

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

30 June 2017

MAGNA PRIMA BERHAD

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

Interim Financial Statements - 30 June 2017

| | Page No. |
|--|-----------------|
| Condensed Consolidated Statement Of Financial Position | 1 |
| Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income | 2 |
| Condensed Consolidated Statement Of Changes In Equity | 3 |
| Condensed Consolidated Statement Of Cash Flows | 4 |
| Notes To The Interim Financial Statements | 5 - 12 |

MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(The figures have not been audited)

| | AS AT 30/06/2017 RM'000 (Unaudited) | AS AT 31/12/2016 RM'000 (Audited) |
|--|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 1,354 | 1,501 |
| Investment Properties | 533,119 | 533,119 |
| Land held for property development | 65,074 | 65,037 |
| Deferred tax assets | 17,855 | 17,873 |
| | <u>617,402</u> | <u>617,530</u> |
| Current Assets | | |
| Inventories | 323,242 | 311,014 |
| Contract assets | 39,466 | 16,046 |
| Trade receivables | 22,090 | 29,687 |
| Other receivables | 12,934 | 17,552 |
| Tax recoverable | 2,180 | 998 |
| Cash held under Housing Development Accounts | 7,761 | 4,193 |
| Fixed and short term deposits with licensed banks | 7,805 | 15,930 |
| Cash and bank balances | 17,930 | 15,175 |
| TOTAL CURRENT ASSETS | <u>433,408</u> | <u>410,595</u> |
| TOTAL ASSETS | <u>1,050,810</u> | <u>1,028,125</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to Owners of the Company | | |
| Share capital | 120,829 | 83,222 |
| Share premium | - | 35,566 |
| Treasury shares | (2,385) | (2,385) |
| Other reserves | 33,760 | 30,387 |
| Retained profits | 454,058 | 455,831 |
| | <u>606,262</u> | <u>602,621</u> |
| Non-controlling interests | <u>3,780</u> | <u>4,626</u> |
| TOTAL EQUITY | <u>610,042</u> | <u>607,247</u> |
| Non-Current Liabilities | | |
| Borrowings | 155,085 | 143,294 |
| Deferred tax liabilities | 20,496 | 20,496 |
| | <u>175,581</u> | <u>163,790</u> |
| Current Liabilities | | |
| Trade payables | 44,698 | 38,988 |
| Other payables | 71,240 | 73,116 |
| Borrowings | 99,798 | 92,354 |
| Current tax liabilities | 49,451 | 52,630 |
| | <u>265,187</u> | <u>257,088</u> |
| TOTAL LIABILITIES | <u>440,768</u> | <u>420,878</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,050,810</u> | <u>1,028,125</u> |
| Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM) | <u>1.82</u> | <u>1.81</u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

(The figures have not been audited)

| | 3 months ended | | 6 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/06/2017 RM'000 | 30/06/2016 RM'000 | 30/06/2017 RM'000 | 30/06/2016 RM'000 |
| Revenue | 31,109 | 21,878 | 40,743 | 46,426 |
| Cost of sales | (15,835) | (10,146) | (17,565) | (23,891) |
| Gross profit | 15,274 | 11,732 | 23,178 | 22,535 |
| Other operating income | 283 | 50,543 | 668 | 55,449 |
| Selling and distribution expenses | (588) | (1,138) | (1,179) | (1,654) |
| Administration expenses | (2,672) | (2,905) | (6,227) | (5,778) |
| Other operating expenses | 7 | (471) | 3,485 | (1,380) |
| | 12,304 | 57,761 | 19,925 | 69,172 |
| Finance costs | (3,840) | (1,980) | (7,340) | (3,853) |
| Profit before taxation | 8,464 | 55,781 | 12,585 | 65,319 |
| Taxation | (2,828) | (11,939) | (5,286) | (15,980) |
| Profit for the period | 5,636 | 43,842 | 7,299 | 49,339 |
| Other comprehensive income / (expense) : | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Currency translation differences | (4,612) | (655) | 3,773 | (8,559) |
| Other comprehensive income / (expense) for the period | (4,612) | (655) | 3,773 | (8,559) |
| Total comprehensive income / (expense) for the period | 1,024 | 43,187 | 11,072 | 40,780 |
| Profit / (loss) attributable to: | | | | |
| Owners of the Company | 6,046 | 43,889 | 8,145 | 49,439 |
| Non-controlling interests | (410) | (47) | (846) | (100) |
| | 5,636 | 43,842 | 7,299 | 49,339 |
| Total comprehensive income / (expense) attributable to: | | | | |
| Owners of the Company | 1,434 | 43,234 | 11,918 | 40,880 |
| Non-controlling interests | (410) | (47) | (846) | (100) |
| | 1,024 | 43,187 | 11,072 | 40,780 |
| Earnings per share attributable to Owners of the Company: | | | | |
| - Basic (sen) | 1.82 | 13.19 | 2.46 | 14.85 |
| - Diluted (sen) | 1.51 | 12.56 | 2.04 | 14.14 |

