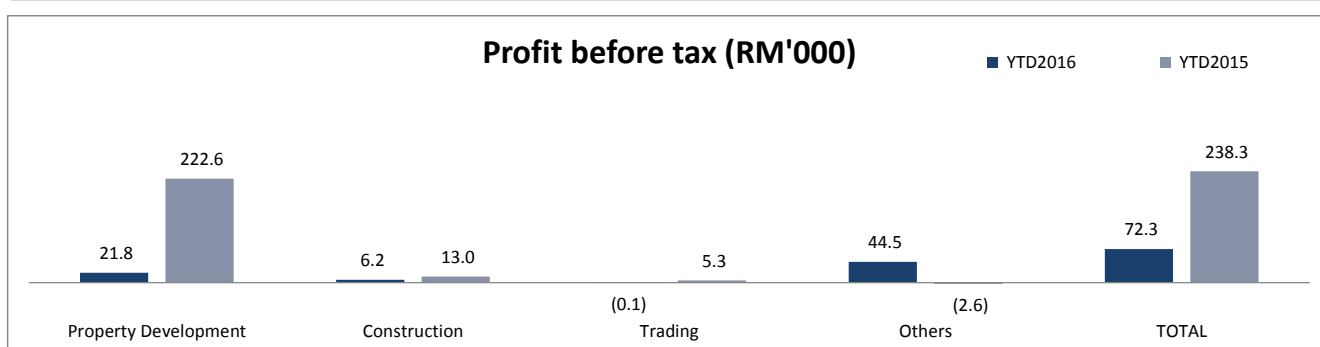
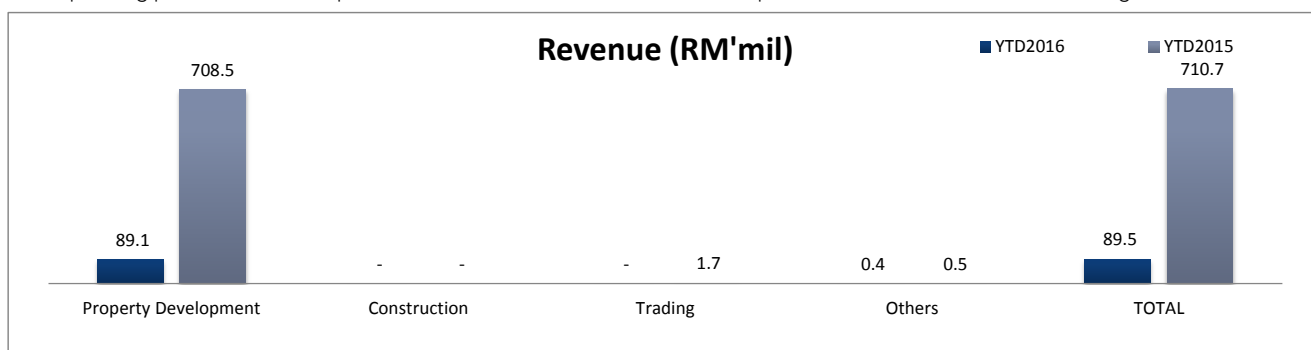
Details of contingent liabilities of the company are as follows :

<b>Company</b>	<b>As at 30/09/2016 RM'000</b>	As at 31/12/2015 RM'000
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	<b>262,644</b>	268,337
Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	<b>254</b>	190
	<b>262,898</b>	268,527

