

MULPHA LAND BERHAD
(Incorporated in Malaysia - 182350-H)

Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2014
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTE	Current Quarter Ended 31.12.14 RM'000	Comparative Quarter Ended 31.12.13 RM'000	12 Months Cumulative To 31.12.14 RM'000	12 Months Cumulative To 31.12.13 RM'000
Revenue		26,231	18,854	45,076	47,143
Operating expenses		(28,967)	(13,565)	(47,570)	(38,441)
Other operating income		857	4,375	16,667	7,595
Profit/(Loss) from operations		(1,879)	9,664	14,173	16,297
Finance cost		(1,167)	(2,908)	(6,001)	(4,518)
(Loss)/Profit before taxation		(3,046)	6,756	8,172	11,779
Income tax expense	20	(2,215)	(2,050)	(2,917)	(2,899)
Profit/(Loss) for the year		(5,261)	4,706	5,255	8,880
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		(5,261)	4,706	5,255	8,880
(Loss)/Profit for the year attributable to:					
Owners of the Company		(948)	5,535	9,621	8,506
Non-controlling interests		(4,313)	(829)	(4,366)	374
		(5,261)	4,706	5,255	8,880
Total comprehensive (loss)/income the year attributable to:					
Owners of the Company		(948)	5,535	9,621	8,506
Non-controlling interests		(4,313)	(829)	(4,366)	374
		(5,261)	4,706	5,255	8,880
Earnings/(Loss) per ordinary share (sen) :-					
Basic / Diluted	25	(0.42)	2.43	4.21	3.73

(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

(Incorporated in Malaysia - 182350-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As At 31.12.2014 RM '000	(Audited) As At 31.12.2013 RM '000
Assets			
<i>Non-Current Assets</i>			
Property, plant and equipment	10	1,189	356
Investment properties		2,861	959
Inventories		49,213	55,267
Goodwill		1,891	1,891
		<u>55,154</u>	<u>58,473</u>
<i>Current Assets</i>			
Inventories		243,342	260,208
Trade and other receivables		5,940	11,483
Income tax recoverable		415	69
Cash and bank balances		19,927	21,977
		<u>269,624</u>	<u>293,737</u>
Non-current asset classified as held for sale		-	18,072
		<u>269,624</u>	<u>311,809</u>
Total Assets		<u>324,778</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		29,889	20,268
		<u>140,744</u>	<u>128,782</u>
Non-controlling interests		58	10,810
Total Equity		<u>140,802</u>	<u>139,592</u>
<i>Non - Current Liabilities</i>			
Bank borrowings	22	95,931	98,785
Trade and other payables		-	37,368
Deferred tax liabilities		4,811	5,061
		<u>100,742</u>	<u>141,214</u>
<i>Current Liabilities</i>			
Bank borrowings	22	26,421	34,243
Trade and other payables		45,799	45,784
Other current liabilities		10,536	7,941
Income tax payable		478	1,508
		<u>83,234</u>	<u>89,476</u>
Total Liabilities		<u>183,976</u>	<u>230,690</u>
Total Equity and Liabilities		<u>324,778</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 year	-	-	-	9,621	9,621	(4,366)	5,255
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 31 December 2014	22,830	2,481	85,544	29,889	140,744	58	140,802
At 1 January 2013	9,132	16,179	77,403	12,447	115,161	5,892	121,053
Total comprehensive income for the year	-	-	-	8,506	8,506	374	8,880
Bonus shares issued	13,698	(13,698)	-	(685)	(685)	-	(685)
Dividend to owners of the Company	-	-	-	-	-	(2,255)	(2,255)
Dividend to non-controlling interest of a subsidiary	-	-	5,800	-	5,800	6,799	12,599
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-
At 31 December 2013	22,830	2,481	83,203	20,268	128,782	10,810	139,592

