

# **MAGNA PRIMA BERHAD**

Company No.: 369519-P

**(Incorporated in Malaysia)**

**Interim Financial Statements**

**30 September 2017**

# **MAGNA PRIMA BERHAD**

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(Incorporated in Malaysia)

## **Interim Financial Statements - 30 September 2017**

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**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2017

(The figures have not been audited)

	AS AT 30/09/2017 RM'000 (Unaudited)	AS AT 31/12/2016 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,264	1,501
Investment Properties	533,119	533,119
Land held for property development	65,100	65,037
Deferred tax assets	18,062	17,873
	<u>617,545</u>	<u>617,530</u>
<b>Current Assets</b>		
Inventories	300,575	311,014
Contract assets	44,323	16,046
Trade receivables	28,518	29,687
Other receivables	7,462	17,552
Tax recoverable	698	998
Cash held under Housing Development Accounts	7,487	4,193
Fixed and short term deposits with licensed banks	9,305	15,930
Cash and bank balances	11,095	15,175
<b>TOTAL CURRENT ASSETS</b>	<u>409,463</u>	<u>410,595</u>
<b>TOTAL ASSETS</b>	<u>1,027,008</u>	<u>1,028,125</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	121,008	83,222
Share premium	-	35,566
Treasury shares	(2,385)	(2,385)
Other reserves	34,479	30,387
Retained profits	445,890	455,831
	<u>598,992</u>	<u>602,621</u>
<b>Non-controlling interests</b>	<u>3,399</u>	<u>4,626</u>
<b>TOTAL EQUITY</b>	<u>602,391</u>	<u>607,247</u>
<b>Non-Current Liabilities</b>		
Borrowings	133,563	143,294
Deferred tax liabilities	18,038	20,496
	<u>151,601</u>	<u>163,790</u>
<b>Current Liabilities</b>		
Trade payables	42,609	38,988
Other payables	86,263	73,116
Borrowings	99,852	92,354
Current tax liabilities	44,292	52,630
	<u>273,016</u>	<u>257,088</u>
<b>TOTAL LIABILITIES</b>	<u>424,617</u>	<u>420,878</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,027,008</u>	<u>1,028,125</u>
<b>Net assets per share at par value of RM0.25 each attributable to Owners of the Company (RM)</b>	<u>1.80</u>	<u>1.81</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the quarter and period to-date ended 30 September 2017

(The figures have not been audited)

	3 months ended		9 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	49,773	43,066	90,516	89,492
Cost of sales	(37,454)	(23,637)	(55,019)	(47,528)
Gross profit	12,319	19,429	35,497	41,964
Other operating income	848	(3,691)	1,516	51,758
Selling and distribution expenses	(1,607)	(928)	(2,786)	(2,582)
Administration expenses	(3,145)	(2,318)	(9,372)	(8,096)
Other operating expenses	(14,731)	(2,559)	(11,246)	(3,939)
	(6,316)	9,933	13,609	79,105
Finance costs	(3,710)	(2,932)	(11,050)	(6,785)
(Loss)/Profit before taxation	(10,026)	7,001	2,559	72,320
Taxation	1,477	(3,221)	(3,809)	(19,201)
(Loss)/Profit for the period	(8,549)	3,780	(1,250)	53,119
Other comprehensive income / (expense) :				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	719	10,582	4,492	2,023
Other comprehensive income for the period	719	10,582	4,492	2,023
Total comprehensive income / (expense) for the period	(7,830)	14,362	3,242	55,142
(Loss)/Profit attributable to:				
Owners of the Company	(8,168)	3,748	(23)	53,187
Non-controlling interests	(381)	32	(1,227)	(68)
	(8,549)	3,780	(1,250)	53,119
Total comprehensive (expense) / income attributable to:				
Owners of the Company	(7,449)	14,330	4,469	55,210
Non-controlling interests	(381)	32	(1,227)	(68)
	(7,830)	14,362	3,242	55,142
Earnings per share attributable to Owners of the Company:				
- Basic (sen)	(2.46)	1.13	(0.01)	16.05
- Diluted (sen)	(2.05)	1.08	(0.01)	15.27

The Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2017

(The figures have not been audited)