**B Bursa Malaysia Listing Requirements**

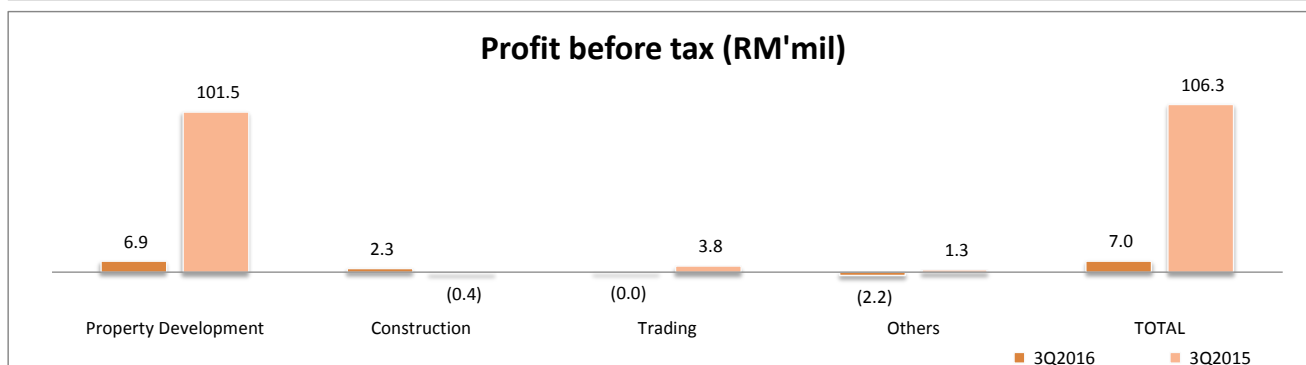
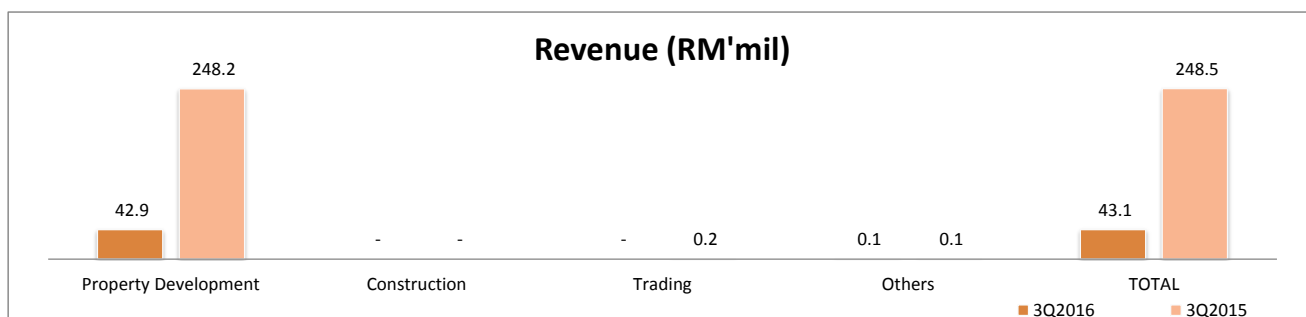
**B1 Review of Performance - Comparison with Previous Corresponding Period and Quarter**

For the 9 months ended 30 September 2016, the Group achieved a revenue of RM89.5 million, a decrease of 87% from previous year's corresponding amount of RM710.7 million and profit before tax of RM72.3 million compared to RM238.3 million recorded in the previous corresponding period ended 30 September 2015. The decrease in revenue and profit before tax arose from lower recognition of revenue.



For the current quarter ended 30 September 2016, the Group recorded a revenue of RM43.1 million, a decrease of 83% from RM248.5 million in the previous corresponding quarter ended 30 September 2015.

The profit before tax for the current quarter was RM7.0 million, a decrease of 93% as compared to RM106.3 million in the corresponding quarter.



**Property Development**

The property development segment recorded revenue of RM42.9 million and profit before tax of RM6.9 million in the current quarter compared to revenue of RM248.2 million and profit before tax of RM101.5 million in the corresponding quarter of the previous financial year.

This quarter revenue and profit were contributed mainly from sale of remaining completed units of "The Istana", "Jalan Kuching" commercial project and "Jalan Kuching" residential project of which the revenue and profit were recognised based on percentage of completion method in accordance with MFRS 15.

The corresponding quarter revenue and profit before tax were recognised based on "Completion Method" and arose mainly from the completion of "Jalan Kuching" commercial project at that point in time.

**Construction & Engineering**

The Construction & Engineering segment registered no revenue and a profit before tax of RM2.3 million in current quarter as compared to no revenue and loss before tax of RM0.4 million in the corresponding quarter of the previous financial year.

The construction and engineering segment only carried out internal projects in the current year.

