

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

30 June 2016

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(Incorporated in Malaysia)

Interim Financial Statements - 30 June 2016

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MAGNA PRIMA BERHAD*(Company No.: 369519-P)***(Incorporated in Malaysia)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 June 2016

(The figures have not been audited)

	AS AT 30/06/2016 RM'000 (Unaudited)	AS AT 31/12/2015 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,700	961
Investment Properties	533,119	253,064
Land held for property development	65,033	65,025
Deferred tax assets	6,281	10,311
	<u>606,133</u>	<u>329,361</u>
Current Assets		
Inventories	344,498	329,645
Contract assets	2,789	-
Amount owing by customers on contracts	-	2,057
Trade receivables	29,996	31,649
Other receivables	28,228	17,176
Tax recoverable	570	1,875
Cash held under Housing Development Accounts	4,871	4,050
Fixed and short term deposits with licensed banks	22,797	78,253
Cash and bank balances	15,131	21,569
TOTAL CURRENT ASSETS	<u>448,880</u>	<u>486,274</u>
TOTAL ASSETS	<u>1,055,013</u>	<u>815,635</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	83,222	83,222
Share premium	35,566	35,566
Treasury shares	(2,385)	(77)
Other reserves	15,171	23,730
Retained profits	458,035	205,422
	<u>589,609</u>	<u>347,863</u>
Non-controlling interests	<u>6,278</u>	<u>6,378</u>
TOTAL EQUITY	<u>595,887</u>	<u>354,241</u>
Non-Current Liabilities		
Borrowings	182,132	191,041
Deferred tax liabilities	20,542	92
	<u>202,674</u>	<u>191,133</u>
Current Liabilities		
Trade payables	36,686	38,698
Other payables	57,740	55,080
Deferred revenue	-	27,167
Contract liabilities	46,045	-
Borrowings	80,512	77,296
Current tax liabilities	35,469	72,020
	<u>256,452</u>	<u>270,261</u>
TOTAL LIABILITIES	<u>459,126</u>	<u>461,394</u>
TOTAL EQUITY AND LIABILITIES	<u>1,055,013</u>	<u>815,635</u>
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	<u>1.78</u>	<u>1.04</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 June 2016

(The figures have not been audited)

	3 months ended		6 months ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Revenue	21,878	71,631	46,426	462,215
Cost of sales	(10,146)	(35,667)	(23,891)	(312,154)
Gross profit	11,732	35,964	22,535	150,061
Other operating income	262,198	7,750	267,104	11,909
Selling and distribution expenses	(1,138)	(3,903)	(1,654)	(13,693)
Administration expenses	(2,925)	(2,971)	(5,818)	(5,876)
Other operating expenses	(471)	(659)	(1,380)	(1,486)
	269,396	36,181	280,787	140,915
Finance costs	(1,980)	(4,403)	(3,853)	(8,889)
Profit before taxation	267,416	31,778	276,934	132,026
Taxation	(22,507)	(8,548)	(26,548)	(44,342)
Profit for the period	244,909	23,230	250,386	87,684
Other comprehensive income / (expense) for the period	(655)	5,212	(8,559)	3,709
Total comprehensive income / (expense) for the period	244,254	28,442	241,827	91,393
Profit / (loss) attributable to:				
Owners of the Company	244,956	23,020	250,486	87,691
Non-controlling interests	(47)	210	(100)	(7)
	244,909	23,230	250,386	87,684
Total comprehensive income / (expense) attributable to:				
Owners of the Company	244,301	28,232	241,927	91,400
Non-controlling interests	(47)	210	(100)	(7)
	244,254	28,442	241,827	91,393
Earnings per share attributable to Owners of the Company:				
- Basic (sen)	73.85	6.92	75.52	26.34
- Diluted (sen)	70.09	6.92	71.68	26.34

