

MULPHA LAND BERHAD

(Incorporated in Malaysia - 182350-H)

Quarterly report on consolidated results for the first financial quarter ended 31 March 2014

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Current Quarter Ended 31.03.14 RM'000	Comparative Quarter Ended 31.03.13 RM'000	3 months Cumulative To 31.03.14 RM'000	3 months Cumulative To 31.03.13 RM'000
Revenue		5,305	1,479	5,305	1,479
Operating expenses		(6,756)	(2,462)	(6,756)	(2,462)
Other operating income		231	8	231	8
Loss from operations		(1,220)	(975)	(1,220)	(975)
Finance cost		(1,000)	(551)	(1,000)	(551)
Loss before taxation		(2,220)	(1,526)	(2,220)	(1,526)
Income tax expense	20	(150)	(322)	(150)	(322)
Loss for the period		(2,370)	(1,848)	(2,370)	(1,848)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(2,370)	(1,848)	(2,370)	(1,848)
Loss for the period attributable to:					
Owners of the Company		(2,260)	(1,669)	(2,260)	(1,669)
Non-controlling interests		(110)	(179)	(110)	(179)
		(2,370)	(1,848)	(2,370)	(1,848)
Total comprehensive loss for the period attributable to:					
Owners of the Company		(2,260)	(1,669)	(2,260)	(1,669)
Non-controlling interests		(110)	(179)	(110)	(179)
		(2,370)	(1,848)	(2,370)	(1,848)
Loss per share per ordinary share (sen) :-					
Basic / Diluted	25	(0.99)	(0.73)	(0.99)	(0.73)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

MULPHA LAND BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As At 31.03.2014 RM '000	As At 31.12.2013 RM '000
Assets			
<i>Non-Current Assets</i>			
Property, plant and equipment	10	355	356
Investment properties		952	959
Inventories		55,260	55,267
Goodwill		1,891	1,891
		<u>58,458</u>	<u>58,473</u>
<i>Current Assets</i>			
Inventories		261,021	260,208
Trade and other receivables		7,440	11,483
Income tax recoverable		353	69
Cash and bank balances		18,514	21,977
		<u>287,328</u>	<u>293,737</u>
Non-current asset classified as held for sale		18,072	18,072
		<u>305,400</u>	<u>311,809</u>
Total Assets		<u>363,858</u>	<u>370,282</u>
Equity and Liabilities			
<i>Equity attributable to owners of the Company</i>			
Share capital		22,830	22,830
Share premium		2,481	2,481
Capital reserve		83,203	83,203
Retained earnings		18,008	20,268
		<u>126,522</u>	<u>128,782</u>
Non-controlling interests		10,700	10,810
Total Equity		<u>137,222</u>	<u>139,592</u>
<i>Non - Current Liabilities</i>			
Bank borrowings	22	98,785	98,785
Trade and other payables		38,114	37,368
Deferred tax liabilities		4,421	5,061
		<u>141,320</u>	<u>141,214</u>
<i>Current Liabilities</i>			
Bank borrowings	22	30,885	34,243
Trade and other payables		41,960	45,784
Other current liabilities		11,545	7,941
Income tax payable		926	1,508
		<u>85,316</u>	<u>89,476</u>
Total Liabilities		<u>226,636</u>	<u>230,690</u>
Total Equity and Liabilities		<u>363,858</u>	<u>370,282</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.55</u>	<u>0.56</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

MULPHA LAND BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->						
	<----- 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
At 1 January 2014	22,830	2,481	83,203	20,268	128,782	10,810	139,592
Total comprehensive loss for the period	-	-	-	(2,260)	(2,260)	(110)	(2,370)
At 31 March 2014	22,830	2,481	83,203	18,008	126,522	10,700	137,222
At 1 January 2013	9,132	16,179	77,403	12,447	115,161	5,892	121,053
Total comprehensive loss for the period	-	-	-	(1,669)	(1,669)	(179)	(1,848)
At 31 March 2013	9,132	16,179	77,403	10,778	113,492	5,713	119,205