	Attributable to Owners of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Treasury shares	Capital reserve	Capital redemption reserve	Foreign currency exchange reserve	Retained profits	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	83,222	35,566	(2,385)	19,706	400	10,281	455,831	602,621	4,626	607,247
Adjustments for effects of Companies Act 2016 *	35,966	(35,566)	-	-	(400)	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(23)	(23)	(1,227)	(1,250)
Other comprehensive income for the period	-	-	-	-	-	4,492	-	4,492	-	4,492
Total comprehensive income / (expense) for the period	-	-	-	-	-	4,492	(23)	4,469	(1,227)	3,242
Dividend paid	-	-	-	-	-	-	(9,918)	(9,918)	-	(9,918)
Exercise of warrants	1,820	-	-	-	-	-	-	1,820	-	1,820
Balance as at 30 September 2017	121,008	-	(2,385)	19,706	-	14,773	445,890	598,992	3,399	602,391
	-	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2016 (Restated)	83,222	35,566	(77)	19,706	400	3,624	406,532	548,973	6,378	555,351
Effect of early adoption of MFRS 15	-	-	-	-	-	-	11,250	11,250	-	11,250
Balance as at 1 January 2016 (Restated)	83,222	35,566	(77)	19,706	400	3,624	417,782	560,223	6,378	566,601
Profit / (loss) for the period	-	-	-	-	-	-	53,187	53,187	(68)	53,119
Other comprehensive income for the period	-	-	-	-	-	2,023	-	2,023	-	2,023
Total comprehensive income / (expense) for the period	-	-	-	-	-	2,023	53,187	55,210	(68)	55,142
Dividend paid	-	-	-	-	-	-	(9,919)	(9,919)	-	(9,919)
Acquisition of treasury shares	-	-	(2,308)	-	-	-	-	(2,308)	-	(2,308)
Balance as at 30 September 2016	83,222	35,566	(2,385)	19,706	400	5,647	461,050	603,206	6,310	609,516

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**MAGNA PRIMA BERHAD**

(Company No.: 369519-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2017

(The figures have not been audited)

	<b>9 months ended 30/09/2017 RM'000</b>	9 months ended 30/09/2016 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	2,559	72,320
Adjustments for :-		
Depreciation of property, plant and equipment	249	258
Amortisation of cost incurred to obtain a contract	1,405	258
Net gain on disposal of property, plant & equipment	(108)	(5)
Property, plant and equipment written off	10	40
Fair value gain on investment properties	-	(49,296)
Provision for liquidated and ascertained damages	8,332	-
(Over)/Underprovision for liquidated and ascertained damages	(7)	125
Reversal impairment loss of trade receivables	(60)	-
Unrealised foreign exchange loss	3,731	2,723
Finance income	(789)	(1,584)
Finance expense	11,050	6,785
Operating profit before changes in working capital	<u>26,372</u>	<u>31,624</u>
Changes in working capital		
Inventories	10,440	13,004
Contract assets	(29,683)	12,331
Trade receivables	1,230	(254)
Other receivables	10,090	(8,055)
Trade payables	3,621	(4,641)
Other payables	1,091	19,261
Contract liabilities	-	8,850
	<u>(3,211)</u>	<u>40,496</u>
Net cash generated from operations	23,161	72,120
Interest paid	(11,445)	(12,606)
Interest received	789	1,584
Tax paid	(14,925)	(44,193)
Tax refund	24	1,317
	<u>(25,557)</u>	<u>(53,898)</u>
Net cash (used in)/generated from operating activities	(2,396)	18,222
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(21)	(416)
Purchase of investment property	-	(56,486)
Purchase of land held for property development	(63)	(8)
Proceeds from disposal of property, plant and equipment	108	5
Net cash generated from/(used in) investing activities	<u>24</u>	<u>(56,905)</u>
<b>Cash Flows From Financing Activities</b>		
Dividend paid	(9,918)	(9,919)
Repayment of hire purchase liabilities	(115)	(60)
Repayment of bank borrowings	(59,029)	(37,086)
Fixed deposits with licensed banks	212	(94)
Proceeds from warrant exercised	1,820	-
Drawdown of bank borrowings	61,000	9,472
Repurchase of shares	-	(2,309)
Net cash used in financing activities	<u>(6,030)</u>	<u>(39,996)</u>
<b>Net change in cash &amp; cash equivalents</b>	<u>(8,402)</u>	<u>(78,679)</u>
<b>Cash &amp; cash equivalents at the beginning of the financial period</b>	<u>9,471</u>	<u>97,409</u>
<b>Effect of exchange rate changes</b>	<u>4,898</u>	<u>2,004</u>
<b>Cash &amp; cash equivalents at the end of the financial period</b>	<u>5,967</u>	<u>20,734</u>

