

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

30 June 2010

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Interim Financial Statements - 30 June 2010

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2010

(The figures have not been audited)

	AS AT 30/06/2010 RM'000 (UNAUDITED)	AS AT 31/12/2009 RM'000 (AUDITED & RESTATED)
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,267	3,113
Other Investments	-	235
Land held for property development	6,087	6,059
Goodwill on consolidation	3,269	3,269
Deferred tax assets	2,643	2,953
	<u>14,266</u>	<u>15,629</u>
Current Assets		
Inventories	20,544	7,361
Property development costs	142,501	109,306
Amount owing by customers on contracts	51,223	60,022
Trade receivables	39,703	26,836
Accrued billings	20,511	57,181
Other receivables	54,818	59,715
Tax recoverable	110	43
Cash held under Housing Development Accounts	2,802	3,705
Fixed deposits with licensed banks	11,977	1,026
Cash and bank balances	6,955	20,447
	<u>351,144</u>	<u>345,642</u>
TOTAL ASSETS	<u>365,410</u>	<u>361,271</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	53,503	53,459
Share premium	10,555	10,521
Other reserves	6,486	6,499
Retained profits	48,317	47,753
	<u>118,861</u>	<u>118,232</u>
Non-controlling interests	3,577	3,038
TOTAL EQUITY	<u>122,438</u>	<u>121,270</u>
Non-Current Liabilities		
Hire purchase payables	415	865
Bank borrowings	31,401	10,484
Deferred tax liabilities	68	70
	<u>31,884</u>	<u>11,419</u>
Current Liabilities		
Amount owing to customers on contracts	1,646	1,837
Trade payables	155,375	157,727
Progress billings	693	-
Other payables	16,463	15,007
Hire purchase payables	233	396
Bank borrowings	15,895	26,535
Current tax liabilities	20,783	27,080
	<u>211,088</u>	<u>228,582</u>
TOTAL LIABILITIES	242,972	240,001
TOTAL EQUITY AND LIABILITIES	<u>365,410</u>	<u>361,271</u>
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	<u>0.56</u>	<u>0.55</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 COMPREHENSIVE INCOME

For the financial period-to-date ended 30 June 2010

(The figures have not been audited)

	3 months ended		6 months ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Revenue	30,722	72,900	48,866	133,978
Cost of sales	(23,127)	(54,253)	(35,988)	(101,547)
Gross profit	7,595	18,647	12,878	32,431
Other operating income	381	1,099	524	1,256
Selling and distribution expenses	(443)	(1,398)	(1,108)	(4,353)
Administration expenses	(3,697)	(4,911)	(7,034)	(9,857)
Other operating expenses	(1,210)	(3,173)	(1,977)	(5,847)
	2,626	10,264	3,283	13,630
Finance costs	(394)	(1,619)	(897)	(1,719)
Profit before taxation	2,232	8,645	2,386	11,911
Taxation	(1,244)	(2,110)	(1,282)	(2,954)
Profit for the period	988	6,535	1,104	8,957
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	988	6,535	1,104	8,957
Profit attributable to:				
Owners of the Company	884	6,263	1,031	8,519
Non-controlling interests	104	272	73	438
	988	6,535	1,104	8,957
Total comprehensive income attributable to:				
Owners of the Company	884	6,263	1,031	8,519
Non-controlling interests	104	272	73	438
	988	6,535	1,104	8,957
Earnings per share attributable to Owners of the Company:		Restated		Restated
- Basic (sen)	0.41	2.93	0.48	3.98
- Diluted (sen)	0.33	2.66	0.39	3.59

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2010

(The figures have not been audited)

	Attributable to Owners of the Company					Non-controlling Interests	Total Equity
	Non-Distributable		Distributable				
	Share capital	Share premium	Warrants reserve	Capital reserve	Retained profits	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2010	53,459	10,521	6,469	30	47,753	118,232	121,269
Profit or loss for the period	-	-	-	-	1,031	1,031	1,104
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,031	1,031	1,104
Issue of ordinary shares:							
- pursuant to exercise of Warrants 2006/2011	44	21	-	-	-	65	65
Transfer of warrants reserve	-	13	(13)	-	-	-	-
Dilution arising from change in stake in subsidiary	-	-	-	-	(467)	(467)	-
Balance as at 30 June 2010	53,503	10,555	6,456	30	48,317	118,861	122,438

