

MAGNA PRIMA BERHAD

Company No.: 369519-P

(Incorporated in Malaysia)

Interim Financial Statements

31 December 2016

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(Incorporated in Malaysia)**

Interim Financial Statements - 31 December 2016

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MAGNA PRIMA BERHAD

(Company No.: 369519-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(The figures have not been audited)

	AS AT 31/12/2016 RM'000 (Unaudited)	AS AT 31/12/2015 RM'000 (Restated)	AS AT 01/01/2015 RM'000 (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	1,501	961	1,331
Investment Properties	533,119	464,745	56,475
Land held for property development	65,037	65,025	65,013
Trade receivables	-	-	2,469
Deferred tax assets	20,051	10,311	11,625
	619,708	541,042	136,913
Current Assets			
Inventories	316,139	329,645	712,835
Contract assets	6,327	-	-
Amount owing by customers on contracts	-	2,057	2,057
Trade receivables	29,687	31,649	23,880
Other receivables	17,552	17,176	64,215
Tax recoverable	967	1,875	986
Cash held under Housing Development Accounts	4,193	4,050	3,263
Fixed and short term deposits with licensed banks	15,930	78,253	27,506
Cash and bank balances	15,175	21,569	16,960
	405,970	486,274	851,702
Assets classified as held for sales	-	-	171,182
TOTAL CURRENT ASSETS	405,970	486,274	1,022,884
TOTAL ASSETS	1,025,678	1,027,316	1,159,797
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	83,222	83,222	83,222
Share premium	35,566	35,566	35,566
Treasury shares	(2,385)	(77)	-
Other reserves	30,387	23,730	9,526
Retained profits	453,550	406,531	15,109
	600,340	548,972	143,423
Non-controlling interests	6,168	6,378	6,368
TOTAL EQUITY	606,508	555,350	149,791
Non-Current Liabilities			
Borrowings	143,294	191,041	91,704
Deferred tax liabilities	20,496	10,664	94
	163,790	201,705	91,798
Current Liabilities			
Trade payables	38,988	38,698	98,402
Other payables	72,679	55,080	84,576
Deferred revenue	-	27,167	267,660
Borrowings	92,354	77,296	451,624
Current tax liabilities	51,359	72,020	15,946
	255,380	270,261	918,208
TOTAL LIABILITIES	419,170	471,966	1,010,006
TOTAL EQUITY AND LIABILITIES	1,025,678	1,027,316	1,159,797
Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)	1.82	1.65	0.43

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 31 December 2016

(The figures have not been audited)

	3 months ended		12 months ended	
	31/12/2016 RM'000	31/12/2015 RM'000 (Restated)	31/12/2016 RM'000	31/12/2015 RM'000 (Restated)
Revenue	53,238	84,806	142,730	795,510
Cost of sales	(34,149)	(39,605)	(81,677)	(470,938)
Gross profit	19,089	45,201	61,053	324,572
Other operating income	1,924	215,696	53,682	235,462
Selling and distribution expenses	(1,366)	(2,613)	(3,948)	(17,555)
Administration expenses	(6,456)	(2,670)	(14,552)	(12,397)
Other operating expenses	(15,616)	2,406	(19,555)	(22,849)
	(2,425)	258,020	76,680	507,233
Finance costs	(2,945)	(2,683)	(9,730)	(13,571)
Profit before taxation	(5,370)	255,337	66,950	493,662
Taxation	(3,132)	(20,436)	(22,333)	(85,185)
Profit for the period	(8,502)	234,901	44,617	408,477
Other comprehensive income / (expense) :				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	4,634	(3,641)	6,657	13,804
Other comprehensive income / (expense) for the period	4,634	(3,641)	6,657	13,804
Total comprehensive income / (expense) for the period	(3,868)	231,260	51,274	422,281
Profit / (loss) attributable to:				
Owners of the Company	(8,360)	235,426	44,827	408,467
Non-controlling interests	(142)	(525)	(210)	10
	(8,502)	234,901	44,617	408,477
Total comprehensive income / (expense) attributable to:				
Owners of the Company	(3,726)	231,785	51,484	422,271
Non-controlling interests	(142)	(525)	(210)	10
	(3,868)	231,260	51,274	422,281
Earnings per share attributable to Owners of the Company:				
- Basic (sen)	(2.52)	70.73	13.54	122.71
- Diluted (sen)	(2.38)	67.36	12.79	116.86

