

MULPHA LAND BERHAD

(Incorporated in Malaysia - 182350-H)

Quarterly report on consolidated results for the first financial quarter ended 31 March 2015

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTE	Current Quarter Ended 31.03.15 RM'000	Comparative Quarter Ended 31.03.14 RM'000	3 Months Cumulative To 31.03.15 RM'000	3 Months Cumulative To 31.03.14 RM'000
Revenue		1,365	5,305	1,365	5,305
Operating expenses		(4,579)	(6,756)	(4,579)	(6,756)
Other operating income		498	231	498	231
Loss from operations		(2,716)	(1,220)	(2,716)	(1,220)
Finance cost		(1,060)	(1,000)	(1,060)	(1,000)
Loss before taxation		(3,776)	(2,220)	(3,776)	(2,220)
Income tax expense	20	(225)	(150)	(225)	(150)
Loss for the period		(4,001)	(2,370)	(4,001)	(2,370)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(4,001)	(2,370)	(4,001)	(2,370)
Loss for the period attributable to:					
Owners of the Company		(3,090)	(2,260)	(3,090)	(2,260)
Non-controlling interests		(911)	(110)	(911)	(110)
		(4,001)	(2,370)	(4,001)	(2,370)
Total comprehensive loss for the period attributable to:					
Owners of the Company		(3,090)	(2,260)	(3,090)	(2,260)
Non-controlling interests		(911)	(110)	(911)	(110)
		(4,001)	(2,370)	(4,001)	(2,370)
Loss per ordinary share (sen) :-					
Basic / Diluted	25	(1.35)	(0.99)	(1.35)	(0.99)

(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 2014 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 31.03.2015 RM '000	(Audited) As At 31.12.2014 RM '000
Assets			
<i>Non-Current Assets</i>			
Property, plant and equipment	10	1,494	1,189
Investment properties		2,893	2,861
Inventories		49,258	49,213
Goodwill		1,891	1,891
		<u>55,536</u>	<u>55,154</u>
<i>Current Assets</i>			
Inventories		246,778	243,343
Trade and other receivables		8,415	5,939
Income tax recoverable		396	415
Cash and bank balances		26,452	19,927
		<u>282,041</u>	<u>269,624</u>
Total Assets		<u>337,577</u>	<u>324,778</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	85,544
Retained earnings		26,799	29,889
		<u>137,654</u>	<u>140,744</u>
Non-controlling interests		(853)	58
Total Equity		<u>136,801</u>	<u>140,802</u>
<i>Non - Current Liabilities</i>			
Bank borrowings	22	121,025	93,780
Deferred tax liabilities		4,811	4,811
		<u>125,836</u>	<u>98,591</u>
<i>Current Liabilities</i>			
Bank borrowings	22	12,759	28,572
Trade and other payables		43,207	45,799
Other current liabilities		18,545	10,536
Income tax payable		429	478
		<u>74,940</u>	<u>85,385</u>
Total Liabilities		<u>200,776</u>	<u>183,976</u>
Total Equity and Liabilities		<u>337,577</u>	<u>324,778</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.60</u>	<u>0.62</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 2014 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 2015	22,830	2,481	85,544	29,889	140,744	58	140,802
Total comprehensive income for the period	-	-	-	(3,090)	(3,090)	(911)	(4,001)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	-
At 31 March 2015	<u>22,830</u>	<u>2,481</u>	<u>85,544</u>	<u>26,799</u>	<u>137,654</u>	<u>(853)</u>	<u>136,801</u>
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	<u>22,830</u>	<u>2,481</u>	<u>83,203</u>	<u>18,008</u>	<u>126,522</u>	<u>10,700</u>	<u>137,222</u>