**Trading**

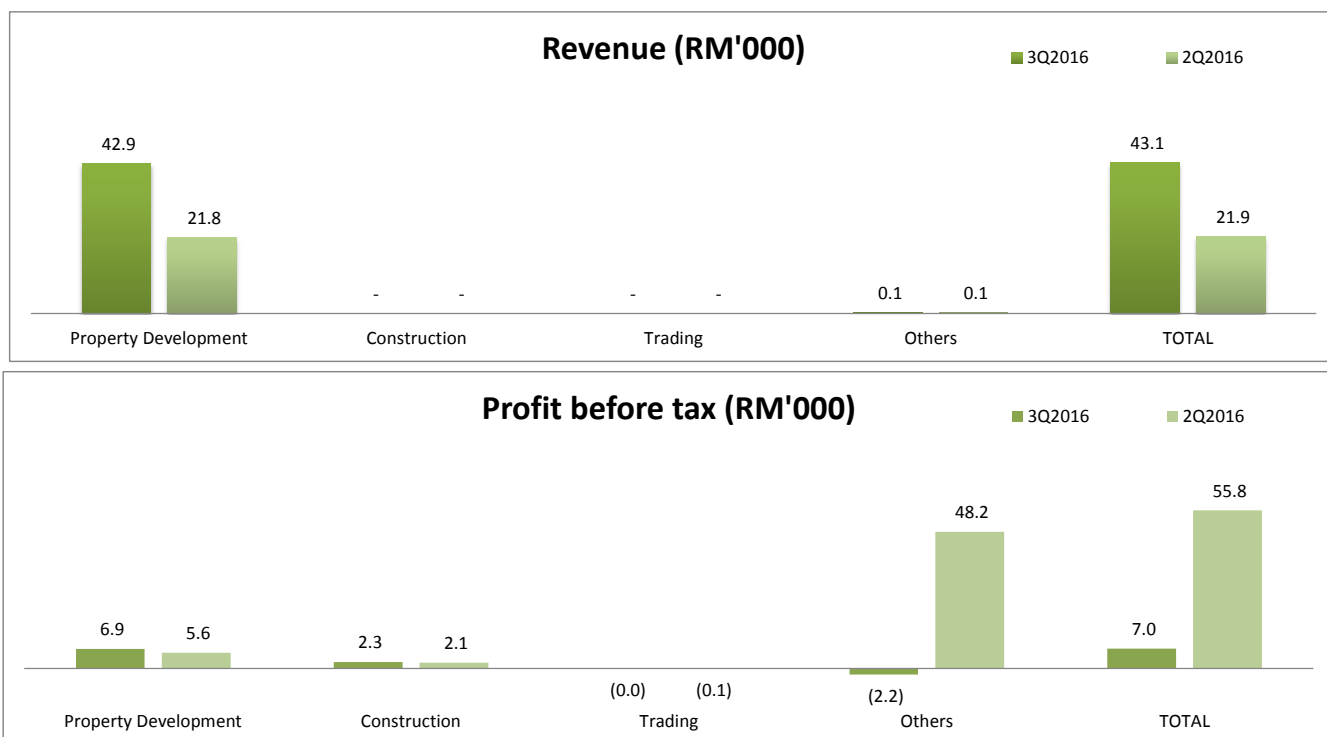
Trading segment reported no revenue and no profit before tax as compared to revenue of RM0.2 million and profit before tax of RM3.8 million in the corresponding quarter of the previous financial year.

The management has decided to discontinue the operation for trading segment.

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

For the current quarter, the Group recorded a revenue of RM43.1 million, as compared to RM21.9 million in the immediate preceding quarter ended 30 June 2016.

The Group posted a profit before tax of RM7.0 million in the current quarter, as compared to a profit before tax of RM55.8 million in the immediate preceding quarter ended 30 June 2016. The decrease in profit before tax for current quarter is mainly due to the gains from fair value adjustments of investment properties which were completed in the last quarter.



**B3 Prospects for the Current Financial Year**

The Board expects the current financial year to be satisfactory.