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 31 December 2016

(The figures have not been audited)

	Attributable to Owners of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Treasury shares	Capital reserve	Capital redemption reserve	Foreign currency exchange reserve	Retained profits	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	83,222	35,566	(77)	19,706	400	3,624	205,422	347,863	6,378	354,241
Effect of early adoption of MFRS 15	-	-	-	-	-	-	12,111	12,111	-	12,111
Effect of changes in accounting policy on investment properties	-	-	-	-	-	-	201,109	201,109	-	201,109
Balance as at 1 January 2016 (Restated)	83,222	35,566	(77)	19,706	400	3,624	418,642	561,083	6,378	567,461
Profit / (loss) for the year	-	-	-	-	-	-	44,827	44,827	(210)	44,617
Other comprehensive income / (expense) for the year	-	-	-	-	-	6,657	-	6,657	-	6,657
Total comprehensive income / (expense) for the year	-	-	-	-	-	6,657	44,827	51,484	(210)	51,274
Dividend paid	-	-	-	-	-	-	(9,919)	(9,919)	-	(9,919)
Acquisition of treasury shares	-	-	(2,308)	-	-	-	-	(2,308)	-	(2,308)
Balance as at 31 December 2016	83,222	35,566	(2,385)	19,706	400	10,281	453,550	600,340	6,168	606,508
Balance as at 1 January 2015	83,222	35,566	-	19,706	-	(10,180)	13,817	142,131	6,368	148,499
Effect of changes in accounting policy on investment properties	-	-	-	-	-	-	1,292	1,292	-	1,292
Balance as at 1 January 2015 (Restated)	83,222	35,566	-	19,706	-	(10,180)	15,109	143,423	6,368	149,791
Profit / (loss) for the year	-	-	-	-	-	-	408,467	408,467	10	408,477
Other comprehensive income / (expense) for the year	-	-	-	-	-	13,804	-	13,804	-	13,804
Total comprehensive income / (expense) for the year	-	-	-	-	-	13,804	408,467	422,271	10	422,281
Transfer from retained profit to capital redemption reserve	-	-	-	-	400	-	(400)	-	-	-
Dividend paid	-	-	-	-	-	-	(16,645)	(16,645)	-	(16,645)
Acquisition of treasury shares	-	-	(77)	-	-	-	-	(77)	-	(77)
Balance as at 31 December 2015 (Restated)	83,222	35,566	(77)	19,706	400	3,624	406,531	548,972	6,378	555,350

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 31 December 2016

(The figures have not been audited)

	12 months ended 31/12/2016 RM'000	12 months 31/12/2015 RM'000 (Restated)
Cash Flows From Operating Activities		
Profit before taxation	66,950	493,662
Adjustments for :-		
Depreciation of property, plant and equipment	343	271
Amortisation of cost incurred to obtain a contract	258	-
Impairment of inventories	-	1,164
Impairment of other receivables	2,604	-
Net gain on disposal of property, plant & equipment	(5)	(72)
Property, plant and equipment written off	40	-
Fair value gain on investment properties	(49,296)	(210,248)
Provision for liquidated and ascertained damages	3,499	9,187
Overprovision for liquidated and ascertained damages	(46)	(603)
Impairment loss of trade receivables	-	(1,058)
Reversal impairment loss of trade receivables	-	1,419
Unrealised foreign exchange loss	6,293	5,818
Finance income	(1,918)	(3,102)
Finance expense	9,730	13,571
Operating profit before changes in working capital	<u>38,452</u>	<u>310,009</u>
Changes in working capital		
Inventories	21,539	399,579
Contract assets	14,160	-
Trade receivables	1,962	(5,463)
Other receivables	(2,980)	47,040
Trade payables	289	(60,071)
Deferred revenue	-	(240,493)
Other payables	7,855	(43,900)
	<u>42,825</u>	<u>96,692</u>
Net cash generated from operations	81,277	406,701
Interest paid	(16,306)	(25,599)
Interest received	1,918	2,904
Tax paid	(47,679)	(20,559)
Tax refund	1,317	79
	<u>(60,750)</u>	<u>(43,175)</u>
Net cash generated from operating activities	20,527	363,526
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(416)	(480)
Purchase of investment property	(56,487)	(24,284)
Purchase of land held for property development	(12)	(12)
Proceeds from disposal of property, plant and equipment	5	650
Net cash used in investing activities	<u>(56,910)</u>	<u>(24,126)</u>
Cash Flows From Financing Activities		
Dividend paid	(9,919)	(16,645)
Repayment of hire purchase liabilities	(96)	(36)
Repayment of bank borrowings	(54,192)	(342,409)
Fixed deposits with licensed banks	(1,169)	(1,553)
Redemption of RCPS	-	(40,000)
Drawdown of bank borrowings	9,472	108,189
Repurchase of shares	(2,309)	(76)
Net cash used in financing activities	<u>(58,213)</u>	<u>(292,530)</u>
Net change in cash & cash equivalents	<u>(94,596)</u>	<u>46,870</u>
Cash & cash equivalents at the beginning of the financial year	<u>97,409</u>	<u>43,260</u>
Effect of exchange rate changes	<u>6,658</u>	<u>7,279</u>
Cash & cash equivalents at the end of the financial year	<u><u>9,471</u></u>	<u><u>97,409</u></u>