(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

	<-----12 Months Ended----->	
	31.12.2014	31.12.2013
	RM '000	RM '000
Profit before tax	8,172	11,779
Adjustments for :-		
<i>Depreciation of property, plant and equipment</i>	62	30
<i>Depreciation of investment properties</i>	24	368
<i>Transfer of property, plant & equipment</i>	-	(5)
<i>Gain on disposal of property, plant & equipment</i>	-	(603)
<i>Property, plant & equipment written off</i>	-	8
<i>Gain on disposal of investment properties</i>	(15,032)	(4,319)
<i>Reversal of impairment loss on other receivables</i>	(133)	-
<i>Interest expense</i>	3,012	4,518
<i>Unwinding of discount on payables</i>	2,989	-
<i>Interest income</i>	(1,142)	(1,866)
<i>Impairment loss on inventories</i>	7,600	-
	<hr/>	<hr/>
Operating cash flows before changes in working capital	5,552	9,910
Changes in working capital:		
<i>Inventories</i>	15,320	(141,128)
<i>Receivables</i>	5,676	7,272
<i>Payables</i>	5,039	33,641
	<hr/>	<hr/>
Cash generated from/(used in) operating activities	31,587	(90,305)
Interest paid	(3,012)	(4,518)
Tax paid	(4,543)	(4,031)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	24,032	(98,854)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(895)	(37)
Purchase of investment properties	(1,940)	-
Proceeds from changes in ownership interests in a subsidiary	-	12,599
Proceed from disposal of property, plant & equipment	-	747
Proceed from disposal of investment properties	33,118	5,300
Payment on the acquisition of a subsidiary	(42,786)	-
Interest received	1,142	1,866
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(11,361)	20,475
Cash Flows from Financing Activities		
Acquisition of non-controlling interests	(300)	-
Dividend paid to owners of the Company	-	(685)
Dividend paid to non-controlling interest of a subsidiary	(3,745)	(2,255)
Net repayment of borrowings	(13,081)	97,412
Withdrawal/(placement) of pledged deposits	669	(65)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(16,457)	94,407
Net (decrease)/increase in Cash & Cash Equivalents	(3,786)	16,028
Cash & Cash Equivalents at beginning of year	20,723	4,695
Cash & Cash Equivalents at end of financial year	<hr/> Note A <hr/> 16,937	<hr/> Note A <hr/> 20,723
Note A :		
Included in cash and cash equivalents as at 31 December are the following:		
- Cash and deposits with licensed banks	19,927	21,977
- Bank overdrafts	(2,453)	(48)
- Deposits pledged	(537)	(1,206)
	<hr/> 16,937	<hr/> 20,723

(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.

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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 31 December 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 December 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 December 2014.

8. PAYMENT OF DIVIDEND

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

9. SEGMENTAL REPORTING

	12 Months Ended 31.12.2014 RM'000	12 Months Ended 31.12.2013 RM'000
Segment Revenue		
Property	43,885	45,588
Investment holding and others	1,191	1,555
Group Revenue	45,076	47,143
Segment Results		
Property	1,136	11,296
Investment holding and others	13,037	5,001
Profit from operations	14,173	16,297

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 December 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 December 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

	4th Quarter Ended		12 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Subsidiaries of holding company, Mulpha International Bhd.				
-Management fee expense	276	357	1,368	1,041
-Rental expense	100	57	331	119
-Interest expense	111	390	212	1,554
-Corporate and financial advisory fee	-	103	-	103
-Unwinding of discount on payables	747	-	2,989	-
-Sale of an investment property	-	(4,750)	-	(4,750)
-Sale of inventories	(14,915)	-	(14,915)	-
-Interest income	(659)	-	(659)	-
-Sales marketing, sales administration and project management fee expense	-	-	-	2,031
Other related parties				
A company related to a person connected with a director of the holding company has interest				
-Interest expense	100	99	391	390
Non-controlling interests of subsidiaries				
- Interest expense	401	25	1,339	100
- Project management fee expense	30	-	100	-

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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 RM45.08 million for the current financial year ended 31 December 2014 which was marginally lower than the corresponding preceding year of RM47.14 million. The Group reported a lower pre-tax profit of RM8.17 million, a decrease of RM3.61 million from the pre-tax profit of RM11.78 million posted in the previous corresponding year. The lower pre-tax profit in the current financial year was mainly attributed to an impairment loss made on development lands of RM7.6 million.

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

The Group recorded a revenue of RM26.23 million and a pre-tax loss of RM3.05 million for the 4th quarter of 2014 as compared to the revenue and pre-tax profit of RM18.85 million and RM6.76 million respectively recorded in the 4th quarter of 2013. The strong revenue in the current year quarter was mainly due to the completion of the disposal of a parcel of freehold land as disclosed in Note 21. Despite a higher revenue reported in the current year quarter, the Group recorded a pre-tax loss of RM3.05 million, a decrease of RM12.80 million as compared to the 4th quarter of 2013. The weaker performance was mainly due to impairment loss made on development lands as mentioned above.