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 June 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
Effects of early adoption of MFRS 15	-	-	-	-	-	-	12,111	12,111	-	12,111
Balance as at 1 January 2016 restated	83,222	35,566	(77)	19,706	400	3,624	217,533	359,974	6,378	366,352
Net profit for the financial period	-	-	-	-	-	-	250,486	250,486	(100)	250,386
Profit / (loss) for the period	-	-	-	-	-	-	250,486	250,486	(100)	250,386
Other comprehensive income / (expense) for the period	-	-	-	-	-	(8,559)	-	(8,559)	-	(8,559)
Total comprehensive income / (expense) for the period	-	-	-	-	-	(8,559)	250,486	241,927	(100)	241,827
Dividends paid	-	-	-	-	-	-	(9,984)	(9,984)	-	(9,984)
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)	458,035	589,609	6,278	595,887
Balance as at 1 January 2015	83,222	35,566	-	19,706	-	(10,180)	13,817	142,131	6,368	148,499
Profit / (loss) for the period	-	-	-	-	-	-	87,691	87,691	(7)	87,684
Other comprehensive income / (expense) for the period	-	-	-	-	-	3,709	-	3,709	-	3,709
Total comprehensive income / (expense) for the period	-	-	-	-	-	3,709	87,691	91,400	(7)	91,393
Transfer from retained profit to capital redemption reserve	-	-	-	-	400	-	(400)	-	-	-
Balance as at 30 June 2015	83,222	35,566	-	19,706	400	(6,471)	101,108	233,531	6,361	239,892

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 June 2016

(The figures have not been audited)

	6 months ended 30/06/2016	6 months ended 30/06/2015
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	276,934	132,026
Adjustments for :-		
Depreciation of property, plant and equipment	154	124
Depreciation of investment properties	40	40
Amortisation of cost incurred to obtain a contract	103	-
Net (gain) / loss on disposal of property, plant & equipment	-	(141)
Fair value gain on investment properties	(260,951)	-
Under/(Over)provision for liquidated and ascertained damages	125	(290)
Unrealised foreign exchange (gain) / loss	(4,506)	(1,784)
Finance income	(844)	(1,959)
Finance expense	3,706	8,638
Operating profit before changes in working capital	14,761	136,654
Changes in working capital		
Inventories	(6,822)	264,017
Contract assets	17,853	-
Trade receivables	1,653	1,044
Other receivables	(11,052)	45,707
Assets classified as held for sale	-	(194)
Trade payables	(2,012)	(19,411)
Deferred revenue	-	7,957
Other payables	7,043	(53,658)
Contract liabilities	46,045	-
	52,708	245,462
Net cash generated from operations	67,469	382,116
Interest paid	(5,969)	(16,025)
Interest received	844	1,959
Tax paid	(43,097)	(6,111)
Tax refund	1,317	76
	(46,905)	(20,101)
Net cash generated from operating activities	20,564	362,015
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(386)	(104)
Purchase of investment property	(56,513)	(2)
Purchase of land held for property development	(8)	(8)
Proceeds from disposal of property, plant and equipment	-	514
Net cash (used in)/generated from investing activities	(56,907)	400
Cash Flows From Financing Activities		
Dividend paid	(9,984)	-
Repayment of hire purchase liabilities	(23)	(18)
Repayment of bank borrowings	(17,238)	(322,439)
Fixed deposits with licensed banks	(63)	(323)
Proceeds/redemption from/to issuance of RCPS	-	(40,000)
Drawdown of bank borrowings	9,472	100,557
Repurchase of shares	(2,309)	-
Net cash used in financing activities	(20,145)	(262,223)
Net change in cash & cash equivalents	(56,488)	100,192
Cash & cash equivalents at the beginning of the financial period	97,409	43,260
Effects of exchange rate changes	(8,461)	12,648
Cash & cash equivalents at the end of the financial period	32,460	156,100

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

	As at 30/06/2016	As at 30/06/2015
	RM'000	RM'000
Cash and bank balances	15,131	24,877
Cash held under Housing Development Accounts	4,871	3,389
Fixed and short term deposits with licensed banks	22,797	132,626
Bank overdrafts	(4,253)	-
	38,546	160,892
Less: Fixed deposits pledged with licensed banks	(6,086)	(4,792)
	32,460	156,100

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 and the Group has applied fair value model on its investment properties:

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 during the financial period did not have any significant impact to the financial results and position of the Group.

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)

	As at 31 December 2015			Restated RM
	As previously stated RM	Reclassifications under MFRS 15 RM	Adjustments under MFRS 15 RM	
<u>Consolidated statement of financial position</u>				
Investment properties *	253,064	-	(37,408)	215,656
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)	-	(39)	(131)
Retained earnings	(205,422)	-	(12,111)	(217,533)

* 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 quarter and 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:

