

# MULPHA LAND BERHAD

(Incorporated in Malaysia - 182350-H)

## Quarterly report on consolidated results for the financial period ended 30 June 2013

The figures have not been audited.

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTE	Current Quarter Ended 30.06.13 RM'000	Comparative Quarter Ended 30.06.12 RM'000	6 Months Cumulative To 30.06.13 RM'000	6 Months Cumulative To 30.06.12 RM'000
Revenue		7,002	1,638	8,481	2,275
Operating expenses		(7,079)	(2,830)	(9,541)	(4,061)
Other operating income		443	29	451	70
Profit/(Loss) from operations		366	(1,163)	(609)	(1,716)
Finance cost		(540)	(48)	(1,091)	(96)
Loss before taxation		(174)	(1,211)	(1,700)	(1,812)
Income tax expense	20	(82)	(165)	(404)	(355)
<b>Loss for the period</b>		<b>(256)</b>	<b>(1,376)</b>	<b>(2,104)</b>	<b>(2,167)</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Loss for the period</b>		<b>(256)</b>	<b>(1,376)</b>	<b>(2,104)</b>	<b>(2,167)</b>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(636)	(1,137)	(2,305)	(1,878)
Non-controlling interests		380	(239)	201	(289)
		<b>(256)</b>	<b>(1,376)</b>	<b>(2,104)</b>	<b>(2,167)</b>
<b>Total Comprehensive Loss for the period attributable to:</b>					
Owners of the Company		(636)	(1,137)	(2,305)	(1,878)
Non-controlling interests		380	(239)	201	(289)
		<b>(256)</b>	<b>(1,376)</b>	<b>(2,104)</b>	<b>(2,167)</b>
<b>Loss per share attributable to owners of the Company :-</b>					
(i) Basic (sen)	25	(0.70)	(1.25)	(2.52)	(2.06)
(ii) Diluted (sen)		(0.70)	(1.25)	(2.52)	(2.06)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**MULPHA LAND BERHAD**

(Incorporated in Malaysia - 182350-H)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>(Unaudited)</b>	
		<b>As At</b>	<b>As At</b>
		<b>30.06.2013</b>	<b>31.12.2012</b>
	<b>NOTE</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Assets</b>			
<i>Non-Current Assets</i>			
Property, plant and equipment	10	482	496
Investment properties		19,213	20,380
Inventories		61,886	69,239
Goodwill		1,891	1,891
		<u>83,472</u>	<u>92,006</u>
<i>Current Assets</i>			
Inventories		110,324	105,108
Trade and other receivables		32,471	25,173
Income tax recoverable		-	62
Cash and bank balances		6,011	6,317
		<u>148,806</u>	<u>136,660</u>
Non-current asset classified as held for sale		794	-
		<u>149,600</u>	<u>136,660</u>
<b>Total Assets</b>		<u>233,072</u>	<u>228,666</u>
<b>Equity and Liabilities</b>			
<i>Equity attributable to owners of the Company</i>			
Share capital		9,132	9,132
Share premium		16,179	16,179
Capital reserve		77,403	77,403
Retained earnings		10,142	12,447
		<u>112,856</u>	<u>115,161</u>
Non-controlling interests		6,093	5,892
<b>Total Equity</b>		<u>118,949</u>	<u>121,053</u>
<i>Non - Current Liabilities</i>			
Deferred tax liabilities		6,764	7,389
Bank borrowings	22	23,310	26,868
		<u>30,074</u>	<u>34,257</u>
<i>Current Liabilities</i>			
Bank borrowings	22	14,858	9,181
Trade and other payables		45,280	58,067
Other current liabilities		23,156	5,803
Income tax payable		755	305
		<u>84,049</u>	<u>73,356</u>
Total Liabilities		<u>114,123</u>	<u>107,613</u>
<b>Total Equity and Liabilities</b>		<u>233,072</u>	<u>228,666</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.24</u>	<u>1.26</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**MULPHA LAND BERHAD**