	Attributable to Owners of the Company					Non-controlling Interests	Total Equity
	Non-Distributable		Distributable				
	Share capital	Share premium	Warrants reserve	Capital reserve	Retained profits	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2009	53,459	10,521	6,469	30	43,800	114,279	117,273
Profit or loss for the period	-	-	-	-	8,519	8,519	8,957
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	8,519	8,519	8,957
Balance as at 30 June 2009	53,459	10,521	6,469	30	52,319	122,798	126,230

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

MAGNA PRIMA BERHAD

(Company No.: 369519-P)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2010

(The figures have not been audited)

	6 months ended ended 30/06/2010 RM'000	6 months ended ended 30/06/2009 RM'000
Operating activities		
Profit before taxation	2,386	11,911
Adjustment for:-		
Depreciation of property, plant and equipment	456	483
Allowance for doubtful debts	1,090	3,106
Gain on disposal of property, plant & equipment	(102)	(31)
Loss on disposal of property, plant & equipment	4	-
Loss on disposal of quoted investment	21	-
Allowance for liquidated & ascertained damages	487	2,638
Interest income	(224)	(321)
Interest expense	897	1,719
Operating profit before changes in working capital	<u>5,015</u>	<u>19,505</u>
Changes in working capital		
Inventories	(13,183)	(5,582)
Property development costs	(33,223)	10,750
Amount owing by/to customers on contract	8,607	33,187
Trade receivables	(12,867)	30,687
Accrued billings	36,670	-
Other receivables	4,447	(3,229)
Trade payables	(3,442)	(44,231)
Progress billings	693	-
Other payables	(1,333)	(7,031)
	<u>(13,631)</u>	<u>14,551</u>
Net cash (used in)/generated from operations	(8,616)	34,056
Interest paid	(897)	(1,719)
Interest received	224	321
Tax paid	(5,038)	(6,049)
Net cash (used in)/generated from operating activities	<u>(14,327)</u>	<u>26,609</u>
Investing activities		
Purchase of property, plant and equipment	(22)	(42)
Proceeds from disposal of quoted investment	214	-
Proceeds from disposal of property, plant and equipment	511	130
Net cash generated from investing activities	<u>703</u>	<u>88</u>
Financing activities		
Repayment of hire purchase liabilities	(613)	(447)
Repayment of bank borrowings	(20,466)	(35,197)
Drawdown of bank borrowings	30,000	10,000
Net proceeds from new shares issued	65	-
Net cash generated from/(used in) financing activities	<u>8,986</u>	<u>(25,644)</u>
Net change in cash & cash equivalents	(4,638)	1,053
Cash & cash equivalents at the beginning of the financial period	24,152	23,932
Cash & cash equivalents at the end of the financial period	19,514	24,985

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30/06/2010 RM'000	As at 30/06/2009 RM'000
Cash and bank balances	6,955	17,669
Cash held under Housing Development Accounts	2,802	7,322
Fixed deposits with licensed banks	11,977	978
Bank overdrafts	(743)	(6)
	<u>20,991</u>	<u>25,963</u>
Less: Fixed deposits pledged with licensed banks	(1,477)	(978)
	<u>19,514</u>	<u>24,985</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

A Explanatory Notes Pursuant To FRS 134

A1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in the Financial Reporting Standards ("FRS") 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 2009. 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 2009.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs:-

FRSs, Amendments to FRSs and Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interest in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than for the application of FRS 8, FRS 101, Amendment to FRS 117, and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8 : Operating Segments ("FRS 8")

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements (Revised 2009) ("FRS 101")

A set of financial statements now consists of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income.