**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 income tax charge is as follows:

Group	9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000 (Restated)
In respect of :		
- current year	11,246	58,703
- deferred taxation	7,955	7,506
	<u>19,201</u>	<u>66,209</u>
Under / (over) provision in prior years	-	(1,460)
	<u>19,201</u>	<u>64,749</u>

The effective tax rate of the Group for the financial period ended 30 September 2016 is not consistent with the applicable statutory tax rate of 30% imposed by the Australian Tax Authority and 24% under the Malaysian statutory tax rate due to unrelieved tax losses and provision of deferred taxation ranging from 5% to 20% (in accordance with Real Property Gains Tax rates) for gains from fair value adjustments on investment properties.

**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	As at	
	30/09/2016 RM'000	31/12/2015 RM'000 (Restated)
Realised	259,977	243,864
Unrealised	223,870	191,356
	<u>483,847</u>	<u>435,220</u>
Consolidation adjustments	(21,937)	(16,642)
Total retained profits	<u>461,910</u>	<u>418,578</u>

**B7 Corporate Proposals**

The following corporate proposals announced by the Company has not been completed as at 16 November 2016 being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report:-

On 9 June 2016, the Board of Directors of MPB announced that Magna City Shah Alam Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with Regalia Raintree Sdn Bhd to purchase a piece of land measuring approximately 5.25 acres located at Lot 737, Seksyen 13, Bandar Shah Alam, District of Petaling, Selangor Darul Ehsan for a purchase consideration of RM43.0 million to be satisfied in cash.

At an Extraordinary General Meeting held on 23 September 2016, the shareholder of the Company had approved the Corporate Exercise.

**B8 Group Borrowings**

Details of Group borrowings as at 30 September 2016 are as follows:

Secured	As at	
	30/09/2016 RM'000	31/12/2015 RM'000
Borrowings repayable		
- within 12 months	87,401	77,296
- after 12 months	162,932	191,041
Total borrowings	<u>250,333</u>	<u>268,337</u>

**B9 Details of Financial Instruments with Off Balance Sheet Risks**

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

#### **B10 Changes and Details of Pending Material Litigation**

- (i) Kuala Lumpur High Court Suit No. 22NCVC-109/02/2015  
DR. VICTOR ADAM & 23 ORS-v-MAGNA PRIMA BERHAD (D1)&EMBASSY COURT SDN BHD (D2)& 3 ORS

On 27 February 2015, Dr. Victor Adam & 23 Others ("the Plaintiffs") filed an action against Magna Prima Berhad ("MPB") and Embassy Court Sdn. Bhd. ("ECSB") (collectively known as "the Defendants") at the High Court of Kuala Lumpur. The arguments made by the Plaintiffs were for:

- a) The Defendants had failed to hand over the following Approved and As-Built Building Plans and Drawings to JMB Avare @ KLCC;
- b) The Defendants had failed to rectify all defects to the parcel and common property of the Avare condominium; and
- c) The Defendants shall be held responsible and liable for all lost, damage, cost, expenses and rectification incurred by the Plaintiffs arising from the defects to the parcel and common property of the Avare condominium

In furtherance to above, the Plaintiffs claim damages on the followings:-

- 1) RM25,000,000.00 from the Defendants; and
- 2) RM1,558,475.90 to be reimbursed to the JMB Avare @ KLCC for the rectification done by them.

On 15 May 2015 and 8 June 2015, the Defendants had filed their Notice of Application to strike out the Plaintiffs' case and their defence respectively. On 29 July 2015, the Court had dismissed MPB's striking out application.

On 17 November 2015, the plaintiffs and defendants had agreed to record a consent Judgement for a global settlement of RM3,279,830 with a condition that the Plaintiffs should obtain prior approval from the Joint Management Body ("JMB") in an Extraordinary General Meeting ("EGM") so that there shall be no further claims whatsoever in nature in respect to the Avare project in future by all purchasers and the JMB.

On 8 June 2016, JMB had concluded the condition of the Consent Judgement dated 15 January 2016 via letter of undertaking dated 12 January 2016 by the residents and JMB members stating that upon disbursement of the agreed stakeholder sum as mentioned above there shall be no further claims in respect of the defects against Magna Prima Berhad and Embassy Court Sdn Bhd respectively.

As such, this matter has been resolved amicably between the parties.