16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue of RM26.23 million and a pre-tax loss of RM3.05 million for the current quarter as compared to the revenue of RM7.93 million and pre-tax profit of RM15.50 million in the previous quarter. The strong performance in the current quarter was mainly attributed to the completion of the disposal of a parcel of freehold land as mentioned above. However, the gain from the above disposal was offset by an impairment loss of development lands as mentioned in Note 15(a). The higher pre-tax profit in the previous quarter was mainly attributed to a gain on disposal of RM14.94 million of an investment property, Raintree Residence, a 5-storey building comprising 12 condominium units.

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17. PROSPECTS

Despite the property market outlook and sentiment continue to soften amid financial institution's credit tightening measures and volatile economic environment, the Group remains optimistic as the development projects undertaken by the Group are at strategic and prime locations such as Tropicana and Section 13 in the Klang Valley which are expected to be launched in the second half of 2015 and second half of 2016 respectively. The above projects will see a total gross development value of exceeding RM1 billion. These maiden projects are expected to contribute positively to the Group's performance.

The Group continues to actively source for and evaluate opportunities to increase its land bank through outright purchases as well as joint ventures with land owners. For new land bank, the Group primarily focuses on development projects with preference towards locations that are closer to the Group's existing projects in the northern and central regions. We remain optimistic of the long term growth of the Group.

18. VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

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

19. PROFIT BEFORE TAXATION

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

	4th Quarter Ended		12 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	25	8	62	30
Depreciation of investment properties	7	95	24	368
Interest expense	420	2,908	3,012	4,518
Unwinding of discount on payables	747	-	2,989	-
Reversal of impairment loss on trade receivables	(34)	-	-	-
Reversal of impairment loss on trade receivables	21	-	-	(632)
Reversal of impairment loss on other receivables	(133)	-	(133)	-
Loss/(gain) on disposal of property, plant and equipment	-	15	-	(555)
Impairment loss on inventories	7,600	-	7,600	-
Gain on disposal of investment properties	-	(3,955)	(15,032)	(4,319)
Interest income	(660)	(227)	(1,142)	(1,866)

20. INCOME TAX EXPENSE

	4th Quarter Ended		12 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- current year	1,084	3,580	3,439	5,374
- prior year	(37)	(147)	(272)	(147)
Deferred tax				
- current year	1,345	(754)	288	(1,699)
- prior year	(177)	(629)	(538)	(629)
	<u>2,215</u>	<u>2,050</u>	<u>2,917</u>	<u>2,899</u>

The effective tax rate of the Group for the financial year ended 31 December 2014 under review is higher than the statutory rate of 25% mainly due to certain expenses are not deductible.

21. STATUS OF CORPORATE PROPOSALS

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.

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21. STATUS OF CORPORATE PROPOSALS (CONT'D)

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.

The Proposed Land Disposal has been completed on 10 December 2014 following the full settlement sum received from LFESB.

22. BANK BORROWINGS

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

	RM'000
Short Term - Secured	26,421
Long Term - Secured	95,931
	<u>122,352</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 December 2014.

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25. EARNINGS/(LOSS) PER ORDINARY SHARE

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

	12 Months Ended	
	31.12.2014	31.12.2013
	RM'000	RM'000
Profit for the year	5,255	8,880
Non-controlling interest	4,366	(374)
Profit attributable to equity holders of the Company	<u>9,621</u>	<u>8,506</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>4.21</u>	<u>3.73</u>

There are no potential dilution effects on ordinary shares of the Company for the current financial year. Accordingly, the diluted earnings per ordinary share for the current financial year 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
	31.12.2014	31.12.2013
	RM'000	RM'000
Total retained earnings of Mulpha Land Berhad and its subsidiaries:		
- Realised	57,268	55,879
- Unrealised	1,244	1,388
	<u>58,512</u>	<u>57,267</u>
Consolidated adjustments	<u>(28,623)</u>	<u>(36,999)</u>
	<u>29,889</u>	<u>20,268</u>