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) Amendment to FRS 117: Leases ("FRS 117")

Prior to this amendment, the Group's leasehold lands were classified as Prepaid Lease Payments. The amended FRS 117 allows leasehold land which qualifies as a finance lease to be treated as Property, Plant & Equipment where the lease is long term, and Prepaid Lease Payments where the lease is short term. The Group treats lease terms of 50 years or more as long term finance leases. The remaining periods of the Group's long term leasehold lands range from 78 years to 86 years, and as such, the entire amount has been reclassified under Property, Plant & Equipment and measured as such retrospectively.

The effects on the comparative figures arising from the adoption of the Amendment to FRS 117 are as follows:-

	Consolidated Statement of Financial Position		
	As previously reported	Effects on adoption of Amendment to FRS 117	As restated
	Year ended 31/12/2009	Year ended 31/12/2009	Year ended 31/12/2009
	RM'000	RM'000	RM'000
Property, plant & equipment	2,874	239	3,113
Prepaid lease payments	239	(239)	-

(d) FRS 139: Financial Instruments - Recognition and Measurement ("FRS 139")

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, loans and receivables and AFS investments.

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate ("EIR") method. Gains and losses arising from the de-recognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

Prior to 1 January 2010, AFS financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, AFS financial asset is measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognised in income statement and with unrealised gains or losses recognised as other comprehensive income in the AFS reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the AFS reserve.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings, and are carried at amortised cost.

Impact on opening balances

The effects arising from the adoption of FRS 139 are as follows :-

	Balance as at 1 January 2010 as previously reported RM'000	Effects of adoption of FRS 139 RM'000	Balance as at 1 January 2010 as restated RM'000
Assets			
Other Investments	235	(235)	-
Available-for-sale investments	-	235	235

In accordance with the transitional provisions of FRS 139, the changes above are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Condensed Consolidated Statement of Financial Position as at 1 January 2010.

The adoption of FRS 139 does not have any significant impact on the profit for the financial period-to-date.

At the date of authorisation of these interim financial statements, the following FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 1 (revised)	1 July 2010
FRS 3 (revised)	1 July 2010
FRS 127	1 July 2010
Amendment to FRS 2	1 July 2010
Amendment to FRS 5	1 July 2010
Amendment to FRS 138	1 July 2010
IC Interpretation 12	1 July 2010
IC Interpretation 15	1 July 2010
IC Interpretation 16	1 July 2010
IC Interpretation 17	1 July 2010
Amendment to IC Interpretation 9	1 July 2010

A3 Auditors' Report For The Financial Year Ended 31 December 2009

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

A4 Seasonality or Cyclicity 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 to-date 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 to-date under review.

A7 Debts and Equity Securities

During the current financial period to-date ended 30 June 2010, the Company issued 174,700 ordinary shares of RM0.25 each for cash, pursuant to the exercise of MPB Warrants 2006/2011 at the exercise price of RM0.37 per ordinary share.

Save for the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial period to-date.

A8 Dividends Paid

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

A9 Segmental Analysis

The Group's segmental report for the current financial period is as follows:

	Property development RM'000	Construction & engineering RM'000	Trading RM'000	Non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 30/06/2010:						
Segment Revenue:						
External customers	37,932	(469)	10,974	429	-	48,866
Intersegment revenue	-	52,077	2,873	4,077	(59,027)	-
Total revenue	37,932	51,608	13,847	4,506	(59,027)	48,866
Segment Results:						
Segment profit / (loss) :	6,412	4,352	426	4,499	(3,919)	11,770
Period ended 30/06/2009:						
Segment Revenue:						
External customers	97,729	22,626	12,786	837	-	133,978
Intersegment revenue	-	53,910	6,082	4,800	(64,792)	-
Total revenue	97,729	76,536	18,868	5,637	(64,792)	133,978
Segment Results:						
Segment profit / (loss) :	14,798	11,633	1,289	5,613	(5,255)	28,078

Geographical segments

No geographical segment has been presented as the Group's activities are carried out wholly and exclusively in Malaysia.

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.

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 12 August 2010 being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim Financial Statements.