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

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Cash and bank balances	15,175	21,569
Cash held under Housing Development Accounts	4,193	4,050
Fixed and short term deposits with licensed banks	15,930	78,253
Bank overdrafts	(18,636)	(441)
	<u>16,662</u>	<u>103,431</u>
Less: Fixed deposits pledged with licensed banks	(7,191)	(6,022)
	<u><u>9,471</u></u>	<u><u>97,409</u></u>

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

A Explanatory Notes Pursuant To MFRS 134

A1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in the Malaysian Financial Reporting Standards ("MFRS") No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

A2 Significant Accounting Policies

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

MFRSs, Amendments to MFRSs and Interpretations

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

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

A2.1 Early adoption of a Standard

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

Presentation of contract assets and liabilities

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

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

Accounting for property development activities

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

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

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

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

Accounting of costs incurred to obtain a contract

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

A2 Significant Accounting Policies (Cont'd)

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

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

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

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

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

	Period to date ended 31 December 2016		
	Results without the early adoption of MFRS 15	Effect of the early adoption of MFRS 15	Results as reported
	RM'000	RM'000	RM'000
<u>Consolidated statement of financial position (extract)</u>			
Investment properties	533,119	-	533,119
Deferred tax assets	-	20,051	20,051
Inventories	362,661	(46,522)	316,139
Amount owing to customers on contracts	3,199	(3,199)	-
Contract assets	(1,829)	8,156	6,327
Deferred revenue	(91,870)	91,870	-
Contract liabilities	8,850	(8,850)	-
Deferred tax liabilities	9,918	(30,414)	(20,496)
Retained profits	(422,457)	(31,093)	(453,550)
<u>Consolidated statement of profit or loss and other comprehensive income (extract)</u>			
Revenue	100,351	42,379	142,730
Cost of sales	(64,532)	(17,145)	(81,677)
Selling and distribution expenses	(3,690)	(258)	(3,948)
Taxation	(16,339)	(5,994)	(22,333)
<u>Consolidated statement of cash flows (extract)</u>			
Cash flows from operating activities			
Profit/(Loss) before taxation	41,974	24,976	66,950
Amortisation cost incurred to obtain a contract	-	258	258
(Increase)/Decrease in working capital:			
Inventories	68,061	(46,522)	21,539
Contract assets	13,550	610	14,160
Contract liabilities	(87,367)	87,367	-
Cash flows from investing activities			
Purchase of investment properties	(56,487)	-	(56,487)

A2 Significant Accounting Policies (Cont'd)

A2.2 Change in accounting policies on Investment Properties

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

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

Effect of changes in accounting policy

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

A2.3 Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and Interpretations	Effective for dates financial period beginning on or after	
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2017
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 year under review were not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items which affect the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and current financial period under review except as disclose in item A2 relating to the early adoption of MFRS 15 and the adoption of MFRS 140 whereby the Group has applied fair value model on its investment properties, the effect of which is disclosed in item A2.2.