(Incorporated in Malaysia - 182350-H)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<----- Attributable to Owners of the Parent ----->						
	<----- Non-distributable ----->			<-- Distributable -->			
	Share Capital	Share Premium	Capital Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>At 1 January 2013</b>	9,132	16,179	77,403	12,447	115,161	5,892	121,053
Total comprehensive loss for the period	-	-	-	(2,305)	(2,305)	201	(2,104)
<b>At 30 June 2013</b>	9,132	16,179	77,403	10,142	112,856	6,093	118,949
<b>At 1 January 2012</b>	9,132	16,179	77,429	9,744	112,484	5,774	118,258
Total comprehensive loss for the period	-	-	-	(1,878)	(1,878)	(289)	(2,167)
<b>At 30 June 2012</b>	9,132	16,179	77,429	7,866	110,606	5,485	116,091

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**MULPHA LAND BERHAD**

(Incorporated in Malaysia - 182350-H)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 Months Ended 30.06.2013 RM '000</b>	<b>6 Months Ended 30.06.2012 RM '000</b>
Loss before tax	(1,700)	(1,812)
Adjustments for :-		
<i>Depreciation of property, plant &amp; equipment</i>	16	17
<i>Depreciation of investment properties</i>	203	203
<i>Gain on disposal of an investment property</i>	(364)	-
<i>Interest expense</i>	1,091	96
<i>Interest income</i>	(18)	(49)
Operating loss before changes in working capital	<u>(772)</u>	<u>(1,545)</u>
Changes in working capital:		
<i>Net change in current assets</i>	(5,161)	(10,391)
<i>Net change in current liabilities</i>	4,834	11,112
Cash generated from/(used in) operations	<u>(1,099)</u>	<u>(824)</u>
Tax paid	(494)	(416)
Interest paid	(1,385)	(1,376)
Net cash used in operating activities	<u>(2,978)</u>	<u>(2,616)</u>
Cash Flow from Investing Activities		
Purchase of property, plant & equipment	(2)	(4)
Refurbishment of investment properties	-	(8)
Proceed from disposal of an investment property	536	-
Interest received	18	49
Rights issues expenses	-	(2)
Net cash generated from investing activities	<u>552</u>	<u>35</u>
Cash Flow from Financing Activity		
Net drawdown/(repayment of) borrowings	342	(243)
Placement of pledged deposits	(1)	-
Net cash generated from/(used in) financing activity	<u>341</u>	<u>(243)</u>
Net decrease in Cash & Cash Equivalents	(2,085)	(2,824)
Cash & Cash Equivalents at beginning of year	4,695	2,493
Cash & Cash Equivalents at end of financial period	<u>2,610</u>	<u>(331)</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

## MULPHA LAND BERHAD

(Incorporated in Malaysia - 182350-H)

**FINANCIAL QUARTER ENDED 30 JUNE 2013**

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### NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

#### **Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting.**

#### **1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2012.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2012 except for the adoption of the following:

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 127	Separate Financial Statements (2011)
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above is not expected to have any material impact on the financial statements of the Group.

#### **3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report of the preceding year annual financial statements was not qualified.

#### **4. SEASONAL OR CYCLICAL FACTORS**

The business of the Group is generally not subject to seasonal changes.

## 5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter ended 30 June 2013.

## 6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results for the current financial quarter.

## 7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial quarter ended 30 June 2013.

## 8. PAYMENT OF DIVIDEND

No dividend was paid during the current financial quarter.

## 9. SEGMENTAL REPORTING

	6 Months Ended 30.06.2013 RM'000	6 Months Ended 30.06.2012 RM'000
<b>Segment Revenue</b>		
Property	7,695	1,563
Investment holding & Others	786	712
<b>Group Revenue</b>	<b>8,481</b>	<b>2,275</b>
<b>Segment Results</b>		
Property	(1,187)	(1,548)
Investment holding & Others	578	(168)
<b>Loss from operations</b>	<b>(609)</b>	<b>(1,716)</b>

Segmental information relating to geographical areas of operations has not been presented as the Group operates only in Malaysia.

