

MULPHA LAND BERHAD

(Incorporated in Malaysia - 182350-H)

Quarterly report on consolidated results for the third financial quarter ended 30 September 2014

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTE	Current Quarter Ended 30.09.14 RM'000	Comparative Quarter Ended 30.09.13 RM'000	9 Months Cumulative To 30.09.14 RM'000	9 Months Cumulative To 30.09.13 RM'000
Revenue		7,932	19,808	18,845	28,289
Operating expenses		(6,236)	(15,335)	(18,603)	(24,876)
Other operating income		15,278	2,769	15,810	3,220
Profit from operations		16,974	7,242	16,052	6,633
Finance cost		(1,477)	(519)	(4,834)	(1,610)
Profit before taxation		15,497	6,723	11,218	5,023
Income tax expense	20	(550)	(445)	(702)	(849)
Profit for the period		14,947	6,278	10,516	4,174
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		14,947	6,278	10,516	4,174
Profit for the period attributable to:					
Owners of the Company		14,625	5,276	10,569	2,971
Non-controlling interests		322	1,002	(53)	1,203
		14,947	6,278	10,516	4,174
Total comprehensive income for the period attributable to:					
Owners of the Company		14,625	5,276	10,569	2,971
Non-controlling interests		322	1,002	(53)	1,203
		14,947	6,278	10,516	4,174
Earnings per ordinary share (sen) :-					
Basic / Diluted	25	6.41	2.31	4.63	1.30

(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 30.09.2014 RM '000	As At 31.12.2013 RM '000
	NOTE		
Assets			
<i>Non-Current Assets</i>			
Property, plant and equipment	10	1,121	356
Investment properties		928	959
Inventories		54,605	55,267
Goodwill		1,891	1,891
		<u>58,545</u>	<u>58,473</u>
<i>Current Assets</i>			
Inventories		256,179	260,208
Trade and other receivables		17,362	11,483
Income tax recoverable		809	69
Cash and bank balances		12,680	21,977
		<u>287,030</u>	<u>293,737</u>
Non-current asset classified as held for sale		-	18,072
		<u>287,030</u>	<u>311,809</u>
Total Assets		<u>345,575</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		85,544	83,203
Retained earnings		30,837	20,268
		<u>141,692</u>	<u>128,782</u>
Non-controlling interests		4,371	10,810
Total Equity		<u>146,063</u>	<u>139,592</u>
<i>Non - Current Liabilities</i>			
Bank borrowings	22	94,935	98,785
Trade and other payables		39,610	37,368
Deferred tax liabilities		3,657	5,061
		<u>138,202</u>	<u>141,214</u>
<i>Current Liabilities</i>			
Bank borrowings	22	6,284	34,243
Trade and other payables		36,178	45,784
Other current liabilities		18,357	7,941
Income tax payable		491	1,508
		<u>61,310</u>	<u>89,476</u>
Total Liabilities		<u>199,512</u>	<u>230,690</u>
Total Equity and Liabilities		<u>345,575</u>	<u>370,282</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.62</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.)

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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 income for the period	-	-	-	10,569	10,569	(53)	10,516
Changes in ownership interest in a subsidiary	-	-	2,341	-	2,341	(2,641)	(300)
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(3,745)	(3,745)
At 30 September 2014	22,830	2,481	85,544	30,837	141,692	4,371	146,063
At 1 January 2013	9,132	16,179	77,403	12,447	115,161	5,892	121,053
Total comprehensive income for the period	-	-	-	2,971	2,971	1,203	4,174
At 30 September 2013	9,132	16,179	77,403	15,418	118,132	7,095	125,227