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

	<b>As at 30/09/2017 RM'000</b>	As at 30/09/2016 RM'000
Cash and bank balances	11,095	20,935
Cash held under Housing Development Accounts	7,487	4,487
Fixed and short term deposits with licensed banks	9,305	16,853
Bank overdrafts	(14,941)	(15,425)
	<u>12,946</u>	<u>26,850</u>
Less: Fixed deposits pledged with licensed banks	(6,979)	(6,116)
	<u>5,967</u>	<u>20,734</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**A Explanatory Notes Pursuant To MFRS 134**

**A1 Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

**A2 Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, except for the adoption of the following new standards and amendments/improvements to existing standards that are applicable to the Group for the financial period beginning 1 January 2017 as set out below:

**MFRSs, Amendments to MFRSs and Interpretations**

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)

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

**A2.1 Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:**

<b>MFRSs, Amendments to MFRSs and Interpretations</b>		<b>Effective for dates financial period beginning on or after</b>
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendment to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date yet to be determined by the Malaysian Accounting Standards Board

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition other than the adoption of MFRS 9 Financial Instruments. The Group is currently assessing the impact of these standards and plans to adopt these standards on the respective effective dates.

**A3 Auditors' Report For The Financial Year Ended 31 December 2016**

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subjected to any qualification.

**A4 Seasonal or Cyclical Factors**

The Group's operations during the financial period under review were not materially affected by any seasonal or cyclical factors.

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

There were no unusual items which affect the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and current financial period under review.

**A6 Material Changes in Estimates of Amounts**

There were no changes in estimates that have had any material effect on the results for the current quarter and current financial period under review.

#### A7 Debts and Equity Securities

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

1) Share buy back

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

	No. of Treasury Shares Units	Treasury Shares RM
Balance as at 1 January 2017 / 30 September 2017	<u>2,285,500</u>	<u>2,385,431</u>

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

2) Warrant 2015/2020

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

During the financial period, 2,022,700 ordinary share of RM0.25 each were issued at an exercise price of RM0.90 per share. As at 30 September 2017, 164,422,270 Warrants 2015/2020 remain unexercised.

#### A8 Dividends Paid

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

In respect of financial year ended 31 December 2015:

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

#### A9 Segmental Analysis

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

##### **By operating segment :**

	Property Dev't RM'000	Const. & Engineering RM'000	Trading RM'000	Non- reportable segments RM'000	Intersegment eliminations RM'000	Consolidated RM'000
<b><u>Period ended 30/09/2017 :</u></b>						
Total revenue	89,745	16,662	-	918	(16,809)	90,516
Intersegment revenue	-	(16,662)	-	(147)	16,809	-
<b>Segment revenue :</b>	<b>89,745</b>	<b>-</b>	<b>-</b>	<b>771</b>	<b>-</b>	<b>90,516</b>
<b><u>Primary geographical markets:</u></b>						
Australia	12,283	-	-	-	-	12,283
Malaysia	77,462	16,662	-	918	(16,809)	78,233
	<b>89,745</b>	<b>16,662</b>	<b>-</b>	<b>918</b>	<b>(16,809)</b>	<b>90,516</b>
<b><u>Nature of product</u></b>						
Commercial properties	15,503	16,662	-	918	(16,809)	16,274
Residential properties	74,242	-	-	-	-	74,242
	<b>89,745</b>	<b>16,662</b>	<b>-</b>	<b>918</b>	<b>(16,809)</b>	<b>90,516</b>
<b><u>Timing of revenue recognition:</u></b>						
Good transferred at a point in time	27,786	-	-	918	(147)	28,557
Good transferred over time	61,959	16,662	-	-	(16,662)	61,959
	<b>89,745</b>	<b>16,662</b>	<b>-</b>	<b>918</b>	<b>(16,809)</b>	<b>90,516</b>
<b>Segment profit / (loss) before tax :</b>	<b>3,288</b>	<b>6,405</b>	<b>27</b>	<b>(6,600)</b>	<b>(561)</b>	<b>2,559</b>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	783	-	-	6	-	789
<b>Segment assets :</b>	<b>1,216,684</b>	<b>108,774</b>	<b>5,992</b>	<b>762,763</b>	<b>(1,067,205)</b>	<b>1,027,008</b>
<b>Segment liabilities :</b>	<b>687,266</b>	<b>112,808</b>	<b>9,146</b>	<b>504,473</b>	<b>(889,076)</b>	<b>424,617</b>