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 2016 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 2017

(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 2017 | 83,222 | 35,566 | (2,385) | 19,706 | 400 | 10,281 | 455,831 | 602,621 | 4,626 | 607,247 |
| Adjustments for effects of Companies Act 2016 * | 35,966 | (35,566) | - | - | (400) | - | - | - | - | - |
| Profit / (loss) for the period | - | - | - | - | - | - | 8,145 | 8,145 | (846) | 7,299 |
| Other comprehensive income / (expense) for the period | - | - | - | - | - | 3,773 | - | 3,773 | - | 3,773 |
| Total comprehensive income / (expense) for the period | - | - | - | - | - | 3,773 | 8,145 | 11,918 | (846) | 11,072 |
| Dividend paid | - | - | - | - | - | - | (9,918) | (9,918) | - | (9,918) |
| Exercise of warrants | 1,641 | - | - | - | - | - | - | 1,641 | - | 1,641 |
| Balance as at 30 June 2017 | 120,829 | - | (2,385) | 19,706 | - | 14,054 | 454,058 | 606,262 | 3,780 | 610,042 |
| Balance as at 1 January 2016 (Restated) | 83,222 | 35,566 | (77) | 19,706 | 400 | 3,624 | 406,532 | 548,973 | 6,378 | 555,351 |
| Effect of early adoption of MFRS 15 | - | - | - | - | - | - | 11,250 | 11,250 | - | 11,250 |
| Balance as at 1 January 2016 (Restated) | 83,222 | 35,566 | (77) | 19,706 | 400 | 3,624 | 417,782 | 560,223 | 6,378 | 566,601 |
| Profit / (loss) for the period | - | - | - | - | - | - | 49,439 | 49,439 | (100) | 49,339 |
| Other comprehensive income / (expense) for the period | - | - | - | - | - | (8,559) | - | (8,559) | - | (8,559) |
| Total comprehensive income / (expense) for the period | - | - | - | - | - | (8,559) | 49,439 | 40,880 | (100) | 40,780 |
| Acquisition of treasury shares | - | - | (2,308) | - | - | - | - | (2,308) | - | (2,308) |
| Balance as at 30 June 2016 | 83,222 | 35,566 | (2,385) | 19,706 | 400 | (4,935) | 467,221 | 598,795 | 6,278 | 605,073 |

* With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM35,565,970 and RM400,000 respectively, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

(The figures have not been audited)