	Quarter and period to date ended 30 June 2016		
	Results without the early adoption of MFRS 15 RM	Effects of the early adoption of MFRS 15 RM	Results as reported RM
<u>Consolidated statement of financial position (extract)</u>			
Investment properties	533,119	-	533,119
Deferred tax assets	-	6,281	6,281
Inventories	343,718	780	344,498
Amount owing by customers on contracts	9,303	(9,303)	-
Contract assets	-	2,789	2,789
Deferred revenue	(80,915)	80,915	-
Contract liabilities	-	(46,045)	(46,045)
Deferred tax liabilities	(6,856)	(13,686)	(20,542)
Retained profits	(436,306)	(21,729)	(458,035)
<u>Consolidated statement of profit or loss and other comprehensive income (extract)</u>			
Revenue	25,199	21,227	46,426
Cost of sales	(15,516)	(8,375)	(23,891)
Selling and distribution expenses	(1,458)	(196)	(1,654)
Taxation	(23,511)	(3,037)	(26,548)
<u>Consolidated statement of cash flows (extract)</u>			
Cash flows from operating activities			
Profit/(Loss) before taxation	264,277	12,657	276,934
Inventories	(14,074)	7,252	(6,822)
Contract assets	(103)	17,956	17,853
Contract liabilities	-	46,045	46,045
Deferred revenue	53,747	(53,747)	-
Cash flows from investing activities			
Purchase of investment properties	(19,064)	(37,449)	(56,513)

A2 Significant Accounting Policies (Cont'd)

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 Group has applied fair value model on its investment properties, the effect of which is disclosed in item A11.

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	Treasury Shares
	Units	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 June 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 RM9,984,142.00.

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
Period ended 30/06/2016 :						
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
Primary geographical markets:						
Australia	18,874	-	-	-	-	18,874
Malaysia	30,192	43,025	-	370	(46,035)	27,552
	49,066	43,025	-	370	(46,035)	46,426
Nature of product						
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
Timing of revenue recognition:						
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 :	225,717	4,860	(75)	48,079	(1,647)	276,934
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	766	3	-	75	-	844
Segment assets :	1,158,480	123,242	5,784	728,162	(950,671)	1,064,997
Segment liabilities :	630,712	132,312	9,122	454,914	(767,934)	459,126
Period ended 30/06/2015 :						
Total revenue	460,289	38,953	4,666	1,384	(43,077)	462,215
Intersegment revenue	-	(38,953)	(3,174)	(950)	43,077	-
Segment revenue :	460,289	-	1,492	434	-	462,215
Segment profit / (loss) before tax :	120,495	18,248	1,418	(3,074)	(5,061)	132,026
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	1,235	14	-	710	-	1,959
Segment assets :	1,052,604	79,485	6,663	612,389	(797,603)	953,538
Segment liabilities :	855,635	92,074	12,473	369,656	(616,193)	713,645

A9 Segmental Analysis (Cont'd)

By geographical segment :

The Group's activities are carried out in Malaysia and Australia, represented by the following geographical segments :-

	Malaysia RM'000	Australia RM'000	Consolidated RM'000
Period ended 30/06/2016 :			
Total revenue	27,552	18,874	46,426
Intersegment revenue	-	-	-
Segment revenue :	<u>27,552</u>	<u>18,874</u>	<u>46,426</u>
Segment profit / (loss) before tax :	<u>268,170</u>	<u>8,764</u>	<u>276,934</u>
Segment assets :	<u>876,999</u>	<u>187,998</u>	<u>1,064,997</u>
Segment liabilities :	<u>453,769</u>	<u>5,357</u>	<u>459,126</u>
Period ended 30/06/2015 :			
Total revenue	1,926	460,289	462,215
Intersegment revenue	-	-	-
Segment revenue :	<u>1,926</u>	<u>460,289</u>	<u>462,215</u>
Segment profit / (loss) before tax :	<u>6,887</u>	<u>125,139</u>	<u>132,026</u>
Segment assets :	<u>744,593</u>	<u>208,945</u>	<u>953,538</u>
Segment liabilities :	<u>676,962</u>	<u>36,683</u>	<u>713,645</u>

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.

Group	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Investment properties, at cost	253,064	55,284
Additions	19,386	198,022
Accumulated depreciation	(282)	(242)
Fair value adjustments	260,951	-
Investment properties, at fair value	<u>533,119</u>	<u>253,064</u>

A gain on revaluation of investment properties amounting to RM261 million based on the market value has been adjusted to the statement of profit or loss and other comprehensive income.