A12 Changes in the Composition of the Group

On 21 April 2010, Magna Prima Berhad purchased from its subsidiary, Pembinaan Contamaju-Infocast Sdn Bhd ("PCI") seventy five thousand (75,000) ordinary shares for a total purchase consideration of Ringgit Malaysia Two only (RM2.00) which represent the remaining 10% of the entire paid-up capital of PCI and has agreed to purchase all the said Shares at the said price free from all charges, pledges, encumbrances and options and with all rights of whatsoever nature attaching thereto and ultimately own 100% the entire paid up capital of PCI.

Save for those events disclosed under Note B8 and the abovementioned, there were no other changes in the composition of the Group during the current financial year.

A13 Contingent Assets and Contingent Liabilities

Details of contingent assets of the company are as follows :

Group	As at 30/06/2010 RM'000	As at 30/06/2009 RM'000
Settlement by defendant in a litigation matter by way of 4,088,000 ordinary shares at par value of RM0.25 per share :-		
- at market value	3,311	-
- at par	(1,022)	-
Inflow of economic benefit which is probable but not virtually certain	2,289	-

Details of contingent liabilities of the company are as follows :

Company	As at 30/06/2010 RM'000	As at 30/06/2009 RM'000
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	47,058	53,271
- Unsecured	-	246
Utilised portion of corporate guarantees given to trade creditors of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	3,790	4,519
	<u>50,848</u>	<u>58,036</u>

A14 Capital Commitment

Company	As at 30/06/2010 RM'000	As at 30/06/2009 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-
- Contractual obligation for development projects	181,324	55,355
	<u>181,324</u>	<u>55,355</u>

A15 Significant Related Party Transaction

Company	As at 30/06/2010 RM'000	As at 30/06/2009 RM'000
Management fee received/receivable from subsidiary companies	<u>4,077</u>	<u>4,800</u>

B Bursa Malaysia Listing Requirements

B1 Review of Performance - Comparison with Previous Corresponding Quarter

Compared with 3 projects running in the previous corresponding quarter, with Dataran Otomobil at its tail-end and Magna Ville project completed, only the U1 Shah Alam project is on-going in the current quarter, thus causing revenue to drop 58% from RM72.9 million to RM30.7 million. For the current financial period to-date, the Group achieved a revenue of RM48.9 million, a decline of 64% compared to RM134.0 million for the financial period ended 30 June 2009.

The current quarter's gross profit of RM7.6 million, a drop of 59% compared to the previous corresponding quarter, was mainly due to the continuing positive sales performance in U1 Shah Alam and recognition of residual profit arising from the completion of Magna Ville.

B2 Review of Performance - Comparison with Immediate Preceding Quarter

The Group achieved a marginal profit before tax of RM2.2 million against a profit before tax of RM0.2 million for the immediate preceding quarter ended 31 March 2010. The achievement of profits was mainly due to higher work progress in U1 Shah Alam project and sale of completed units in Magna Ville project.

B3 Prospects for the Current Financial Year

The Board is confident of a better performance for the 2nd half of 2010. One Sierra, a mixed development project in Bandar Selayang launched in early August 2010, has received overwhelming interest with bookings from potential buyers. Five other projects: Jalan Kuching project, D'Sierra project in Selayang, One Jalil project in Bukit Jalil, Ibsul project in Section 16 Shah Alam and Jalan Gasing project in Petaling Jaya are on target for launching from the 3rd quarter onwards.

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 tax charge is as follows:

	30/06/2010 RM'000	30/06/2009 RM'000
Current taxation		
- Malaysian income tax	975	264
- Deferred Taxation	307	2,690
	1,282	2,954
Over provision of Malaysian income tax in prior years	-	-
	1,282	2,954

The effective tax rate of the Group for the financial period ended 30 June 2010 was higher than the applicable statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

B6 Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties for the current quarter and current financial year.