| | 6 months ended 30/06/2017 RM'000 | 6 months ended 30/06/2016 RM'000 |
|---|--|--|
| Cash Flows From Operating Activities | | |
| Profit before taxation | 12,585 | 65,319 |
| Adjustments for :- | | |
| Depreciation of property, plant and equipment | 168 | 154 |
| Amortisation of cost incurred to obtain a contract | 808 | 103 |
| Fair value gain on investment properties | - | (49,296) |
| Provision for liquidated and ascertained damages | - | 125 |
| Overprovision for liquidated and ascertained damages | (28) | - |
| Unrealised foreign exchange loss | - | (4,506) |
| Finance income | (760) | (844) |
| Finance expense | 7,340 | 3,706 |
| Operating profit before changes in working capital | <u>20,113</u> | <u>14,761</u> |
| Changes in working capital | | |
| Inventories | (12,228) | (6,822) |
| Contract assets | (24,229) | 17,853 |
| Trade receivables | 7,598 | 1,653 |
| Other receivables | 4,618 | (11,052) |
| Trade payables | 5,711 | (2,012) |
| Other payables | (1,848) | 7,043 |
| Contract liabilities | - | 46,045 |
| | <u>(20,378)</u> | <u>52,708</u> |
| Net cash (used in)/generated from operations | (265) | 67,469 |
| Interest paid | (7,704) | (5,969) |
| Interest received | 760 | 844 |
| Tax paid | (9,606) | (43,097) |
| Tax refund | 24 | 1,317 |
| | <u>(16,526)</u> | <u>(46,905)</u> |
| Net cash used in (used in)/generated from operating activities | (16,791) | 20,564 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (21) | (386) |
| Purchase of investment property | - | (56,513) |
| Purchase of land held for property development | (38) | (8) |
| Net cash used in investing activities | <u>(59)</u> | <u>(56,907)</u> |
| Cash Flows From Financing Activities | | |
| Dividend paid | (9,918) | (9,984) |
| Repayment of hire purchase liabilities | (72) | (23) |
| Repayment of bank borrowings | (37,594) | (17,238) |
| Fixed deposits with licensed banks | (88) | (63) |
| Proceeds from warrant exercised | 1,641 | - |
| Drawdown of bank borrowings | 61,000 | 9,472 |
| Repurchase of shares | - | (2,309) |
| Net cash generated from/(used in) financing activities | <u>14,969</u> | <u>(20,145)</u> |
| Net change in cash & cash equivalents | <u>(1,881)</u> | <u>(56,488)</u> |
| Cash & cash equivalents at the beginning of the financial period | <u>9,471</u> | <u>97,409</u> |
| Effect of exchange rate changes | <u>3,727</u> | <u>(8,461)</u> |
| Cash & cash equivalents at the end of the financial period | <u>11,317</u> | <u>32,460</u> |

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

| | As at 30/06/2017 RM'000 | As at 30/06/2016 RM'000 |
|---|-------------------------------|-------------------------------|
| Cash and bank balances | 17,930 | 15,131 |
| Cash held under Housing Development Accounts | 7,761 | 4,871 |
| Fixed and short term deposits with licensed banks | 7,805 | 22,797 |
| Bank overdrafts | (14,900) | (4,253) |
| | <u>18,596</u> | <u>38,546</u> |
| Less: Fixed deposits pledged with licensed banks | (7,279) | (6,086) |
| | <u>11,317</u> | <u>32,460</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016. 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 2016.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, 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 2017 as set out below:

MFRSs, Amendments to MFRSs and Interpretations

| | |
|------------------------|--|
| Amendments to MFRS 107 | Disclosure Initiative |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to MFRS 12 | Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 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 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 1 | First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle) | 1 January 2018 |
| Amendments to MFRS 2 | Classification and Measurement of Share-Based Payment Transactions | 1 January 2018 |
| Amendments to MFRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 128 | Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle) | 1 January 2018 |
| Amendment to MFRS 140 | Transfers of Investment Property | 1 January 2018 |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| 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 2016

The auditors' report on the financial statements for the financial year ended 31 December 2016 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.

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 2,285,500 ordinary shares at an average price of RM1.044 each of its issued share capital from the open market.

| | No. of Treasury Shares Units | Treasury Shares RM |
|-------------------------------|------------------------------------|--------------------------|
| Balance as at 1 January 2017 | 2,285,500 | 2,385,431 |
| Repurchased during the period | - | - |
| Balance as at 30 June 2017 | <u>2,285,500</u> | <u>2,385,431</u> |

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

2) Warrant 2015/2020

166,444,970 warrants were allocated from Warrant 2015/2020 on the basis of 1 Warrant for every 2 existing ordinary shares of RM0.25 each held in the Company.

During the financial period, 1,823,000 ordinary share of RM0.25 each were issued at an exercise price of RM0.90 per share. As at 30 June 2017, 164,621,970 Warrants 2015/2020 remain unexercised.

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:

- second single tier interim dividend of 3.0 sen per ordinary share, paid on 4 May 2016, amounting to RM9,918,733.00.
- third single tier interim dividend of 3.0 sen per ordinary share, paid on 27 January 2017, amounting to RM9,918,133.20.