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 15 August 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

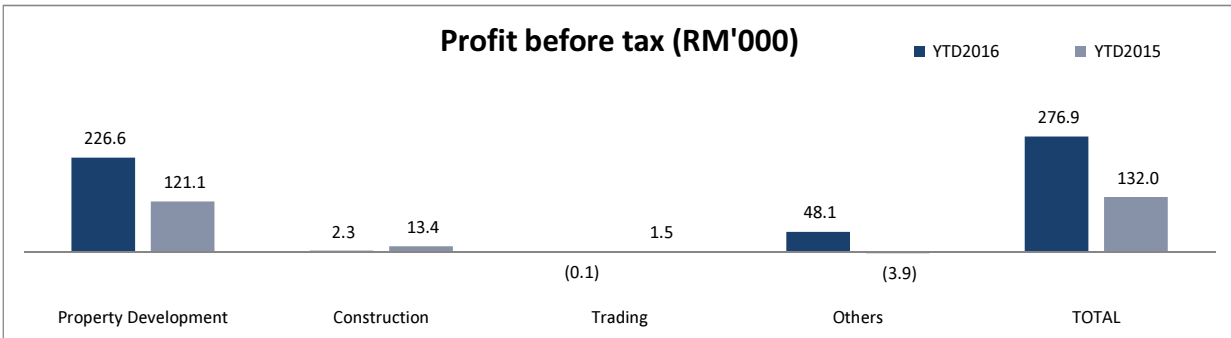
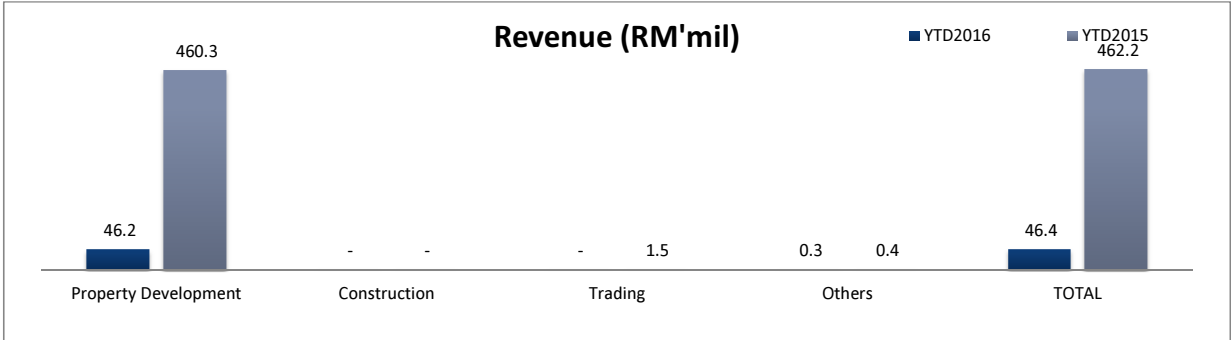
Details of contingent liabilities of the company are as follows :

Company	As at 30/06/2016 RM'000	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	262,644	268,337
Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	254	190
	<u>262,898</u>	<u>268,527</u>

B Bursa Malaysia Listing Requirements

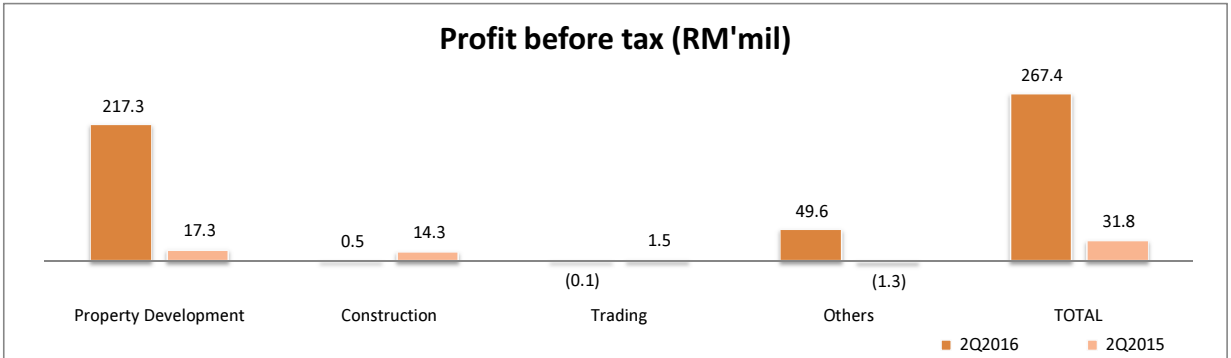
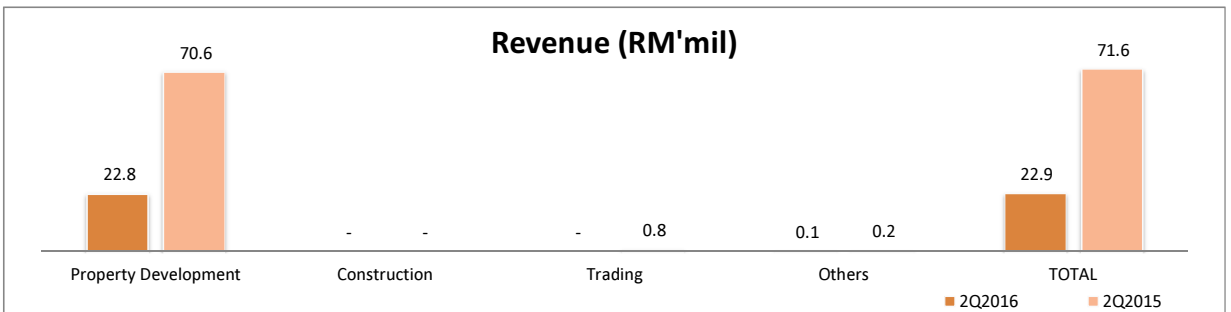
B1 Review of Performance - Comparison with Previous Corresponding Period and Quarter