**A9 Segmental Analysis (Cont'd)**

	Property devt RM'000	Const. & Engineering RM'000	Trading RM'000	Non-reportable segments RM'000	Intersegment eliminations RM'000	Consolidated RM'000
<i>Period ended 30/09/2016 :</i>						
Total revenue	141,724	59,275	-	551	(112,058)	89,492
Intersegment revenue	(52,631)	(59,275)	-	(152)	112,058	-
Segment revenue :	<u>89,093</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>-</u>	<u>89,492</u>
<i>Primary geographical markets:</i>						
Australia	38,231	-	-	-	-	38,231
Malaysia	103,493	59,275	-	551	(112,058)	51,261
	<u>141,724</u>	<u>59,275</u>	<u>-</u>	<u>551</u>	<u>(112,058)</u>	<u>89,492</u>
<i>Nature of product</i>						
Commercial properties	84,415	59,275	-	551	(112,058)	32,183
Residential properties	57,309	-	-	-	-	57,309
	<u>141,724</u>	<u>59,275</u>	<u>-</u>	<u>551</u>	<u>(112,058)</u>	<u>89,492</u>
<i>Timing of revenue recognition:</i>						
Good transferred at a point in time	46,819	-	-	-	(152)	46,667
Good transferred over time	94,905	59,275	-	551	(111,906)	42,825
	<u>141,724</u>	<u>59,275</u>	<u>-</u>	<u>551</u>	<u>(112,058)</u>	<u>89,492</u>
Segment profit / (loss) before tax :	<u>29,029</u>	<u>6,733</u>	<u>(88)</u>	<u>44,505</u>	<u>(7,859)</u>	<u>72,320</u>
<i>Included in the segment profit / (loss) are :-</i>						
Finance income	1,499	3	-	82	-	1,584
Segment assets :	<u>1,171,350</u>	<u>130,159</u>	<u>5,765</u>	<u>741,133</u>	<u>(1,007,923)</u>	<u>1,040,484</u>
Segment liabilities :	<u>623,011</u>	<u>137,864</u>	<u>9,130</u>	<u>480,563</u>	<u>(820,460)</u>	<u>430,108</u>

**By geographical segment :**

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

	Malaysia RM'000	Australia RM'000	Consolidated RM'000
<i>Period ended 30/09/2017 :</i>			
<b>Total revenue</b>	78,233	12,283	90,516
<b>Intersegment revenue</b>	-	-	-
<b>Segment revenue :</b>	<u>78,233</u>	<u>12,283</u>	<u>90,516</u>
<b>Segment profit / (loss) before tax :</b>	<u>3,405</u>	<u>(846)</u>	<u>2,559</u>
<b>Segment assets :</b>	<u>828,351</u>	<u>198,657</u>	<u>1,027,008</u>
<b>Segment liabilities :</b>	<u>423,835</u>	<u>782</u>	<u>424,617</u>
<i>Period ended 30/09/2016 :</i>			
Total revenue	51,261	38,231	89,492
Intersegment revenue	-	-	-
Segment revenue :	<u>51,261</u>	<u>38,231</u>	<u>89,492</u>
Segment profit before tax :	<u>65,680</u>	<u>6,640</u>	<u>72,320</u>
Segment assets :	<u>842,091</u>	<u>198,393</u>	<u>1,040,484</u>
Segment liabilities :	<u>423,451</u>	<u>6,657</u>	<u>430,108</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 Material Events Subsequent to the End of the Period**

On 19 October 2017, Magna Prima Development Sdn Bhd ("MPD"), a wholly-owned subsidiary of Magna Prima Berhad, has acquired the balance of 9% equity in Magna Park Sdn Bhd ("MPK") comprising 675,000 ordinary shares for a total consideration of RM300,000. As a result of the acquisition, MPK become a wholly-owned subsidiary of MPD.

