

**MULPHA LAND BERHAD**

(Incorporated in Malaysia - 182350-H)

**Quarterly report on consolidated results for the second financial quarter ended 30 June 2014**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	NOTE	Current Quarter Ended 30.06.14 RM'000	Comparative Quarter Ended 30.06.13 RM'000	6 Months Cumulative To 30.06.14 RM'000	6 Months Cumulative To 30.06.13 RM'000
Revenue		5,608	7,002	10,913	8,481
Operating expenses		(6,358)	(7,079)	(12,367)	(9,541)
Other operating income		301	443	532	451
Loss/ (Profit) from operations		(449)	366	(922)	(609)
Finance cost		(1,610)	(540)	(3,357)	(1,091)
Loss before taxation		(2,059)	(174)	(4,279)	(1,700)
Income tax expense	20	(2)	(82)	(152)	(404)
<b>Loss for the period</b>		<b>(2,061)</b>	<b>(256)</b>	<b>(4,431)</b>	<b>(2,104)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(2,061)</b>	<b>(256)</b>	<b>(4,431)</b>	<b>(2,104)</b>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(1,796)	(636)	(4,056)	(2,305)
Non-controlling interests		(265)	380	(375)	201
		<b>(2,061)</b>	<b>(256)</b>	<b>(4,431)</b>	<b>(2,104)</b>
<b>Total comprehensive loss for the period attributable to:</b>					
Owners of the Company		(1,796)	(636)	(4,056)	(2,305)
Non-controlling interests		(265)	380	(375)	201
		<b>(2,061)</b>	<b>(256)</b>	<b>(4,431)</b>	<b>(2,104)</b>
<b>Loss per ordinary share (sen) :-</b>					
Basic / Diluted	25	(0.79)	(0.28)	(1.78)	(1.01)

(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	As At
		30.06.2014	31.12.2013
	NOTE	RM '000	RM '000
<b>Assets</b>			
<i>Non-Current Assets</i>			
Property, plant and equipment	10	788	356
Investment properties		948	959
Inventories		54,600	55,267
Goodwill		1,891	1,891
		<u>58,227</u>	<u>58,473</u>
<i>Current Assets</i>			
Inventories		259,397	260,208
Trade and other receivables		5,753	11,483
Income tax recoverable		758	69
Cash and bank balances		14,487	21,977
		<u>280,395</u>	<u>293,737</u>
Non-current asset classified as held for sale		17,765	18,072
		<u>298,160</u>	<u>311,809</u>
<b>Total Assets</b>		<u>356,387</u>	<u>370,282</u>
<b>Equity and Liabilities</b>			
<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		16,212	20,268
		<u>124,726</u>	<u>128,782</u>
Non-controlling interests		10,435	10,810
<b>Total Equity</b>		<u>135,161</u>	<u>139,592</u>
<i>Non - Current Liabilities</i>			
Bank borrowings	22	98,785	98,785
Trade and other payables		38,862	37,368
Deferred tax liabilities		4,439	5,061
		<u>142,086</u>	<u>141,214</u>
<i>Current Liabilities</i>			
Bank borrowings	22	29,125	34,243
Trade and other payables		39,907	45,784
Other current liabilities		9,534	7,941
Income tax payable		574	1,508
		<u>79,140</u>	<u>89,476</u>
<b>Total Liabilities</b>		<u>221,226</u>	<u>230,690</u>
<b>Total Equity and Liabilities</b>		<u>356,387</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.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Owners of the Company ----->		Attributable to Owners of the Company ----->		Attributable to Owners of the Company ----->	
	Non-distributable ----->		Distributable -->		Non-distributable ----->	
	Share Capital	Share Premium	Capital Reserves	Retained Earnings	Total	Total Equity
	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	139,592
Total comprehensive loss for the period	-	-	-	(4,056)	(4,056)	(4,431)
At 30 June 2014	22,830	2,481	83,203	16,212	124,726	135,161
At 1 January 2013	9,132	16,179	77,403	12,447	115,161	121,053
Total comprehensive loss for the period	-	-	-	(2,305)	(2,305)	(2,104)
At 30 June 2013	9,132	16,179	77,403	10,142	112,856	118,949

(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**

	<-----6 Months Ended----->	
	30.06.2014	30.06.2013
	RM '000	RM '000
Loss before tax	(4,279)	(1,700)
Adjustments for :-		
<i>Depreciation of property, plant and equipment</i>	17	16
<i>Depreciation of investment properties</i>	11	203
<i>Gain on disposal of an investment property</i>	(93)	(364)
<i>Interest expense</i>	1,863	1,091
<i>Unwinding of discount on payables</i>	1,494	-
<i>Interest income</i>	(255)	(18)
Operating cash flows before changes in working capital	<u>(1,242)</u>	<u>(772)</u>
Changes in working capital:		
<i>Inventories</i>	1,055	2,137
<i>Receivables</i>	5,731	(7,298)
<i>Payables</i>	(4,284)	4,540
Cash flows generated from/(used in) operating activities	<u>1,260</u>	<u>(1,393)</u>
Interest paid	(1,863)	(1,091)
Tax paid	(2,397)	(494)
Net cash flows used in operating activities	<u>(3,000)</u>	<u>(2,978)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(26)	(2)
Proceed from disposal of an investment property	400	536
Interest received	255	18
Net cash flows generated from investing activities	<u>629</u>	<u>552</u>
Cash Flows from Financing Activity		
Net (repayment of)/drawdown of borrowings	(5,071)	342
Withdrawal/(placement) of pledged deposits	676	(1)
Net cash flows (used in)/generated from financing activity	<u>(4,395)</u>	<u>341</u>
Net decrease in Cash & Cash Equivalents	(6,766)	(2,085)
Cash & Cash Equivalents at beginning of year	20,723	4,695
Cash & Cash Equivalents at end of financial period	<u>13,957</u>	<u>2,610</u>

Note A

**Note A :**

Included in cash and cash equivalents as at 30 June are the following:

- Cash and deposits with licensed banks	14,487	6,013
- Bank overdrafts	-	(2,258)
- Deposits pledged	(530)	(1,145)
	<u>13,957</u>	<u>2,610</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.)