A6 Material Changes in Estimates of Amounts

There were no changes in estimates that have had any material effect on the results for the current quarter and current financial year 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 2,200,300 ordinary shares at an average price of RM1.049 each of its issued share capital from the open market.

	No. of Treasury Shares Units	Treasury Shares RM
Balance as at 1 January 2016	85,200	76,888
Repurchased during the period	2,200,300	2,308,543
Balance as at 31 December 2016	<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.

A8 Dividends Paid

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

In respect of financial year ended 31 December 2015:

- single tier interim dividend of 5.0 sen per ordinary share, paid on 13 July 2015, amounting to RM16,644,497.00.
- second single tier interim dividend of 3.0 sen per ordinary share, paid on 4 May 2016, amounting to RM9,918,733.00.
- 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 year 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
Year ended 31/12/2016 :						
Total revenue	194,651	92,944	-	13,895	(158,760)	142,730
Intersegment revenue	(52,631)	(92,944)	-	(13,185)	158,760	-
Segment revenue :	142,020	-	-	710	-	142,730
Primary geographical markets:						
Australia	51,139	-	-	-	-	51,139
Malaysia	143,512	92,944	-	13,895	(158,760)	91,591
	194,651	92,944	-	13,895	(158,760)	142,730
Nature of product						
Commercial properties	102,441	92,944	-	13,895	(158,760)	50,520
Residential properties	92,210	-	-	-	-	92,210
	194,651	92,944	-	13,895	(158,760)	142,730
Timing of revenue recognition:						
Good transferred at a point in time	120,209	-	-	13,895	(13,184)	120,920
Good transferred over time	74,442	92,944	-	-	(145,576)	21,810
	194,651	92,944	-	13,895	(158,760)	142,730
Segment profit / (loss) before tax :	18,923	11,307	82	54,361	(17,723)	66,950
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	1,750	3	-	165	-	1,918
Segment assets :	1,187,538	137,730	5,946	747,294	(1,052,830)	1,025,678
Segment liabilities :	656,477	142,045	9,128	476,653	(865,133)	419,170
Year ended 31/12/2015 (restated) :						
Total revenue	793,127	69,605	6,492	13,720	(87,434)	795,510
Intersegment revenue	-	(69,605)	(4,778)	(13,051)	87,434	-
Segment revenue :	<u>793,127</u>	<u>-</u>	<u>1,714</u>	<u>669</u>	<u>-</u>	<u>795,510</u>
Segment profit / (loss) before tax :	<u>478,951</u>	<u>20,444</u>	<u>3,965</u>	<u>9,018</u>	<u>(18,716)</u>	<u>493,662</u>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	1,796	39	21	1,048	-	2,904
Segment assets :	<u>1,251,238</u>	<u>124,923</u>	<u>9,014</u>	<u>626,852</u>	<u>(984,711)</u>	<u>1,027,316</u>
Segment liabilities :	<u>735,187</u>	<u>137,642</u>	<u>12,278</u>	<u>389,473</u>	<u>(802,614)</u>	<u>471,966</u>

A9 Segmental Analysis (Cont'd)

By geographical segment :

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

	Malaysia RM'000	Australia RM'000	Consolidated RM'000
<u>Year ended 31/12/2016 :</u>			
Total revenue	91,591	51,139	142,730
Intersegment revenue	-	-	-
Segment revenue :	91,591	51,139	142,730
Segment profit / (loss) before tax :	62,133	4,817	66,950
Segment assets :	827,280	198,398	1,025,678
Segment liabilities :	415,866	3,304	419,170
<u>Year ended 31/12/2015 (restated) :</u>			
Total revenue	290,877	504,633	795,510
Intersegment revenue	-	-	-
Segment revenue :	290,877	504,633	795,510
Segment profit / (loss) before tax :	364,654	129,008	493,662
Segment assets :	800,541	226,775	1,027,316
Segment liabilities :	430,255	41,711	471,966

Major customers

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

A10 Property, Plant and Equipment

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

A11 Investment Properties

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

A12 Material Events Subsequent to the End of the Period

There were no material events and transactions subsequent to the end of the current financial year till 16 February 2017 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