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

MULPHA LAND BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----3 Months Ended----->	
	31.03.2014	31.03.2013
	RM '000	RM '000
Loss before tax	(2,220)	(1,526)
Adjustments for :-		
<i>Depreciation of property, plant and equipment</i>	7	9
<i>Depreciation of investment properties</i>	7	101
<i>Interest expense</i>	1,000	551
<i>Interest income</i>	(131)	(4)
Operating cash flows before changes in working capital	<u>(1,337)</u>	<u>(869)</u>
Changes in working capital:		
<i>Inventories</i>	(806)	2,810
<i>Receivables</i>	4,043	7,695
<i>Payables</i>	526	(4,862)
Cash flows generated from operating activities	<u>2,426</u>	<u>4,774</u>
Interest paid	(1,000)	(551)
Tax paid	(1,656)	(347)
Net cash flows (used in)/generated from operating activities	<u>(230)</u>	<u>3,876</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(6)	-
Interest received	131	4
Net cash flows generated from investing activities	<u>125</u>	<u>4</u>
Cash Flows from Financing Activity		
Net repayment of borrowings	(3,500)	(4,133)
Withdrawal/(placement) of pledged deposits	630	(1)
Net cash flows used in financing activity	<u>(2,870)</u>	<u>(4,134)</u>
Net decrease in Cash & Cash Equivalents	(2,975)	(254)
Cash & Cash Equivalents at beginning of year	20,723	4,695
Cash & Cash Equivalents at end of financial period	<u>17,748</u>	<u>4,441</u>

Note A :

Included in cash and cash equivalents as at 31 March are the following:

- Cash and deposits with licensed banks	18,514	6,089
- Bank overdrafts	(190)	(506)
- Deposits pledged	(576)	(1,142)
	<u>17,748</u>	<u>4,441</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

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 2013.

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 2013 except for the adoption of the following:-

Amendments to MFRS 10	Consolidation Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

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 31 March 2014.

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 ended 31 March 2014.

7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial quarter ended 31 March 2014.

8. PAYMENT OF DIVIDEND

No dividend was paid during the current financial quarter ended 31 March 2014.

9. SEGMENTAL REPORTING

	3 Months Ended 31.03.2014 RM'000	3 Months Ended 31.03.2013 RM'000
Segment Revenue		
Property	4,893	1,116
Investment holding & Others	412	363
Group Revenue	5,305	1,479
Segment Results		
Property	(1,315)	(670)
Investment holding & Others	95	(305)
Loss from operations	(1,220)	(975)

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 financial quarter ended 31 March 2014.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial quarter ended 31 March 2014.

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

	3 Months Ended	
	31/03/2014	31/03/2013
	RM'000	RM'000
Holding company, Mulpha International Bhd.		
-Interest expense payable to a related company in which a person to a Director of the holding company has interest	<u>(96)</u>	<u>(96)</u>
Subsidiaries of Mulpha International Bhd.		
-Management services payable	(801)	(190)
-Rental paid	(60)	(18)
-Interest expense	(101)	(468)
-Sales marketing, sales administration and project management payable	<u>-</u>	<u>(251)</u>

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

15. REVIEW OF PERFORMANCE

The Group recorded a revenue of RM5.31 million for the current financial period ended 31 March 2014 which was RM3.83 million higher than the previous corresponding period of RM1.48 million. The increase in revenue was mainly attributed to improved sales recognised for the development projects at Nibong Tebal, Penang. Despite the higher revenue, the Group recorded weaker performance in pre-tax loss was mainly due to higher finance cost and operating cost incurred.

16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue of RM5.31 million for the 1st quarter of 2014 as compared to a revenue of RM18.85 million for the 4th quarter of 2013 ("4Q 2013"). The higher revenue in the 4Q 2013 was mainly attributed to improved sales recognised for the development projects at Nibong Tebal, Penang and vacant land located in Klang, Selangor. In line with the higher revenue in the 4Q 2013, the Group registered a strong pre-tax profit of RM11.78 million. The strong performance was also contributed by the gain on disposal of investment properties amounted to RM4.32 million in 4Q 2013.