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 |
|---|-----------------------------|-----------------------------------|-------------------|--|--|------------------------|
| <u>Period ended 30/06/2017 :</u> | | | | | | |
| Total revenue | 40,187 | 14,369 | - | 646 | (14,459) | 40,743 |
| Intersegment revenue | - | (14,369) | - | (90) | 14,459 | - |
| Segment revenue : | 40,187 | - | - | 556 | - | 40,743 |
| <u>Primary geographical markets:</u> | | | | | | |
| Australia | 9,726 | - | - | - | - | 9,726 |
| Malaysia | 11,995 | 14,369 | - | 646 | (14,459) | 12,551 |
| | 21,721 | 14,369 | - | 646 | (14,459) | 22,277 |
| <u>Nature of product</u> | | | | | | |
| Commercial properties | 7,792 | 14,369 | - | 646 | (14,459) | 8,348 |
| Residential properties | 1,508 | - | - | - | - | 1,508 |
| | 9,300 | 14,369 | - | 646 | (14,459) | 9,856 |
| <u>Timing of revenue recognition:</u> | | | | | | |
| Good transferred at a point in time | 17,318 | - | - | 646 | (90) | 17,874 |
| Good transferred over time | 1,508 | 14,369 | - | - | (14,369) | 1,508 |
| | 18,826 | 14,369 | - | 646 | (14,459) | 19,382 |
| Segment profit / (loss) before tax : | 13,759 | 2,678 | (24) | (4,094) | 266 | 12,585 |
| <i>Included in the segment profit / (loss) are :-</i> | | | | | | |
| Finance income | 756 | - | - | 4 | - | 760 |
| Segment assets : | 1,238,666 | 134,094 | 5,936 | 761,605 | (1,089,491) | 1,050,810 |
| Segment liabilities : | 698,883 | 141,259 | 9,141 | 503,475 | (911,990) | 440,768 |

A9 Segmental Analysis (Cont'd)

| | Property devt RM'000 | Const. & Engineering RM'000 | Trading RM'000 | Non-reportable segments RM'000 | Intersegment eliminations RM'000 | Consolidated RM'000 |
|---|-------------------------|--------------------------------|-------------------|-----------------------------------|-------------------------------------|------------------------|
| <i>Period ended 30/06/2016 :</i> | | | | | | |
| Total revenue | 49,066 | 43,025 | - | 369 | (46,034) | 46,426 |
| Intersegment revenue | (2,904) | (43,025) | - | (105) | 46,034 | - |
| Segment revenue : | 46,162 | - | - | 264 | - | 46,426 |
| <i>Primary geographical markets:</i> | | | | | | |
| Australia | 18,874 | - | - | - | - | 18,874 |
| Malaysia | 30,192 | 43,025 | - | 370 | (46,035) | 27,552 |
| | 49,066 | 43,025 | - | 370 | (46,035) | 46,426 |
| <i>Nature of product</i> | | | | | | |
| Commercial properties | 22,166 | 43,025 | - | 370 | (46,035) | 19,526 |
| Residential properties | 26,900 | - | - | - | - | 26,900 |
| | 49,066 | 43,025 | - | 370 | (46,035) | 46,426 |
| <i>Timing of revenue recognition:</i> | | | | | | |
| Good transferred at a point in time | 24,935 | - | - | - | - | 24,935 |
| Good transferred over time | 24,131 | 43,025 | - | 370 | (46,035) | 21,491 |
| | 49,066 | 43,025 | - | 370 | (46,035) | 46,426 |
| Segment profit / (loss) before tax : | 15,536 | 3,426 | (75) | 48,079 | (1,647) | 65,319 |
| <i>Included in the segment profit / (loss) are :-</i> | | | | | | |
| Finance income | 766 | 3 | - | 75 | - | 844 |
| Segment assets : | 1,158,480 | 123,242 | 5,784 | 718,178 | (950,671) | 1,055,013 |
| Segment liabilities : | 630,712 | 132,312 | 9,122 | 454,914 | (767,934) | 459,126 |