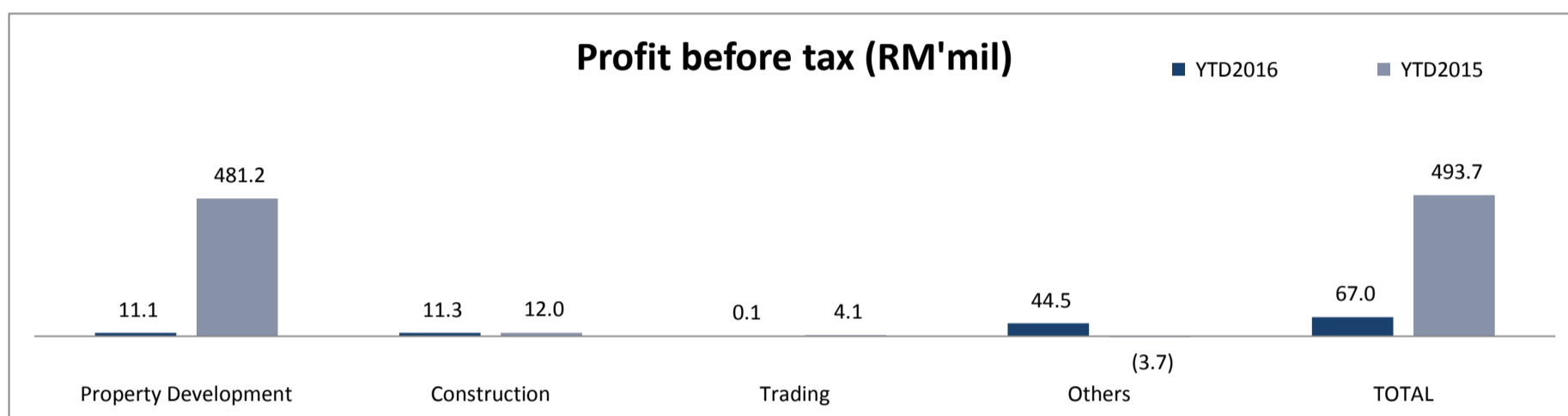
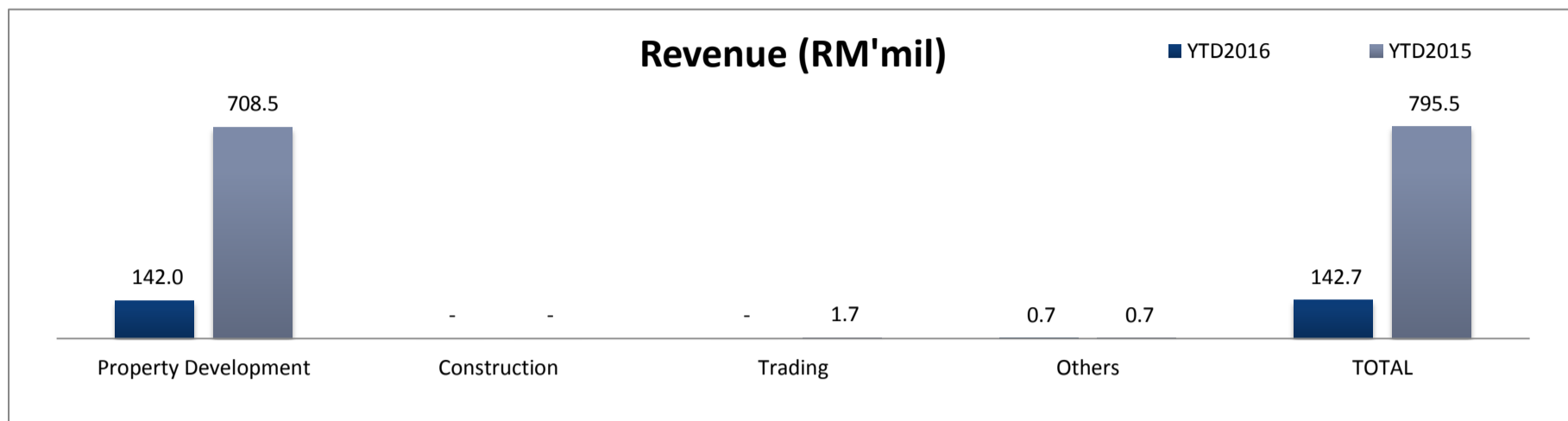
Details of contingent liabilities of the company are as follows :