17. PROSPECTS

Apart from the ongoing projects in the Northern Region which is expected to contribute positively to the revenue and earnings of the Group in the current financial year, the Group is currently actively working on 2 major projects in the Central Region located at Persiaran Tropicana and Seksyen 13, Petaling Jaya. These mixed commercial projects mainly comprise high-rise serviced residence with combined gross development value of approximately RM1 billion. The Tropicana or Seksyen 13 project is expected to be launched in the fourth quarter of 2014.

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:-

	3 Months Ended	
	31/03/2014	31/03/2013
	RM'000	RM'000
Depreciation of property, plant and equipment	7	9
Depreciation of investment properties	7	101
Interest income	(131)	(4)

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20. INCOME TAX EXPENSE

	3 Months Ended	
	31/03/2014	31/03/2013
	RM'000	RM'000
Malaysian tax expense		
Income tax		
- current year	790	329
Deferred tax		
- current year	(640)	(7)
	<u>150</u>	<u>322</u>

21. STATUS OF CORPORATE PROPOSALS

- (i) On 29 July 2013, the Company has proposed to dispose of a parcel of freehold land held under Geran 449268, Lot 137699, Mukim Pulai, 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 the Company's immediate holding company, for a consideration of RM14,915,000 ("Proposed Land Disposal"). The Proposed Land Disposal was approved by the shareholders of the Company on 6 December 2013.

On 29 January 2014, the Company had entered into a supplemental letter with LFESB to mutually extend the cut-off date for a period of three (3) months until 29 April 2014 for the purpose of enabling LFESB to obtain the remaining outstanding condition precedent to the Proposed Land Disposal.

On 29 April 2014, the Company had entered into a further supplemental letter with LFESB to mutually extend the cut-off date for a period of three (3) months from 29 April 2014 until 29 July 2014 for the purpose of enabling LFESB to obtain the remaining outstanding condition precedent to the Proposed Land Disposal.

- (ii) The Company had on 25 February 2014 entered into a conditional sale and purchase agreement with the Government of The Islamic Republic of Iran (represented by its Embassy of The Islamic Republic of Iran, Kuala Lumpur) to dispose of a parcel of the freehold land together with a five-storey building comprising 12 condominium units for a cash consideration of RM34,300,000. The said property has a carrying value of RM17,777,000 as at 31 December 2013. The proposed disposal is subject to the approval of the shareholders of the Company at an Extraordinary General Meeting to be held on 26 May 2014.

22. BANK BORROWINGS

The details of the Group's bank borrowings as at 31 March 2014 are as follows:-

	RM'000
Short Term - Secured	
Overdraft	190
Term loan / Revolving credit	30,695
	<u>30,885</u>
Long Term - Secured	
Term loan	98,785
	<u>129,670</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 Directors do not recommend any dividend for the financial quarter ended 31 March 2014.

25. LOSS PER SHARE

The calculation of basic loss per share was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:-

	3 Months Ended	
	31/03/2014	31/03/2013
	RM'000	RM'000
Loss for the period	(2,370)	(1,848)
Non-controlling interest	(110)	(179)
Loss attributable to equity holders of the Company	<u>(2,260)</u>	<u>(1,669)</u>
Weighted average number of ordinary shares in issue ('000)	<u>228,303</u>	<u>228,303</u>
Basic loss per ordinary share (sen)	<u>(0.99)</u>	<u>(0.73)</u>

The comparative quarter's loss per ordinary share has been restated to reflect the bonus issue implemented in 2013.

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

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26. DISCLOSURE OF REALISED AND UNREALISED EARNINGS

The retained earnings is analysed as follow:-

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of Mulpha Land Berhad and its subsidiaries:		
- Realised	53,327	55,879
- Unrealised	2,028	1,388
	<u>55,355</u>	<u>57,267</u>
Consolidated adjustments	<u>(37,347)</u>	<u>(36,999)</u>
	<u>18,008</u>	<u>20,268</u>