B7 Quoted Investments

For the period to-date under review, the Company disposed its entire investment of 500,000 shares in Mulpha Berhad. Details of the disposal are as follows:

	RM'000
Quoted investments, at cost as at 1 January 2010	235
Proceeds on disposal of shares in March 2010	(214)
Loss on disposal of quoted investments	21

B8 Corporate Proposals

The following corporate proposals announced by the Company have not been completed as at 12 August 2010 being the latest practicable date which is not earlier than 7 days from the date of issuance of these Interim Financial Statements :-

- (a) Further to the Company's wholly-owned subsidiary, Magna City Development Sdn Bhd's Sale and Purchase Agreement with Muafakat Baru Sdn Bhd ("MBSB") dated 2 November 2007 to purchase two parcels of freehold land ("Proposed Acquisition") which was approved by shareholders on 7 January 2008 and the Foreign Investment Committee on 19 February 2008, MBSB had on 8 June 2010 agreed to an extension of time of three months until 19 September 2010 to complete the Proposed Acquisition.

- (b) The Company's subsidiary, Permata Juang (M) Sdn Bhd's ("PJSB") signed a conditional sale and purchase agreement with Bukit Jalil Development Sdn Bhd ("BJD") on 2 March 2009 to purchase parcels of freehold land held under Lot 38476 (approved by shareholders on 11 June 2009 and notified the Foreign Investment Committee on 4 May 2009). BJD's shareholders approved the said land sale to PJSB on 29 March 2010.
- (c) The Company's subsidiary, Twinicon (M) Sdn Bhd's ("TSB") signed a conditional sale and purchase agreement with Lai Meng Girls' School Association ("LMGSA") on 23 March 2009 to acquire all pieces of land held under Geran 4628, 4629, 4630, 4631 and 4632, Lots 124, 125, 126, 127 and 128 together with the buildings erected thereon ("Proposed Acquisition 1"). This was approved by the Foreign Investment Committee on 15 May 2009 and by shareholders on 11 March 2010. TSB and LMGSA have on 3 June 2010 mutually agreed to an extension of time up to 22 September 2010.

The Company announced that it has received on 1 July 2010 a letter from the Ministry of Education dated 22 June 2010 approving the relocation of Lai Meng School and Lai Meng Kindergarten from Jalan Ampang to Bukit Jalil.

Pursuant to TSB's sale and purchase agreement with Santari Sdn Bhd ("Santari") dated 10 December 2009 to acquire one piece of freehold land ("Proposed Acquisition 2") which was approved by shareholders on 11 March 2010, Santari had on 13 July 2010 agreed to an extension of time of six months from 9 July 2010 to complete the Proposed Acquisition 2.

- (d) Further to the Company's subsidiary, Monetary Icon (M) Sdn Bhd's ("MISB") conditional sale and purchase agreement with Seri Dinar Project Development Sdn Bhd ("Seri Dinar") dated 15 July 2009 to acquire a parcel of freehold land ("Proposed Acquisition") which was approved by shareholders on 11 March 2010, Seri Dinar has vide its letter dated 28 June 2010 (received on 29 June 2010) granted MISB an extension of six months from 10 June 2010.
- (e) Further to the Company's subsidiary, Crossborder Team (M) Sdn Bhd's ("Crossborder") conditional sale and purchase agreement with Muafakat Kekal Sdn Bhd ("Muafakat") dated 14 October 2009 to acquire a piece of leasehold land held under title no. PM 2780, Lot 2466 which was to be satisfied by the issuance of 8,250,000 new ordinary shares of RM1.00 each in Magna Prima Berhad ("MPB Share") at an issue price of RM2.00 per MPB Share ("Proposed Selayang Land Acquisition"), and pursuant to the Company's share split on 20 January 2010, the number of shares to be issued pursuant to the Proposed Selayang Land Acquisition will be adjusted from 8,250,000 new MPB Shares at an issue price of RM2.00 per share to 33,000,000 new subdivided shares at an issue price of RM0.50 per share.

On 20 July 2010, M&A Securities Sdn Bhd on behalf of the Company announced that Bursa Malaysia Securities Berhad had vide its letter dated 16 July 2010 (which was received on 19 July 2010) approved in-principle the listing of and quotation for MPB Shares to be issued pursuant to the Proposed Selayang Land Acquisition.