Save for the abovementioned, there were no other material events and transactions subsequent to the end of the current financial period till 20 November 2017 being the latest practicable date which is not earlier than 7 days from the date of issuance of these Interim Financial Statements.

**A12 Changes in the Composition of the Group**

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

**A13 Contingent Liabilities**

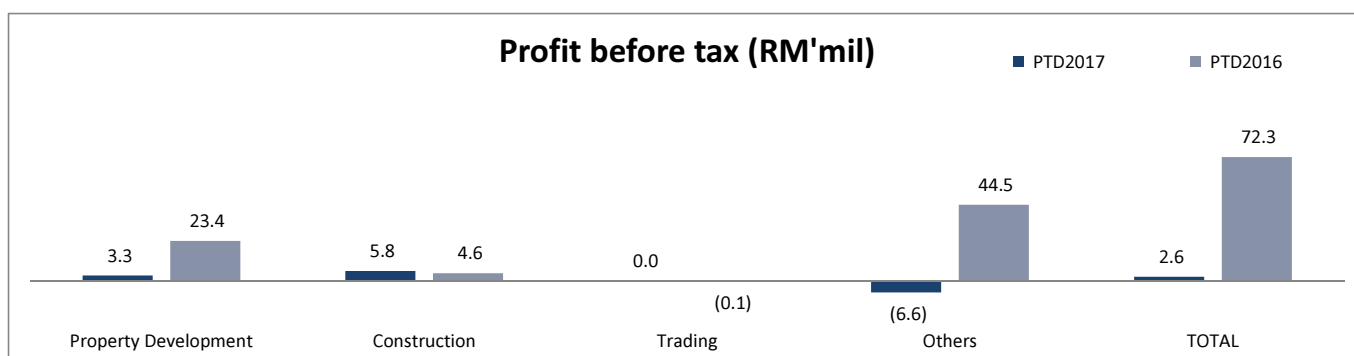
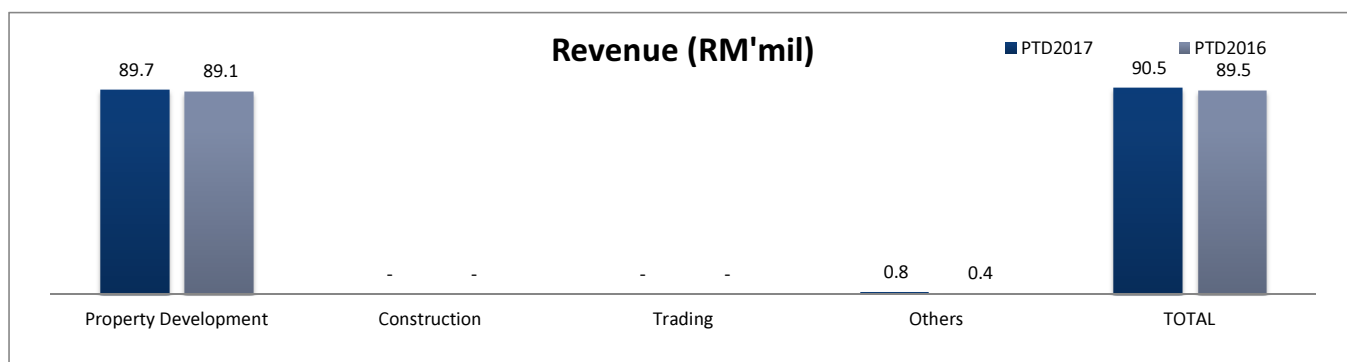
Details of contingent liabilities of the company are as follows :

<b>Company</b>	<b>As at 30/09/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
Utilised portion of corporate guarantees given to financial institutions for facilities granted to subsidiary companies: - Secured on assets of subsidiary companies	<b>233,414</b>	242,399
Utilised portion of corporate guarantees given to trade payables of subsidiary companies for credit facilities granted to subsidiary companies: - Unsecured	<b>2</b>	77
	<b><u>233,416</u></b>	<b><u>242,476</u></b>