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 |
|---|--------------------|---------------------|------------------------|
| <i>Period ended 30/06/2017 :</i> | | | |
| Total revenue | 31,017 | 9,726 | 40,743 |
| Intersegment revenue | - | - | - |
| Segment revenue : | 31,017 | 9,726 | 40,743 |
| Segment profit / (loss) before tax : | 10,182 | 2,403 | 12,585 |
| Segment assets : | 847,196 | 203,614 | 1,050,810 |
| Segment liabilities : | 437,420 | 3,348 | 440,768 |
| <i>Period ended 30/06/2016 :</i> | | | |
| Total revenue | 27,552 | 18,874 | 46,426 |
| Intersegment revenue | - | - | - |
| Segment revenue : | 27,552 | 18,874 | 46,426 |
| Segment profit / (loss) before tax : | 56,555 | 8,764 | 65,319 |
| Segment assets : | 867,015 | 187,998 | 1,055,013 |
| Segment liabilities : | 453,769 | 5,357 | 459,126 |

Major customers

The Group is engaged primarily in property development and construction, and sells real estate properties by individual units to the mass market. As such, the Group does not have reliance on any particular major customer.

A10 Property, Plant and Equipment

There were no valuations done on the Group's property, plant and equipment during the financial period under review.

A11 Material Events Subsequent to the End of the Period

There were no material events and transactions subsequent to the end of the current financial period till 11 August 2017 being the latest practicable date which is not earlier than 7 days from the date of issuance of these Interim Financial Statements.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

A13 Contingent Liabilities

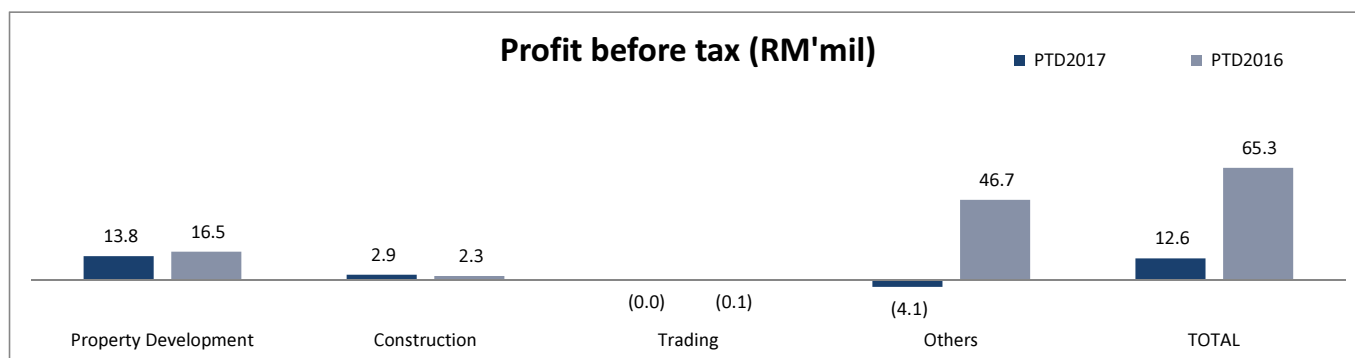
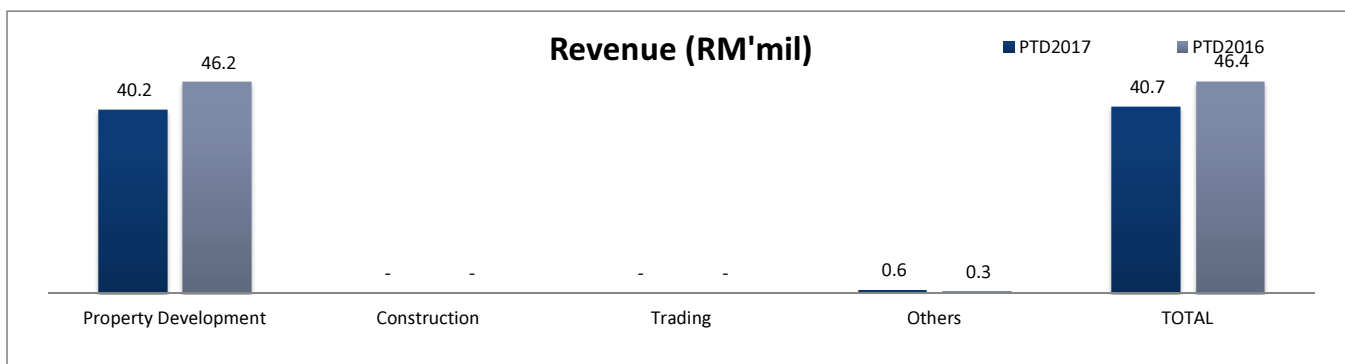
Details of contingent liabilities of the company are as follows :

| Company | As at 30/06/2017 RM'000 | As at 31/12/2016 RM'000 |
|---|-------------------------------|-------------------------------|
| Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies: | | |
| - Secured on assets of subsidiary companies | 254,883 | 242,399 |
| Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies: | | |
| - Unsecured | 2 | 77 |
| | <u>254,885</u> | <u>242,476</u> |