## 10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

## 11. MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no material events subsequent to the end of the financial period other than as disclosed in Note 21.

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

On 4 June 2013, Mulpha Land Berhad acquired 2 ordinary shares of RM1 each of Mayfair Ventures Sdn Bhd ("MVSB"), representing the total issued and paid-up share capital of MVSB for a total consideration of RM2. MVSB is presently dormant and its intended principal activity is property development.

## 13. CONTINGENT LIABILITIES / CAPITAL COMMITMENTS

There were no material contingent liabilities and capital commitments as at the date of this report.

## 14. RELATED PARTIES TRANSACTIONS

	2nd Quarter Ended		6 Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
<b>Holding company, Mulpha International Bhd.</b>				
-Management services payable	-	-	-	(136)
-Interest expense payable to a related company in which a person connected with a Director of the holding company has an interest	(97)	(97)	(193)	(194)
<b>Subsidiaries of Mulpha International Bhd.</b>				
-Interest expense	(316)	-	(784)	-
-Management services payable	(355)	(439)	(545)	(439)
-Rental paid	(39)	(19)	(57)	(37)
-Sales marketing, sales administration and project management payable	(530)	(97)	(781)	(209)

**Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.**

**15. REVIEW OF PERFORMANCE**

**(a) Current Year-to-date vs. Previous Year-to-date**

The Group recorded a revenue of RM8.48 million and an operation loss of RM0.61 million for the current financial period ended 30 June 2013 as compared to the revenue and an operation loss of RM2.28 million and RM1.72 million respectively in the corresponding preceding year's period. The strong revenue performance was mainly due to the sales recognised for the development project at Nibong Tebal, Penang. In line with the higher revenue, the Group's operation loss has improved by 65% or RM1.11 million improvement as compared to corresponding preceding year's period.

**(b) Current Year Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a revenue of RM7.00 million and an operation profit of RM0.37 million for the 2nd quarter ended 30 June 2013 as compared to the revenue and an operation loss of RM1.64 million and RM1.16 million respectively in the 2nd quarter ended 30 June 2012. The strong revenue was mainly due to the sales recognised for the Group's development project at Nibong Tebal, Penang. In line with the higher revenue, the Group's performance has improved by RM1.04 million as compared to the 2nd quarter ended 30 June 2012.

**16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS**

The Group reported a pre-tax loss of RM0.17 million in the current quarter as compared to a pre-tax loss of RM1.53 million in the previous quarter. The stronger performance of the current quarter was mainly due to better contributions from improved sales of development projects at Nibong Tebal, Penang.

**17. PROSPECTS**

The Group is actively sourcing for and evaluating opportunities to increase its land bank via outright purchases as well as joint ventures with land owners. For new land bank, the Group's focus is on property development projects with a preference towards locations that are closer to the Group's existing projects.

**18. VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as there was no profit forecast or profit guarantee issued.

**19. LOSS BEFORE TAXATION**

This is arrived at after charging/(crediting) the following:

	2nd Quarter Ended		6 Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	7	8	16	17
Depreciation of investment properties	102	102	203	203
Gain on disposal of an investment property	(364)	-	(364)	-
Interest income	(14)	(18)	(18)	(49)



## 20. INCOME TAX EXPENSE

	2nd Quarter Ended		6 Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Current income tax	(684)	(203)	(1,006)	(400)
Deferred income tax	602	38	602	45
	<u>(82)</u>	<u>(165)</u>	<u>(404)</u>	<u>(355)</u>

## 21. STATUS OF CORPORATE PROPOSALS

- (i) On 5 June 2013, Mayfair Ventures Sdn Bhd, a wholly-owned subsidiary of the Company, is proposing to acquire two (2) adjacent parcels of leasehold land held under PN 30649, Lot 212 and PN 30650, Lot 213 respectively, both within Mukim Bandar Damansara, Daerah Petaling, Negeri Selangor, from Tropicana Golf & Country Resort Berhad, a wholly-owned subsidiary of Tropicana Corporation Berhad (formerly known as Dijaya Corporation Berhad), for a total cash consideration of RM116,123,925.42.