**MULPHA LAND BERHAD**

(Incorporated in Malaysia - 182350-H)

**FINANCIAL QUARTER ENDED 30 JUNE 2014**

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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 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 12 Separate Financial Statements (2011): Investment Entities

Amendments to MFRS 13 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 13 Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets

Amendments to MFRS 13 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.

## MULPHA LAND BERHAD

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### 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 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 30 June 2014.

### 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 2014.

### 8. PAYMENT OF DIVIDEND

No dividend was paid during the current financial quarter ended 30 June 2014.

### 9. SEGMENTAL REPORTING

	<b>6 Months Ended 30.06.2014 RM'000</b>	<b>6 Months Ended 30.06.2013 RM'000</b>
<b>Segment Revenue</b>		
Property	10,111	7,695
Investment holding and others	802	786
<b>Group Revenue</b>	<b>10,913</b>	<b>8,481</b>
<b>Segment Results</b>		
Property	(1,162)	(1,187)
Investment holding and others	240	578
<b>Loss from operations</b>	<b>(922)</b>	<b>(609)</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 financial quarter ended 30 June 2014.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial quarter ended 30 June 2014.

**13. CONTINGENT LIABILITIES / CAPITAL COMMITMENTS**

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

**14. RELATED PARTY TRANSACTIONS**

	<b>2nd Quarter Ended</b>		<b>6 Months Ended</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Holding company, Mulpha International Bhd.</b>				
-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)	(193)
<b>Subsidiaries of Mulpha International Bhd.</b>				
-Management fee expense	48	(355)	(753)	(545)
-Rental expense	(84)	(39)	(144)	(57)
-Interest expense	-	(316)	(101)	(784)
-Unwinding of discount on payables	(747)	-	(1,494)	-
-Sales marketing, sales administration and project management fee expense	-	(530)	-	(781)

## MULPHA LAND BERHAD

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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 RM10.91 million for the current financial period ended 30 June 2014 which was RM2.43 million higher than the corresponding preceding year's period of RM8.48 million. The increase in revenue was mainly attributed to improved sales recognised for the development projects at Taman Desa Aman, Padang Meha, Kulim as buying interest has picked up due to effective marketing campaign implemented. However, the Group recorded a pre-tax loss of RM4.28 million mainly due to higher finance cost and operating cost incurred.

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

The Group recorded a revenue of RM5.61 million for the current quarter as compared to a revenue of RM5.31 million for the previous quarter. The marginal improvement in revenue for 2nd quarter of 2014 was mainly attributed to strong sales recorded for the development projects at Taman Desa Aman, Padang Meha, Kulim. However, it was offset by weaker sales generated from development projects at Nibong Tebal, Penang. The Group recorded a pre-tax loss of RM2.06 million in the current quarter as compared to a pre-tax loss of RM2.22 million for the previous quarter. The loss was mainly due to higher operating cost and finance cost incurred.

#### 17. PROSPECTS

We remain optimistic of the long term future of the Group as the Group is progressing well with its two major projects in the Klang Valley with an estimated gross development value ("GDV") of RM1 billion. With the expected launching of our flagship Tropicana project with a GDV of approximately RM740 million in the first quarter of 2015, the Group is well placed to perform strongly in the coming years.

#### 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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	10	7	17	16
Depreciation of investment properties	4	102	11	203
Interest expense	863	540	1,863	1,091
Unwinding of discount on payables	747	-	1,494	-
Gain on disposal of an investment property	(93)	(364)	(93)	(364)
Interest income	(124)	(14)	(255)	(18)



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**20. INCOME TAX EXPENSE**

	<b>2nd Quarter Ended</b>		<b>6 Months Ended</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Malaysian tax expense</b>				
Income tax				
- current year	(10)	(677)	(800)	(1,006)
- prior year	101	-	101	-
Deferred tax				
- current year	(210)	759	430	602
- prior year	117	-	117	-
	<u>(2)</u>	<u>82</u>	<u>(152)</u>	<u>(404)</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.

On 25 July 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 July 2014 until 29 October 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 was completed on 5 August 2014.

## 22. BANK BORROWINGS

The details of the Group's bank borrowings as at 30 June 2014 are as follows:-

	<b>RM'000</b>
<b>Short Term - Secured</b>	
Term loan / Revolving credit	29,125
<b>Long Term - Secured</b>	
Term loan	98,785
	<u>127,910</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 30 June 2014.

## 25. LOSS PER ORDINARY SHARE

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

	<b>6 Months Ended</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss for the period	(4,431)	(2,104)
Non-controlling interest	375	(201)
Loss attributable to equity holders of the Company	<u>(4,056)</u>	<u>(2,305)</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>(1.78)</u>	<u>(1.01)</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 period. Accordingly, the diluted loss per ordinary share for the current financial period is equal to basic loss per ordinary share.

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**26. DISCLOSURE OF REALISED AND UNREALISED EARNINGS**

The retained earnings is analysed as follow:-

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of Mulpha Land Berhad and its subsidiaries:		
- Realised	67,546	55,879
- Unrealised	2,020	1,388
	<u>69,566</u>	<u>57,267</u>
Consolidated adjustments	(53,354)	(36,999)
	<u>16,212</u>	<u>20,268</u>