(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.)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----9 Months Ended----->	
	30.09.2014	30.09.2013
	RM '000	RM '000
Profit before tax	11,218	5,023
Adjustments for :-		
<i>Depreciation of property, plant and equipment</i>	37	22
<i>Depreciation of investment properties</i>	17	273
<i>Gain on disposal of property, plant & equipment</i>	-	(570)
<i>Gain on disposal of investment properties</i>	(15,032)	(364)
<i>Provision/(Reversal) of impairment loss on trade receivables</i>	13	(632)
<i>Interest expense</i>	2,592	1,610
<i>Unwinding of discount on payables</i>	2,242	-
<i>Interest income</i>	(482)	(1,657)
Operating cash flows before changes in working capital	<u>605</u>	<u>3,705</u>
Changes in working capital:		
<i>Inventories</i>	4,691	12,257
<i>Receivables</i>	(5,892)	5,287
<i>Payables</i>	810	(8,068)
Cash flows generated from operating activities	<u>214</u>	<u>13,181</u>
Interest paid	(2,592)	(3,148)
Tax paid	(3,863)	(1,175)
Net cash flows (used in)/generated from operating activities	<u>(6,241)</u>	<u>8,858</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(802)	(2)
Proceed from disposal of property, plant & equipment	-	720
Proceed from disposal of investment properties	33,118	550
Interest received	482	1,657
Net cash flows generated from investing activities	<u>32,798</u>	<u>2,925</u>
Cash Flows from Financing Activities		
Acquisition of non-controlling interests	(300)	-
Dividend paid to non-controlling interest of a subsidiary	(3,745)	-
Net repayment of borrowings	(32,425)	(7,858)
Withdrawal/(placement) of pledged deposits	674	(4)
Net cash flows used in financing activities	<u>(35,796)</u>	<u>(7,862)</u>
Net (decrease)/increase in Cash & Cash Equivalents	(9,239)	3,921
Cash & Cash Equivalents at beginning of year	20,723	4,695
Cash & Cash Equivalents at end of financial period	<u>11,484</u>	<u>8,616</u>
	Note A	
Note A :		
Included in cash and cash equivalents as at 30 September are the following:		
- Cash and deposits with licensed banks	12,680	10,175
- Bank overdrafts	(664)	(414)
- Deposits pledged	(532)	(1,145)
	<u>11,484</u>	<u>8,616</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.)

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FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

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.

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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 September 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 September 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 September 2014.

8. PAYMENT OF DIVIDEND

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

9. SEGMENTAL REPORTING

	9 Months Ended 30.09.2014 RM'000	9 Months Ended 30.09.2013 RM'000
Segment Revenue		
Property	17,841	27,073
Investment holding and others	1,004	1,216
Group Revenue	18,845	28,289
Segment Results		
Property	649	6,116
Investment holding and others	15,403	517
Profit from operations	16,052	6,633

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

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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 September 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 September 2014, except for the acquisition of the remaining 30% equity interest in Bukit Punchor Development Sdn Bhd ("BPD") by Mulpha Land Berhad ("MLB") on 25 September 2014. BPD is now a wholly-owned subsidiary of MLB.

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

	3rd Quarter Ended		9 Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Holding company, Mulpha International Bhd.				
-Interest expense payable to a related company in which a person connected with a Director of the holding company has an interest	98	98	291	291
Subsidiaries of Mulpha International Bhd.				
-Management fee expense	339	79	1,092	624
-Rental expense	87	6	231	63
-Interest expense	-	380	101	1,164
-Unwinding of discount on payables	748	-	2,242	-
-Sales marketing, sales administration and project management fee expense	-	1,250	-	2,031

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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

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

The Group recorded a revenue of RM18.85 million for the current financial period ended 30 September 2014 which was RM9.44 million lower than the corresponding preceding year's period of RM28.29 million. The higher revenue in the previous financial period was mainly boosted by the Group's Enclave Bangsar, Kuala Lumpur sales. However, the Group registered a pre-tax profit of RM11.22 million, a significant improvement of RM6.20 million from a pre-tax profit of RM5.02 million posted in the previous corresponding period. The good performance was mainly attributed to the gain on disposal of Raintree Residence, 5-storey building comprising 12 condominium units of RM14.94 million.