**B Bursa Malaysia Listing Requirements**

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

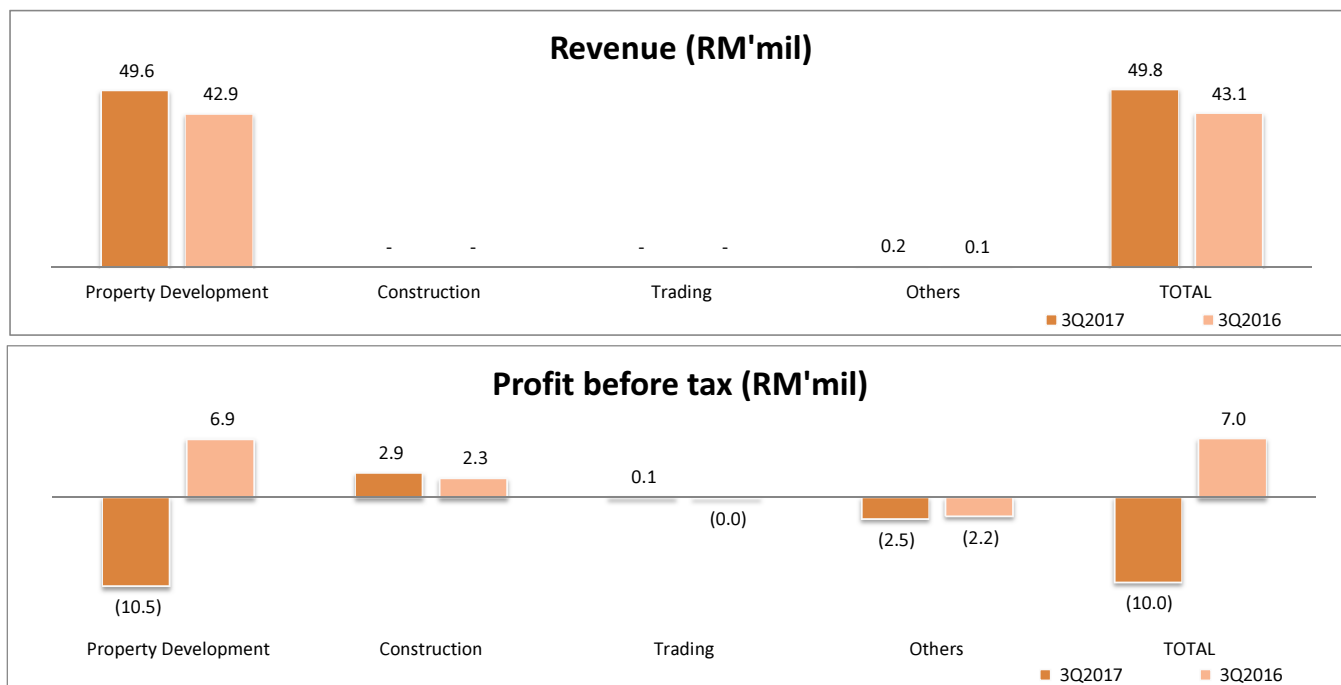
For the 9 months ended 30 September 2017, the Group achieved a revenue of RM90.5 million, an increase of 1% compared to previous year's corresponding amount of RM89.5 million and a decrease of 96% for profit before tax of RM2.6 million compared to RM72.3 million recorded in the previous corresponding period ended 30 September 2016. The decrease in profit before tax mainly due to the provision for liquidated ascertained damages on Jalan Kuching residential project and unrealised loss on foreign exchange.



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

For the current quarter ended 30 September 2017, the Group recorded a revenue of RM49.8 million, an increase of 16% from RM43.1 million in the previous corresponding quarter ended 30 September 2016.

The loss before tax for the current quarter is RM10.0 million, a decrease of 243% as compared to profit before tax of RM7.0 million in the corresponding quarter. The decrease of profit before tax mainly due to the provision for liquidated ascertained damages on Jalan Kuching residential project and unrealised loss on foreign exchange.



**Property Development**

The property development segment recorded revenue of RM49.6 million and loss before tax of RM10.5 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.