Company	As at 31/12/2016 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	235,648	268,337
Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies:		
- Unsecured	77	190
	235,725	268,527

B Bursa Malaysia Listing Requirements

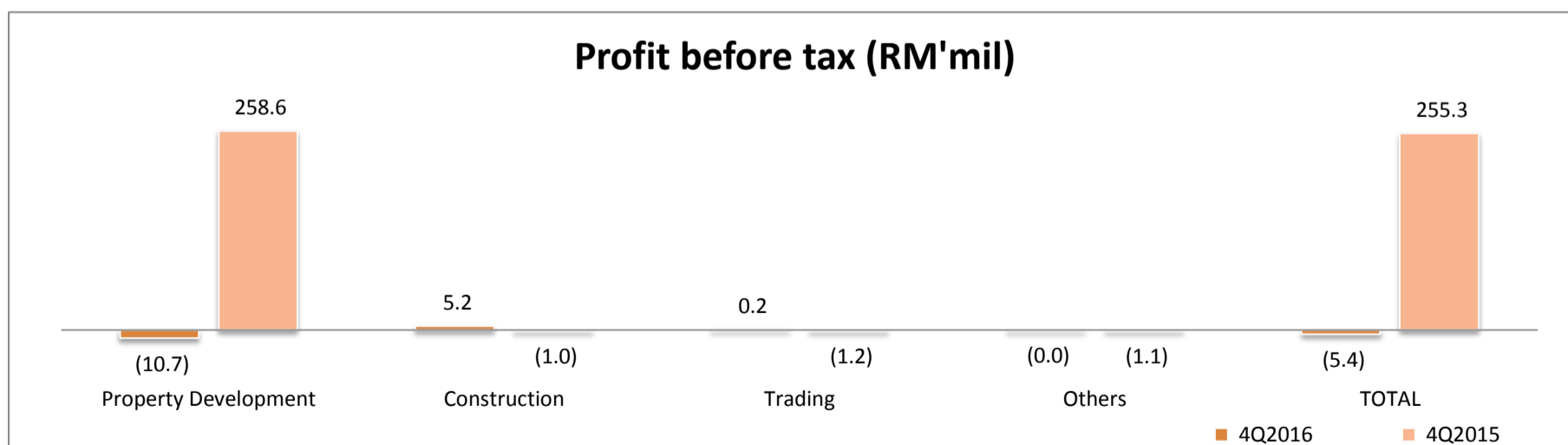
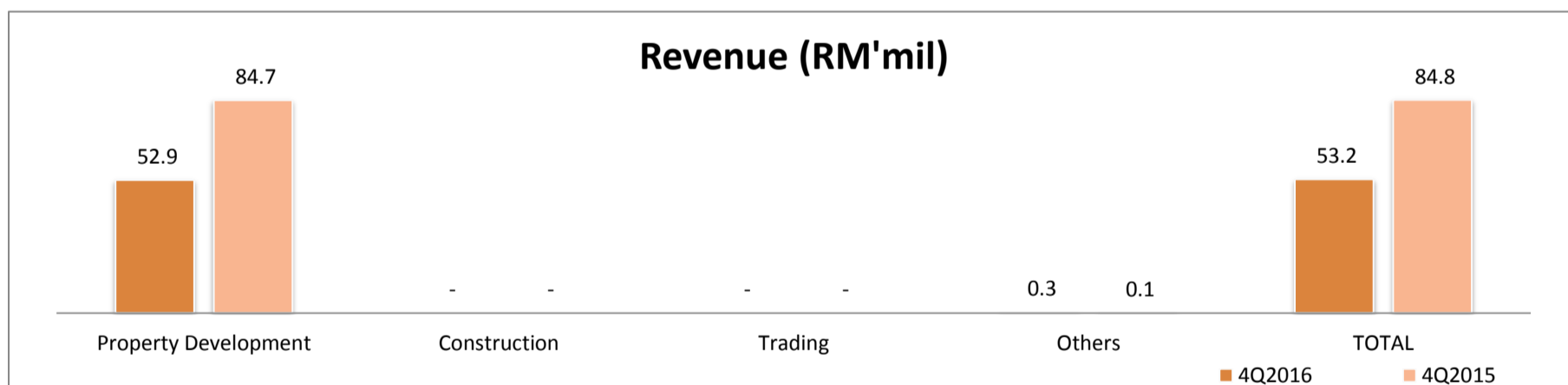
B1 Review of Performance - Comparison with Previous Corresponding Period and Quarter