- (ii) Shah Alam High Court Civil Suit No: 22NCVC-93-02/2015  
Ibsul Development (SEL) Sdn Bhd -v- Perbadanan Kemajuan Negeri Selangor

On 19 May 2015, Ibsul Development (SEL) Sdn. Bhd. ("Ibsul") filed an action against Perbadanan Kemajuan Negeri Selangor ("PKNS") at the High Court of Shah Alam via Writ Summon of Claim. The three main claims by Ibsul were for:

- a) Declaration on unlawfully termination of the SPA dated 5 August 2009;
- b) Order for specific performance to complete the SPA; and
- c) To obtain an injunction to restrain PKNS from dealing with land of Plot B.

PKNS had replied with their Defence on 1 June 2015.

On 9 July 2015, Ibsul had filed for Discovery Application at High Court against PKNS and Land Office by compelling PKNS to produce minutes and other related documentations on the re-consideration on the purchase price of Plot B land.

On 17 August 2015, the learned Judge had allowed the Discovery Application in so far as the documents, emails and correspondences are concerned. However, the Judge did not allow the disclosure of the minutes.

On 9 November 2015, mediation had been adjourned by the request of PKNS to further obtain an instruction from the State Government of Selangor to enter into a Joint Venture Agreement ("JV Agreement") with Ibsul, the discussion of the proposal on an out of court settlement by way of JV Agreement was held on 18 November 2015. However, Ibsul is not agreeable on the proposed terms of the said JV Agreement and instructed its solicitors to proceed with a trial.

The High Court Judge has fixed full trial from 26 January 2016 to 28 January 2016 and further trial is to be continued on 7 April 2016, 8 April 2016 and 18 April 2016.

On 30 June 2016 the High Court had awarded Judgement in favour of PKNS by dismissing Ibsul's application on Specific Performance to complete on the purchase of the said land. In light to the above, Ibsul had instructed its solicitors to file an application of Appeal in Court of Appeal against the decision of the High Court Judge. Moreover at interim Ibsul had also requested its solicitors to file an Injunction on PKNS to restrain them from disposing the said land pending the decision of the Appeal.

High Court has granted Injunction in favour of Ibsul and the hearing of Appeal is now fixed on 30 December 2016 by the Court Appeal.



**B11 Dividend Proposed/Declared**

There were no dividend proposed for the current financial quarter ended 30 September 2016.

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

	3 months ended		9 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	<b>3,748</b>	85,370	<b>53,187</b>	173,041
Weighted average number of ordinary shares in issue ('000)	<b>331,333</b>	332,862	<b>331,333</b>	332,890
Basic EPS (sen)	<b>1.13</b>	25.65	<b>16.05</b>	51.98

**(b) Diluted EPS**

The diluted EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of dilutive potential ordinary shares comprising warrants in accordance with MFRS 133.

	3 months ended		9 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	<b>3,748</b>	85,370	<b>53,187</b>	173,041
Weighted average number of ordinary shares in issue ('000)	<b>331,333</b>	332,862	<b>331,333</b>	332,880
Effect of dilutive potential ordinary shares from the exercise of bonus warrants ('000)	<b>16,980</b>	16,644	<b>16,980</b>	16,644
Weighted average number of ordinary share in issue for diluted earnings per share ('000)	<b>348,313</b>	349,506	<b>348,313</b>	349,524
Diluted EPS (sen)	<b>1.08</b>	24.43	<b>15.27</b>	49.51

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

	9 months ended	
	30/09/2016	30/09/2015
	RM'000	RM'000
Interest income	(1,584)	(2,534)
Other income	(171)	(2,732)
Interest expenses	6,785	10,888
Depreciation and amortization	258	254
Property, plant and equipment written off	40	-
Provision of liquidated and ascertained damages (LAD)	-	18,160
Fair value adjustments on investment properties	(49,296)	-
Overprovision of losses arising from legal dispute	-	(22,694)
Unrealised (gain)/loss of foregin exchange	2,723	1,364
Under/(Over)provision of liquidated and ascertained damages (LAD)	125	(688)
Gain on disposal of property plant and equipments	(5)	(141)

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 period under review.

BY ORDER OF THE BOARD

Magna Prima Berhad  
 Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya  
 23 November 2016