B Bursa Malaysia Listing Requirements

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

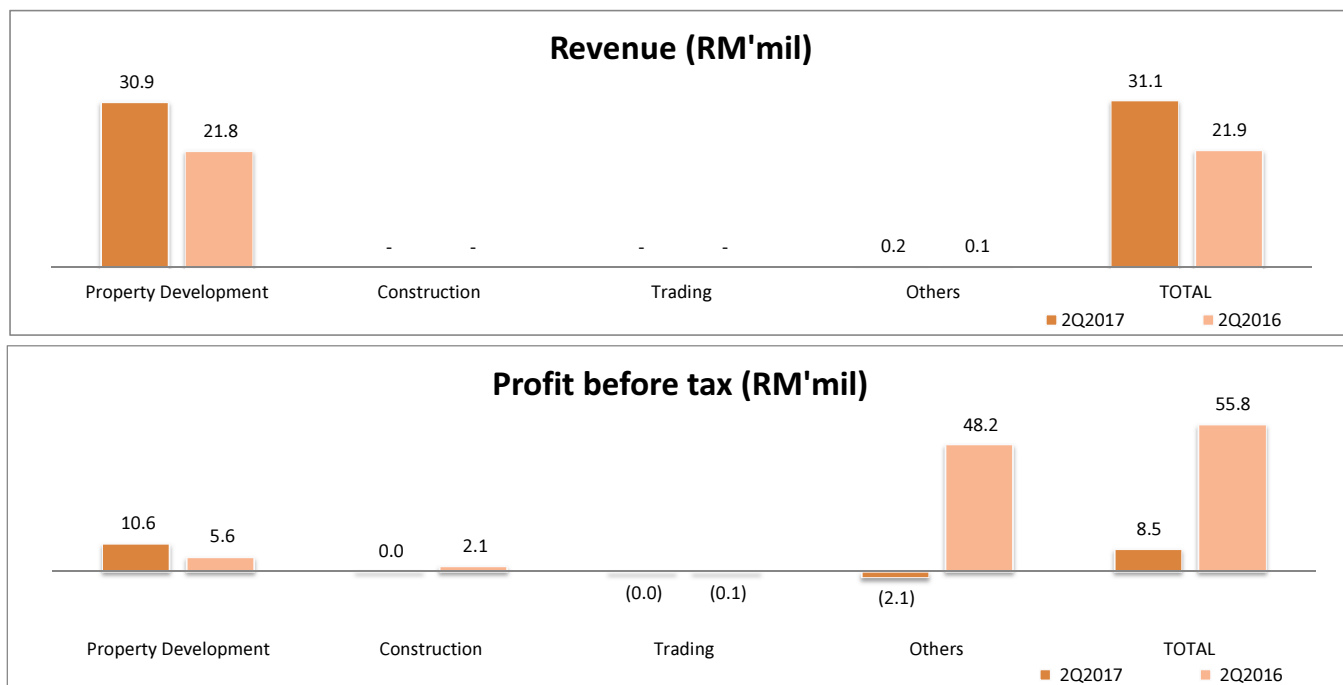
For the 6 months ended 30 June 2017, the Group achieved a revenue of RM40.7 million, a decrease of 12% from previous year's corresponding amount of RM46.4 million and profit before tax of RM12.6 million compared to RM65.3 million recorded in the previous corresponding period ended 30 June 2016. The decrease in profit before tax mainly due to the recognition of fair value gain on investment property amounted to RM49.2 million in previous corresponding period.



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

For the current quarter ended 30 June 2017, the Group recorded a revenue of RM31.1 million, a increase of 42% from RM21.9 million in the previous corresponding quarter ended 30 June 2016.

The profit before tax for the current quarter is RM8.5 million, a decrease of 85% as compared to RM55.8 million in the corresponding quarter. The decrease of profit before tax mainly due to the recognition of fair value gain on investment property amounted to RM49.2 million in the corresponding quarter.