For the 12 months ended 31 December 2016, the Group achieved a revenue of RM142.7 million, a decrease of 82% from previous year's corresponding amount of RM795.5 million and profit before tax of RM67.0 million compared to RM493.7 million recorded in the previous corresponding period ended 31 December 2015. The decrease in revenue and profit before tax arose from lower recognition of revenue.



For the current quarter ended 31 December 2016, the Group recorded a revenue of RM53.2 million, a decrease of 37% from RM84.8 million in the previous corresponding quarter ended 31 December 2015.

The loss before tax for the current quarter is RM5.4 million, a decrease as compared to RM255.3 million in the corresponding quarter.



Property Development

The property development segment recorded revenue of RM52.9 million and loss before tax of RM10.7 million in the current quarter compared to revenue of RM42.9 million and profit before tax of RM6.9 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", "Desa Mentari" commercial project, "Jalan Kuching" commercial project and "Jalan Kuching" residential project of which the revenue and profit were recognised based on percentage of completion method in accordance with MFRS 15.

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

Construction & Engineering

The Construction & Engineering segment registered no revenue and a profit before tax of RM5.2 million in current quarter as compared to no revenue and loss before tax of RM2.3 million in the corresponding quarter of the previous financial year.

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

Trading

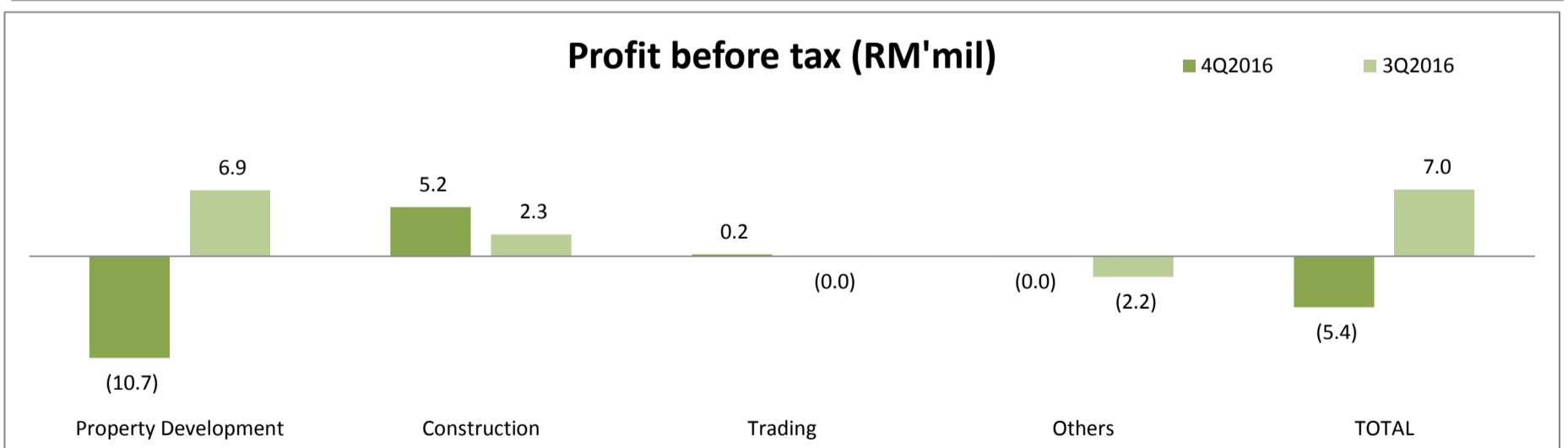
Trading segment reported no revenue and profit before tax RM0.2 million as compared to no revenue and loss before tax of RM2.2 million in the corresponding quarter of the previous financial year.

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

B2 Review of Performance - Comparison with Immediate Preceding Quarter

For the current quarter, the Group recorded a revenue of RM53.2 million, as compared to RM43.1 million in the immediate preceding quarter ended 30 September 2016.