The Proposed Selayang Land Acquisition was approved by shareholders on 6 August 2010.

B9 Group Borrowings

Details of Group borrowings as at 30 June 2010 are as follows:

Secured	RM'000
Bank borrowings	
- within 12 months	16,128
- after 12 months	31,816
Total	<u>47,944</u>

There are no borrowings in foreign currency.

B10 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

Kuala Lumpur High Court Suit No.: D3-22-2039-2000 ("Suit")
 Magna Prima Berhad ("MPB") & 2 Ors ("Plaintiffs") v Top Green Entity Sdn. Bhd. & 14 Ors. ("Defendants")

- (i) Sometime in 2000 the Plaintiffs proposed to carry out a corporate exercise ("Proposed Corporate Exercise") by, among others, selling some assets which belonged to Magna Prima Construction ("MPC") and Dunia Epik Sdn. Bhd. ("DESB") to third parties for an aggregate amount of RM22,100,000.00 ("Sum"). Mr. Goh Hock Choy ("the 5th Defendant") approached Mr. Yap Soon Huat ("YSH"), who was a director and one of MPB's substantial shareholders, and represented that he had the authority to act for certain parties interested in purchasing shares in MPB with the intention of taking over control of MPB. Negotiations were entered into between YSH and the 5th Defendant for the sale of MPB shares subject to terms and conditions determined by the 5th Defendant ("Sale of Shares"). Following the Sale of Shares, the Sum was paid into the Plaintiffs' Accounts in the following manner :-

- (a) RM16,684,300.00 into MPC's account; and
 (b) RM5,415,700.00 into DESB's account.

- (ii) On 16th October 2000 the Sum was withdrawn from MPC and DESB's accounts ("Withdrawal") without the knowledge and approval of the Plaintiffs. On 19th October 2000 Mr. Ng Yak Hee, a director of the Plaintiffs, lodged a police report concerning the Withdrawal.
- (iii) The Plaintiffs filed a Writ of Summons against the Defendants on 1st November 2000. As of 5th February 2010, the Plaintiffs have chosen to proceed only against the 5th Defendant and Tan Chow Poo, the 12th Defendant. The Suit has been fixed for the hearing of the 5th Defendant's Application to Strike out the Suit on 26th May 2010.
- (iv) The 5th Defendant's solicitor applied for an adjournment, and the matter had been adjourned to 5th July 2010.
- (v) On 5th July 2010, the 5th Defendant's application for striking out was dismissed with cost. The 5th Defendant has appealed to the Court of Appeal.

B12 Dividend proposed

A proposed final single tier exempt dividend of 1 sen per share at par value of RM0.25 per share(2008: single tier exempt dividend of 5 sen per share at par value of RM1.00 per share) for the financial year ended 31 December 2009 has been approved by shareholders' at the Annual General Meeting held on 17 June 2010.

B13 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 parent for the year by the weighted average number of ordinary shares in issue.

	3 months ended		Period ended	
	30/06/2010	Restated 30/06/2009	30/06/2010	Restated 30/06/2009
Net profit attributable to ordinary equity holders of the parent (RM'000)	884	6,263	1,031	8,519
Weighted average number of ordinary shares in issue ('000)	213,918	213,837	213,879	213,837
Basic EPS (sen)	0.41	2.93	0.48	3.98

(b) Diluted EPS

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders of the parent for the period by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining Option under Warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	30/06/2010	Restated 30/06/2009	30/06/2010	Restated 30/06/2009
Net profit attributable to ordinary equity holders of the parent (RM'000)	884	6,263	1,031	8,519
Weighted average number of ordinary shares in issue ('000)	213,918	213,837	213,879	213,837
Effects of dilution ('000)	51,511	21,561	50,765	23,446
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	265,430	235,398	264,643	237,282
Diluted EPS (sen)	0.33	2.66	0.39	3.59

BY ORDER OF THE BOARD

Magna Prima Berhad
 Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
 19 August 2010