For the 6 months ended 30 June 2016, the Group achieved a revenue of RM46.4 million, a decrease of 90% from previous year's corresponding amount of RM462.2 million and profit before tax of RM276.9 million compared to RM132.0 million recorded in the previous corresponding quarter ended 30 June 2015.



For the current quarter ended 30 June 2016, the Group recorded a revenue of RM22.9 million, a decrease of 68% from RM71.6 million in the previous corresponding quarter ended 30 June 2015.

The profit before tax for the current quarter was RM267.4 million, an increase of 741% as compared to RM31.8 million in the corresponding quarter.



The increase of profit before tax for current period and quarter was mainly due to gains from the fair value adjustments of investment properties of RM261 million.

Property Development

The property development segment recorded revenue of RM22.8 million and profit before tax of RM217.3 million in the current quarter compared to revenue of RM70.6 million and profit before tax of RM17.3 million in the corresponding quarter of the previous financial year.

This quarter revenue were contributed mainly from sale of completed units of "The Istana" and "Jalan Kuching Phase 1 shop office" project and from recognition of revenue and profits based on percentage of completion method in accordance with MFRS 15.

The current quarter profit before tax includes gain on fair value adjustments of investment properties amounting to RM261 million.

The corresponding quarter revenue and profit before tax were recognised based on "Completion Method" and arose mainly from the completion and settlement of "The Istana" project in Melbourne, Australia.

Construction & Engineering

The Construction & Engineering segment registered no revenue and a profit before tax of RM0.5 million as compared to no revenue and profit before tax of RM14.3 million in the previous corresponding quarter.