Property Development

The property development segment recorded revenue of RM30.9 million and profit before tax of RM10.6 million in the current quarter compared to revenue of RM21.8 million and profit before tax of RM5.6 million in the corresponding quarter of the previous financial year.

This quarter revenue and profit were contributed mainly from sales of remaining completed units of "The Istana", "Jalan Kuching Phase 1 Sho Office", "Desa Metari" 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 contributed mainly from sales of completed units of "The Istana" and "Jalan Kuching" commercial project.

Construction & Engineering

The Construction & Engineering segment registered no revenue and a profit before tax of RM0.03 million in current quarter as compared to no revenue and profit before tax of RM2.1 million in the corresponding quarter of the previous financial year.

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

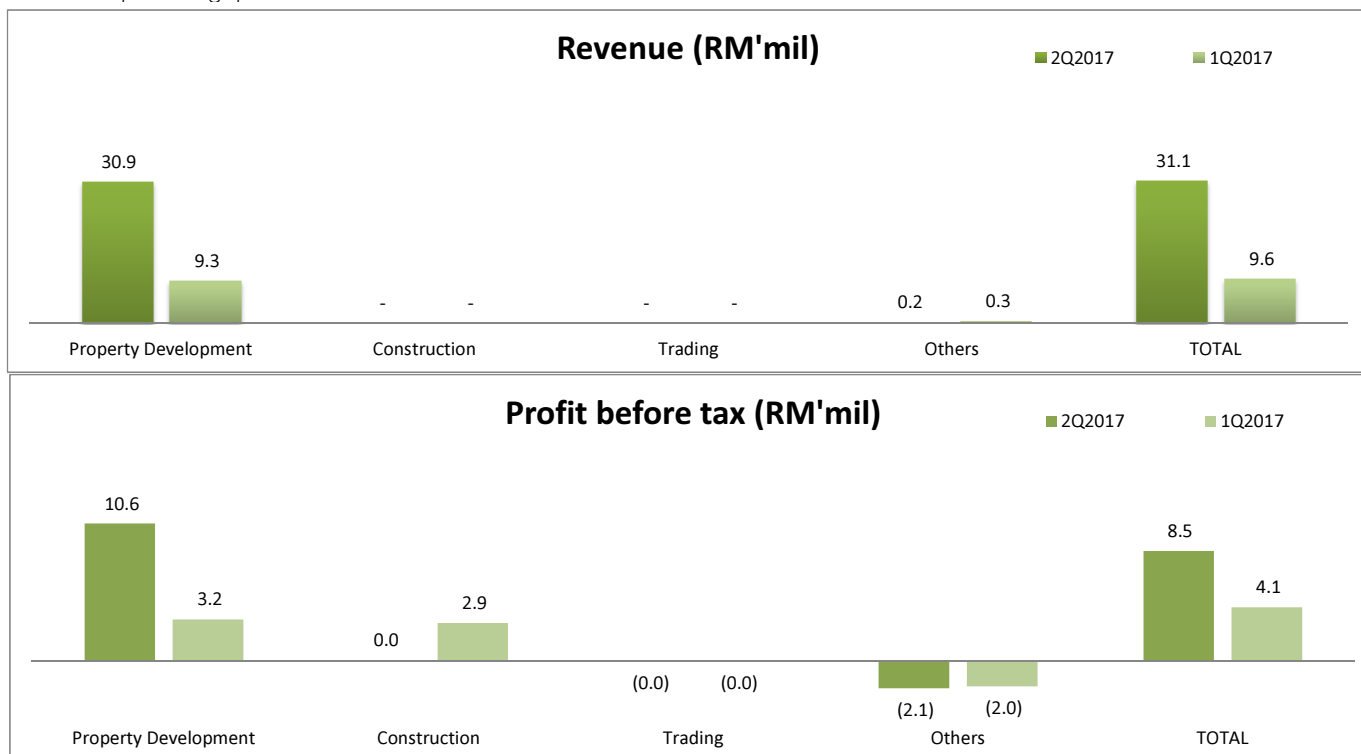
Trading

The trading segment had discontinued operation.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

For the current quarter, the Group recorded a revenue of RM31.1 million, as compared to RM9.6 million in the immediate preceding quarter ended 30 June 2017.