Revenue achieved amounting RM49.6 million in current quarter was mainly due to recognition of completion for Jalan Kuching residential project and sales of remaining completed units of "The Istana", "Jalan Kuching Phase 1 Shop Office", "Desa Mentari" commercial project. While property development segment recorded a loss before tax of RM10.5 million in the current quarter was mainly due to the provision for liquidated ascertained damages and unrealised loss on foreign exchange.

The corresponding quarter revenue and profit before tax were contributed mainly from sales of completed units of "The Istana" and "Jalan Kuching" commercial project.

**Construction & Engineering**

The Construction & Engineering segment registered no revenue and a profit before tax of RM2.90 million in current quarter as compared to no revenue and profit 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.

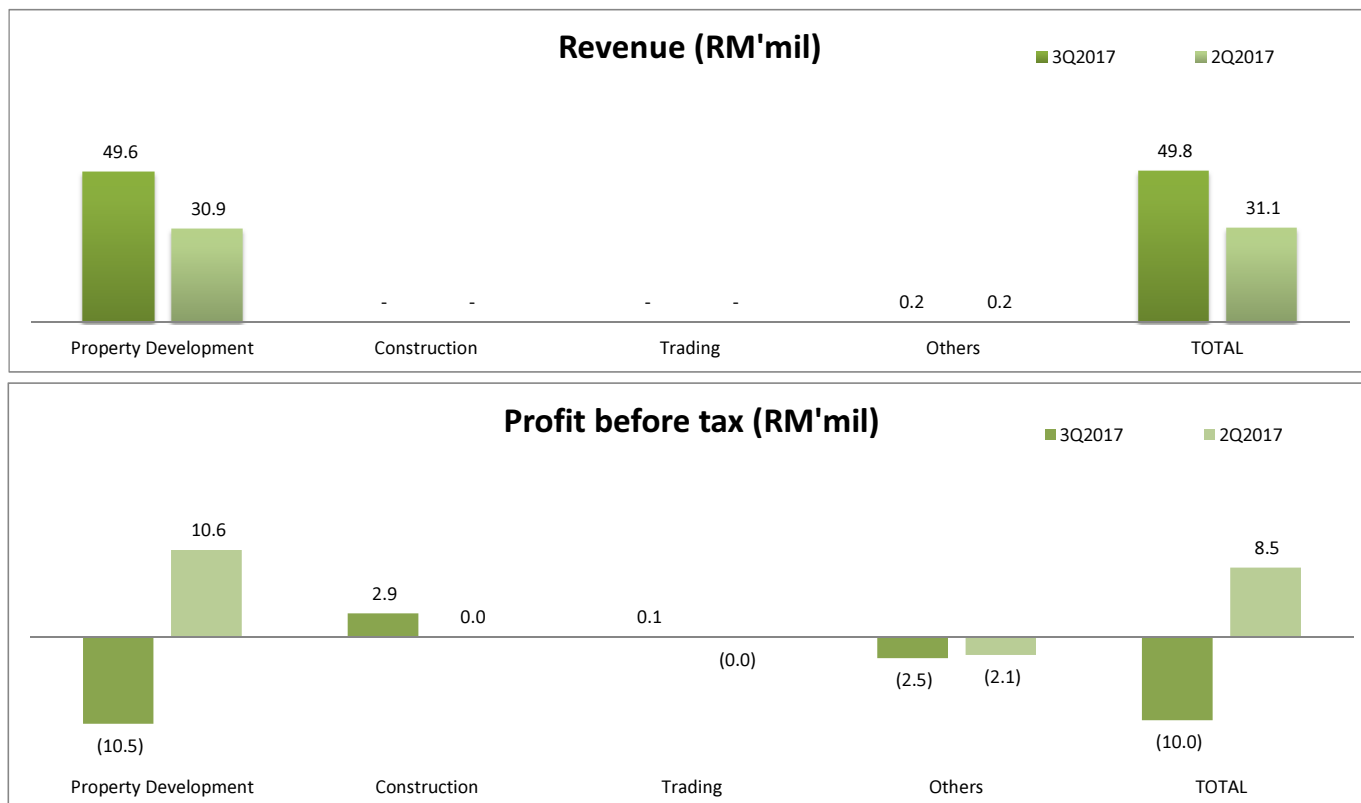
**Trading**

The trading segment had discontinued operation.