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

Trading

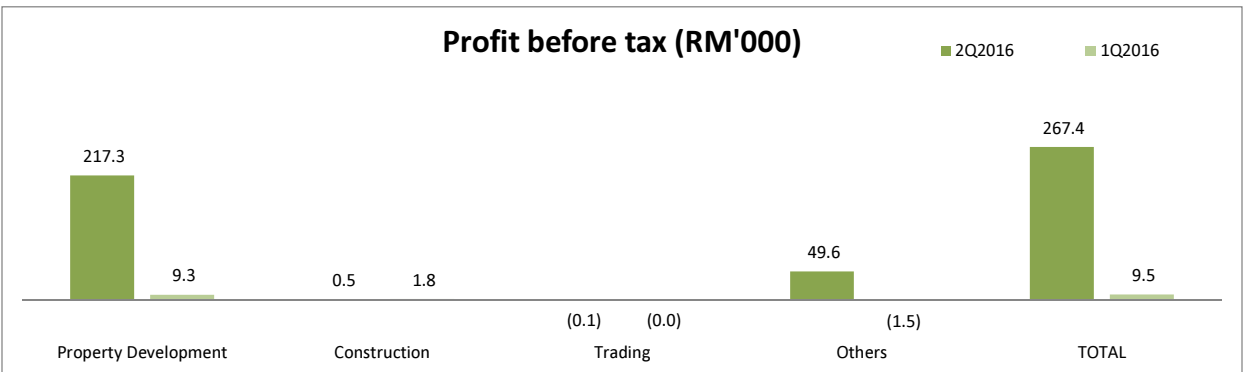
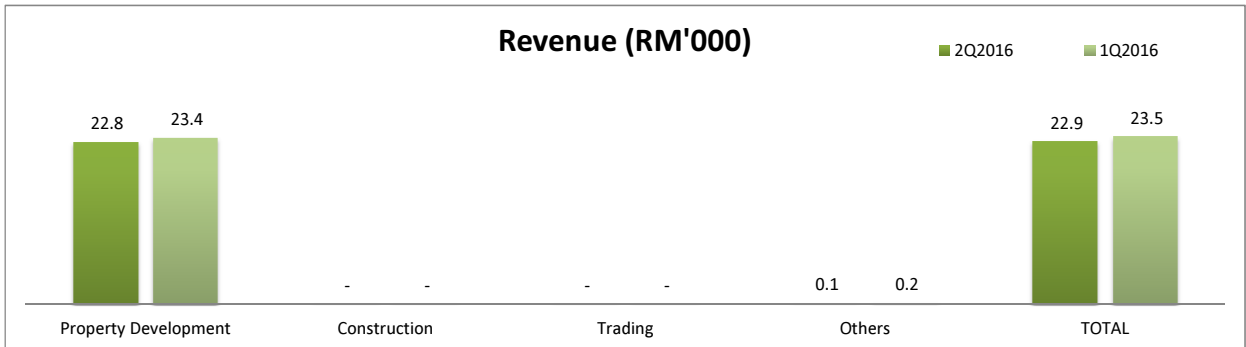
Trading segment reported no revenue and loss before tax of RM0.1 million as compared to revenue of RM0.8 million and profit before tax of RM1.5 million in the corresponding quarter of the previous financial year.

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 RM22.9 million, as compared to RM23.5 million in the immediate preceding quarter ended 31 March 2016.

The Group posted a profit before tax of RM267.4 million in the current quarter, as compared to a profit before tax of RM9.5 million in the immediate preceding quarter ended 31 March 2016. The increase in profit before tax was mainly due to gains from fair value adjustments of investment properties.



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	
	30/06/2016 RM'000	30/06/2015 RM'000
In respect of :		
- current year	6,533	43,077
- deferred taxation	20,015	1,265
	<u>26,548</u>	<u>44,342</u>
Under / (over) provision in prior years	-	-
	<u>26,548</u>	<u>44,342</u>

The effective tax rate of the Group for the financial period ended 30 June 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	As at
	30/06/2016 RM'000	31/12/2015 RM'000
Realised	215,210	231,754
Unrealised	260,006	(9,690)
	<u>475,216</u>	<u>222,064</u>
Consolidation adjustments	(17,181)	(16,642)
Total retained profits	<u>458,035</u>	<u>205,422</u>

B7 Corporate Proposals

The following corporate proposals announced by the Company has not been completed as at 15 August 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.

B8 Group Borrowings

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

Secured	As at	As at
	30/06/2016 RM'000	31/12/2015 RM'000
Borrowings repayable		
- within 12 months	80,512	77,296
- after 12 months	182,132	191,041
Total borrowings	<u>262,644</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.

B11 Dividend Proposed/Declared

There were no dividend proposed for the current financial quarter ended 30 June 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		6 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	244,956	23,020	250,486	87,691
Weighted average number of ordinary shares in issue ('000)	331,698	332,890	331,698	332,890
Basic EPS (sen)	73.85	6.92	75.52	26.34

(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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	244,956	23,020	250,486	87,691
Weighted average number of ordinary shares in issue ('000)	331,698	332,890	331,698	332,890
Effect of dilutive potential ordinary shares from the exercise of bonus warrants ('000)	17,777	-	17,777	-
Weighted average number of ordinary share in issue for diluted earnings per share ('000)	349,474	332,890	349,474	332,890
Diluted EPS (sen)	70.09	6.92	71.68	26.34

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

	6 months ended	
	30/06/2016	30/06/2015
	RM'000	RM'000
Interest income	(844)	(1,959)
Other income	(5,309)	(3,866)
Interest expenses	3,853	8,889
Depreciation and amortization	194	169
Amortisation of cost incurred to obtain a contract	103	-
Fair value adjustments	(260,951)	-
Overprovision of losses arising from legal dispute	-	(15,016)
Unrealised loss/(gain) of foreign exchange	(4,506)	(1,784)

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
22 August 2016