The Group posted a profit before tax of RM8.5 million in the current quarter, as compared to a profit before tax of RM4.1 million in the immediate preceding quarter ended 30 June 2017.



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 | 6 months ended | |
|---------------------|----------------------|----------------------|
| | 30/06/2017 RM'000 | 30/06/2016 RM'000 |
| In respect of : | | |
| - current year | 5,268 | 6,533 |
| - deferred taxation | 18 | 9,447 |
| | 5,286 | 15,980 |

The effective tax rate of the Group for the financial period ended 30 June 2017 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.

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 | As at |
|-------------------------------|----------------------|----------------------|
| | 30/06/2017 RM'000 | 31/12/2016 RM'000 |
| Realised | 225,901 | 240,042 |
| Unrealised | 236,604 | 225,284 |
| | 462,505 | 465,326 |
| Consolidation adjustments | (8,447) | (9,495) |
| Total retained profits | 454,058 | 455,831 |

B7 Corporate Proposals

There were no corporate proposal announced not completed as at 11 August 2017, being the latest practicable date which is not earlier than 7 days from the date of the issuance of this interim financial statements.

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.

On 21 June 2017, the Company announced that the Proposed Acquisition has been completed.

B8 Group Borrowings

Details of Group borrowings as at 30 June 2017 are as follows:

| | As at 30/06/2017 RM'000 | As at 31/12/2016 RM'000 |
|----------------------|-------------------------------|-------------------------------|
| Secured | | |
| Borrowings repayable | | |
| - within 12 months | 99,798 | 92,354 |
| - after 12 months | 155,085 | 143,294 |
| Total borrowings | <u>254,883</u> | <u>235,648</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) 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.

On 13 December 2016 after hearing the Appeal, the Court of Appeal had dismissed Ibsul's claim and upheld the decision of High Court as valid, thereof ordered Ibsul to surrender their land and PKNS to refund back the purchase price.

The Company has file in leave application and Federal Court has fixed for case management on 7 March 2017, at the interim Ibsul has initiated separate legal suit against PKNS to surrender the remaining 13 titles to be transferred and registered under Ibsul Development Sdn Bhd. However, the Federal Court had dismissed the leave application by Ibsul.

B11 Dividend Proposed/Declared

There were no dividend proposed for the current financial quarter ended 30 June 2017.

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 | | 6 months ended | |
|--|----------------|------------|----------------|------------|
| | 30/06/2017 | 30/06/2016 | 30/06/2017 | 30/06/2016 |
| Net profit attributable to ordinary equity holders of the Company (RM'000) | 6,046 | 43,889 | 8,145 | 49,439 |
| Weighted average number of ordinary shares in issue ('000) | 331,464 | 332,862 | 331,464 | 332,862 |
| Basic EPS (sen) | 1.82 | 13.19 | 2.46 | 14.85 |

(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 | | 6 months ended | |
|--|----------------|------------|----------------|------------|
| | 30/06/2017 | 30/06/2016 | 30/06/2017 | 30/06/2016 |
| Net profit attributable to ordinary equity holders of the Company (RM'000) | 6,046 | 43,889 | 8,145 | 49,439 |
| Weighted average number of ordinary shares in issue ('000) | 331,464 | 332,862 | 331,464 | 332,880 |
| Effect of dilutive potential ordinary shares from the exercise of bonus warrants ('000) | 68,536 | 16,644 | 68,536 | 16,644 |
| Weighted average number of ordinary share in issue for diluted earnings per share ('000) | 400,000 | 349,506 | 400,000 | 349,524 |
| Diluted EPS (sen) | 1.51 | 12.56 | 2.04 | 14.14 |

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

| | 6 months ended | |
|---|----------------|------------|
| | 30/06/2017 | 30/06/2016 |
| | RM'000 | RM'000 |
| Depreciation of property, plant and equipment | 168 | 70 |
| Interest expenses | 7,340 | 1,873 |
| Interest income | (760) | (484) |
| Other income | (239) | (85) |
| Realised (gain)/loss of foreign exchange | 13 | - |
| (Over)/Underprovision of liquidated and ascertained damages (LAD) | (28) | 57 |
| Unrealised (gain)/loss of foreign exchange | - | (4,094) |

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
 18 August 2017