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

The Group recorded a revenue of RM7.93 million and a pre-tax profit of RM15.50 million for the 3rd quarter of 2014 as compared to a revenue and a pre-tax profit of RM19.81 million and RM6.72 million respectively in the 3rd quarter of 2013. The strong revenue in the previous year corresponding quarter was mainly due to sales recognised in Enclave Bangsar, Kuala Lumpur. However, the Group's reported a higher pre-tax profit in the 3rd quarter of 2014, an increase of RM8.78 million compared to the 3rd quarter of 2013. The strong pre-tax profit was mainly attributed to the gain on disposal of an investment property, Raintree Residence as mentioned above.

16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue of RM7.93 million and a pre-tax profit of RM15.50 million for the current quarter as compared to a revenue of RM5.61 million and a pre-tax loss of RM2.06 million for the previous quarter. The strong performance in the current quarter was mainly attributed to stronger sales recognised for Taman Bukit Punchor as well as gain on disposal of Raintree

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 development projects with a preference towards locations that are closer to the Group's existing projects in the northern and central region. 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 of RM1 billion.

18. VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

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

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19. PROFIT BEFORE TAXATION

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

	3rd Quarter Ended		9 Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	20	8	37	22
Depreciation of investment properties	6	70	17	273
Interest expense	729	519	2,592	1,610
Unwinding of discount on payables	748	-	2,242	-
Provision for impairment loss on trade receivables	34	-	34	-
Reversal of impairment loss on trade receivables	(21)	(632)	(21)	(632)
Gain on disposal of property, plant and equipment	-	(570)	-	(570)
Gain on disposal of investment properties	(14,939)	-	(15,032)	(364)
Interest income	(227)	(1,639)	(482)	(1,657)

20. INCOME TAX EXPENSE

	3rd Quarter Ended		9 Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- current year	1,555	788	2,355	1,794
- prior year	(134)	-	(235)	-
Deferred tax				
- current year	(627)	(343)	(1,057)	(945)
- prior year	(244)	-	(361)	-
	<u>550</u>	<u>445</u>	<u>702</u>	<u>849</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.

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21. STATUS OF CORPORATE PROPOSALS (CONT'D)

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.

On 29 October 2014, the Company had entered into a further supplemental letter with LFESB to mutually extend the completion date of the Proposed Land Disposal for a period of three (3) months from 30 October 2014 until 29 January 2015 for the settlement of the balance consideration by LFESB.

22. BANK BORROWINGS

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

	RM'000
Short Term - Secured	6,284
Long Term - Secured	94,935
	<u>101,219</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.

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24. DIVIDENDS

The Directors do not recommend any dividend for the financial quarter ended 30 September 2014.

25. EARNINGS PER ORDINARY SHARE

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

	9 Months Ended	
	30.09.2014	30.09.2013
	RM'000	RM'000
Profit for the period	10,516	4,174
Non-controlling interest	53	(1,203)
Profit attributable to equity holders of the Company	<u>10,569</u>	<u>2,971</u>
Weighted average number of ordinary shares in issue ('000)	<u>228,303</u>	<u>228,303</u>
Basic earnings per ordinary share (sen)	<u>4.63</u>	<u>1.30</u>

The comparative quarter's earnings 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 earnings per ordinary share for the current financial period is equal to basic earnings per ordinary share.

26. DISCLOSURE OF REALISED AND UNREALISED EARNINGS

The retained earnings is analysed as follow:-

	As at	As at
	30.09.2014	31.12.2013
	RM'000	RM'000
Total retained earnings of Mulpha Land Berhad and its subsidiaries:		
- Realised	65,978	55,879
- Unrealised	2,615	1,388
	<u>68,593</u>	<u>57,267</u>
Consolidated adjustments	<u>(37,756)</u>	<u>(36,999)</u>
	<u>30,837</u>	<u>20,268</u>