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

For the current quarter, the Group recorded a revenue of RM49.8 million, as compared to RM31.1 million in the immediate preceding quarter ended 30 September 2017.

The Group posted a loss before tax of RM10.0 million in the current quarter, as compared to a profit before tax of RM8.5 million in the immediate preceding quarter ended 30 September 2017.



**B3 Prospects for the Current Financial Year**

The Board expects the current financial year to be challenging due to the current sentiment of the property market.

**B4 Variance from Profit Forecast and Profit Guarantee**

Not applicable as there were no profit forecast and profit guarantee published.

**B5 Taxation**

The breakdown of income tax charge is as follows:

Group	9 months ended	
	30/09/2017	30/09/2016
	RM'000	RM'000
In respect of :		
- current year	6,456	11,246
- deferred taxation	(2,647)	7,955
	<b>3,809</b>	<b>19,201</b>

The effective tax rate of the Group for the financial period ended 30 September 2017 is not consistent with the applicable statutory tax rate of 30% imposed by the Australian Tax Authority and 24% under the Malaysian statutory tax rate due to unrelieved tax losses.

**B6 Retained Profits**

Pursuant to Bursa Malaysia's directive on the disclosure of breakdowns for unappropriated profits or accumulated losses into realised and unrealised profits or losses issued on 25 March 2010, and subsequent guidance issued on 20 December 2010, the breakdown of the Group's retained profits are disclosed as follows :-

<b>Group</b>	<b>As at 30/09/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
Realised	226,992	240,042
Unrealised	227,592	225,284
	<b>454,584</b>	465,326
Consolidation adjustments	<b>(8,694)</b>	(9,495)
Total retained profits	<b>445,890</b>	<b>455,831</b>

**B7 Corporate Proposals**

There were no corporate proposal announced not completed as at 20 November 2017, being the latest practicable date which is not earlier than 7 days from the date of the issuance of this interim financial statements.

**B8 Group Borrowings**

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

<b>Secured</b>	<b>As at 30/09/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
Borrowings repayable		
- within 12 months	99,852	92,354
- after 12 months	133,563	143,294
Total borrowings	<b>233,415</b>	<b>235,648</b>

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

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

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

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

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

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

PKNS had replied with their Defence on 1 June 2015.

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

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

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

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

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

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

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

**B11 Dividend Proposed/Declared**

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

**B12 Earnings per Share ("EPS")**

**(a) Basic EPS**

The basic earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders of the Company for the period to-date by the weighted average number of ordinary shares in issue.

	3 months ended		9 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<b>(8,168)</b>	3,748	<b>(23)</b>	53,187
Weighted average number of ordinary shares in issue ('000)	<b>331,807</b>	331,333	<b>331,807</b>	331,333
Basic EPS (sen)	<b>(2.46)</b>	1.13	<b>(0.01)</b>	16.05

**(b) Diluted EPS**

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

	3 months ended		9 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<b>(8,168)</b>	3,748	<b>(23)</b>	53,187
Weighted average number of ordinary shares in issue ('000)	<b>331,807</b>	331,333	<b>331,807</b>	331,333
Effect of dilutive potential ordinary shares from the exercise of bonus warrants ('000)	<b>66,794</b>	16,980	<b>66,794</b>	16,980
Weighted average number of ordinary share in issue for diluted earnings per share ('000)	<b>398,601</b>	348,313	<b>398,601</b>	348,313
Diluted EPS (sen)	<b>(2.05)</b>	1.08	<b>(0.01)</b>	15.27

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

	9 months ended	
	30/09/2017	30/09/2016
	RM'000	RM'000
Depreciation of property, plant and equipment	249	258
Interest expenses	11,050	6,785
Interest income	(789)	(1,584)
Fair value adjustments on investment properties	-	(49,296)
Gain on disposal of property plant and equipments	(108)	(5)
Other income	(363)	(171)
Property, plant and equipment written off	10	40
Provision of liquidated and ascertained damages (LAD)	8,332	-
(Over)/Underprovision of liquidated and ascertained damages (LAD)	(7)	125
Reversal impairment loss of trade receivables	(60)	-
Unrealised (gain)/loss of foregin exchange	3,731	2,723

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  
 27 November 2017