The above proposed acquisition will increase the property development land bank of Mulpha Land Berhad ("MLB") Group, which would be in line with the Group's strategy to focus on identifying and developing properties in strategic locations.

The proposed acquisition is subject to the approval of MLB's shareholders at an extraordinary general meeting to be convened.

- (ii) On 29 July 2013, MLB announced the following proposals:-

- (a) MLB has proposed to dispose of a parcel of freehold land held under Geran 449268, Lot 137699, Mukim Pulau, Daerah Johor Bahru, Negeri Johor, to Leisure Farm Equestrian Sdn Bhd ("LFESB"), a wholly-owned subsidiary of Leisure Farm Corporation Sdn Bhd, which in turn is wholly-owned by Mulpha International Bhd ("MIB"), being MLB's immediate holding company, for a consideration of RM14,915,000.
- (b) Indahview Sdn Bhd, a wholly-owned subsidiary of MLB, has proposed to dispose of a parcel of freehold land held under Geran 333611, Lot 49255, Mukim Pulau, Daerah Johor Bahru, Negeri Johor, to LFESB for a consideration of RM4,750,000.
- (c) MLB has entered into a conditional share sale agreement with Mulpha Group Services Sdn Bhd ("MGS"), a wholly-owned subsidiary of MIB, to acquire 3,196,588 ordinary shares of RM1.00 each in Mulpha Properties (M) Sdn Bhd ("MPM"), representing 100% of the issued and paid-up share capital of MPM ("Proposed MPM Acquisition"), for a cash consideration of RM47,072,424 or 23% of the gross sale value (whichever is higher) for an intended development of high-rise serviced residences on a parcel of land measuring 86,865 square feet in Section 13, Jalan Semangat of Petaling Jaya, which shall be satisfied on a deferred payment basis in the form of a bullet payment at the end of the third year from the completion of the Proposed MPM Acquisition.
- (d) MLB has proposed a bonus issue of 136,981,500 new ordinary shares of RM0.10 each in MLB ("Bonus Shares") on the basis of three (3) Bonus Shares for every two (2) existing shares of MLB held on an entitlement date to be determined later.

The above proposals are not inter-conditional upon one another and subject to the following approvals being obtained:-

- (a) The shareholders of MLB at an extraordinary general meeting to be convened;
- (b) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities; and
- (c) Any other relevant authorities (if applicable).

## 22. GROUP BORROWINGS

The details of the Group's bank borrowings as at 30 June 2013 are as follows:-

	<b>RM'000</b>
<b>Short Term - Secured</b>	
Overdraft	2,258
Loan / Revolving credit	<u>12,600</u>
	14,858
<b>Long Term - Secured</b>	
Loan	<u>23,310</u>
	<u>38,168</u>

## 23. CHANGES IN MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration, either as plaintiff or defendant as at date of this report, which would have a material effect on the financial position of the Group.

## 24. DIVIDENDS

The Board of Directors has on 19 August 2013 declared an interim dividend of 1 sen gross per share less 25% income tax for the financial year ending 31 December 2013, which will be paid on a date to be determined.

## 25. LOSS PER SHARE

The basic loss per share for the financial period ended 30 June 2013 is calculated by dividing the Group's loss attributable to equity holders of the parent of RM2,305,000 (2012: loss of RM1,878,000) by the weighted average number of 91,321,000 (2012: 91,321,000) ordinary shares.

There are no potential dilution effects on ordinary shares of the Company for the current financial period. Accordingly, the diluted loss per share for the current period is equal to basic loss per share.

## 26. DISCLOSURE OF REALISED AND UNREALISED EARNINGS

The retained earnings is analysed as follows:

	<b>As at 30.06.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Total retained earnings of Mulpha Land Berhad and its subsidiaries:		
- Realised	5,053	7,008
- Unrealised	<u>(288)</u>	<u>(890)</u>
	4,765	6,118
Consolidated adjustments	<u>5,377</u>	<u>6,329</u>
	<u>10,142</u>	<u>12,447</u>