The Group posted a loss before tax of RM5.4 million in the current quarter, as compared to a profit before tax of RM7.0 million in the immediate preceding quarter ended 30 September 2016. The decrease in profit before tax for current quarter is mainly due to the provision of liquidated ascertained damages on "Jalan Kuching" residential project, impairment of other receivables on dismissal of Ibsul Development (SEL) Sdn Bhd's claim which is disclosed in item B10(ii) and unrealised loss on foreign exchange.



B3 Prospects for the Next 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	12 months ended	
	31/12/2016 RM'000	31/12/2015 RM'000 (Restated)
In respect of :		
- current year	17,001	81,625
- deferred taxation	(4,193)	5,020
	<u>12,808</u>	<u>86,645</u>
Under / (over) provision in prior years	9,525	(1,460)
	<u><u>22,333</u></u>	<u><u>85,185</u></u>

The effective tax rate of the Group for the financial period ended 31 December 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	
	31/12/2016 RM'000	31/12/2015 RM'000 (Restated)
Realised	246,973	228,449
Unrealised	228,358	194,724
	<u>475,331</u>	<u>423,173</u>
Consolidation adjustments	(21,781)	(16,642)
Total retained profits	<u><u>453,550</u></u>	<u><u>406,531</u></u>

B7 Corporate Proposals

The following corporate proposals announced by the Company has not been completed as at 16 February 2017 being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report:-

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

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

On 22 December 2016, the Board of Directors of MPB further announced that Magna City Shah Alam Sdn Bhd and Regalia Raintree Sdn Bhd, being the vendor of the Property, have mutually agreed to extend the completion date of the conditional sales and purchase agreement for another 3 months from 22 December 2016 to 22 March 2017.

B8 Group Borrowings

Details of Group borrowings as at 31 December 2016 are as follows:

Secured	As at	
	31/12/2016 RM'000	31/12/2015 RM'000
Borrowings repayable		
- within 12 months	92,354	77,296
- after 12 months	143,294	191,041
Total borrowings	<u><u>235,648</u></u>	<u><u>268,337</u></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.

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. At the meantime, Ibsul has decided to proceed the matter further to Federal Court by instructing their solicitors to file the leave application.

B11 Dividend Proposed/Declared

There were no dividend proposed for the current financial quarter ended 31 December 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 year by the weighted average number of ordinary shares in issue.

	3 months ended		12 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	(8,360)	235,426	44,827	408,467
Weighted average number of ordinary shares in issue ('000)	331,151	332,862	331,151	332,862
Basic EPS (sen)	(2.52)	70.73	13.54	122.71

(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		12 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	(8,360)	235,426	44,827	408,467
Weighted average number of ordinary shares in issue ('000)	331,151	332,862	331,151	332,880
Effect of dilutive potential ordinary shares from the exercise of bonus warrants ('000)	19,427	16,644	19,427	16,644
Weighted average number of ordinary share in issue for diluted earnings per share ('000)	350,579	349,506	350,579	349,524
Diluted EPS (sen)	(2.38)	67.36	12.79	116.86

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

	12 months ended	
	31/12/2016	31/12/2015
	RM'000	RM'000 (Restated)
Depreciation and amortization	343	271
Fair value adjustments on investment properties	(49,296)	-
Gain on disposal of property plant and equipments	(5)	(72)
Impairment of inventory	-	1,164
Impairment of other receivables	2,604	-
Interest expenses	9,730	13,571
Interest income	(1,918)	(3,102)
Other income	(426)	(22,309)
Overprovision of losses arising from legal dispute	-	(24,085)
Property, plant and equipment written off	40	-
Provision of impairment of trade receivables	-	(10)
Provision of legal suit	-	49
Provision of liquidated and ascertained damages (LAD)	3,499	9,187
Realised (gain)/loss of foregin exchange	751	-
Reversal of impairment of trade receivables	-	1,419
Under/(Over)provision of liquidated and ascertained damages (LAD)	(46)	(603)
Unrealised (gain)/loss of foregin exchange	6,293	5,818

Other than items above which have been included in the profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period under review.

BY ORDER OF THE BOARD

Magna Prima Berhad
 Yuen Yoke Ping (MAICSA 7014044)

Secretary

Petaling Jaya
 23 February 2017