(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 2014 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----->	
	31.03.2015	31.03.2014
	RM '000	RM '000
Loss before tax	(3,776)	(2,220)
Adjustments for :-		
<i>Depreciation of property, plant and equipment</i>	27	7
<i>Depreciation of investment properties</i>	7	7
<i>Interest expense</i>	938	1,000
<i>Interest income</i>	(320)	(131)
	<u>(3,124)</u>	<u>(1,337)</u>
Operating cash flows before changes in working capital		
Changes in working capital:		
<i>Inventories</i>	(3,481)	(806)
<i>Receivables</i>	(2,473)	4,043
<i>Payables</i>	5,414	526
	<u>(3,664)</u>	<u>2,426</u>
Cash generated from/(used in) operating activities		
Interest paid	(938)	(1,000)
Tax paid	(379)	(1,656)
Tax refund	124	-
	<u>(4,857)</u>	<u>(230)</u>
Net cash generated from/(used in) operating activities		
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(38)	(6)
Purchase of investment properties	(332)	-
Interest received	320	131
	<u>(50)</u>	<u>125</u>
Net cash (used in)/generated from investing activities		
Cash Flows from Financing Activities		
Net drawdown of bank borrowings	6,746	(3,500)
Withdrawal/(placement) of pledged deposits	(4)	630
	<u>6,742</u>	<u>(2,870)</u>
Net cash (used in)/generated from financing activities		
Net (decrease)/increase in Cash & Cash Equivalents	1,835	(2,975)
Cash & Cash Equivalents at beginning of period	16,937	20,723
Cash & Cash Equivalents at end of financial period	<u>18,772</u>	<u>17,748</u>
	Note A	
Note A :		
Included in cash and cash equivalents as at 31 March are the following:		
- Cash and deposits with licensed banks	26,452	18,514
- Bank overdrafts	(7,139)	(190)
- Deposits pledged	(541)	(576)
	<u>18,772</u>	<u>17,748</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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

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FINANCIAL QUARTER ENDED 31 MARCH 2015

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 2014.

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 2014 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 March 2015.

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 2015.

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 2015.

8. PAYMENT OF DIVIDEND

No dividend was paid during the current financial quarter ended 31 March 2015.

9. SEGMENTAL REPORTING

	3 Months Ended 31.03.2015 RM'000	3 Months Ended 31.03.2014 RM'000
Segment Revenue		
Property	813	4,893
Investment holding and others	552	412
Group Revenue	1,365	5,305
Segment Results		
Property	(2,875)	(1,315)
Investment holding and others	159	95
Loss from operations	(2,716)	(1,220)

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 2015.

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 2015.

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

	3 Months Ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Subsidiaries of holding company, Mulpha International Bhd.		
-Management fee expense	307	801
-Secretarial service fee expenses	8	-
-Rental expense	108	60
-Interest expense	122	101
	<hr/>	<hr/>
Other related parties		
A company which a person connected with a director of the holding company has interest		
-Interest expense	50	96
	<hr/>	<hr/>
Non-controlling interests of subsidiaries		
- Interest expense	445	-
- Project management fee expense	30	-
	<hr/>	<hr/>

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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 RM1.37 million for the current financial period ended 31 March 2015 which was lower than the previous corresponding period of RM5.31 million. The decrease in revenue was mainly due to lower sales recognised for its development project in Nibong Tebal, Penang. The Group reported a pre-tax loss of RM3.78 million, an increase of RM1.56 million in pre-tax losses from the pre-tax loss of RM2.22 million recorded in the previous corresponding period. The weaker performance was mainly due to recognition of advertising and promotional expenses incurred for Tropicana project.

16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue of RM1.37 million and a pre-tax loss of RM3.78 million for the 1st quarter of 2015 as compared to a revenue and pre-tax loss of RM26.23 million and RM3.05 million respectively in the 4th quarter of 2014 ("4Q 2014"). The strong revenue in 4Q 2014 was mainly due to the completion of the disposal of a parcel of freehold land. Despite the higher revenue reported in 4Q 2014, the Group still recorded a pre-tax loss which was mainly due to an impairment loss recognised on a piece of development land.

17. PROSPECTS

Despite the continued softening of the local property market outlook and sentiment amid credit tightening measures by financial institutions and a 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. These projects are expected to be launched in the second half of 2015 and second half of 2016 respectively, with a total gross development value exceeding RM1 billion. The two projects are expected to contribute positively to the Group's financial 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 potential of the Group.

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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:-

	3 Months Ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Depreciation of property, plant and equipment	27	7
Depreciation of investment properties	7	7
Interest expense	938	1,000
Interest income	(320)	(131)

20. INCOME TAX EXPENSE

	3 Months Ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Malaysian tax expense		
Income tax		
- current year	225	790
Deferred tax		
- current year	-	(640)
	<u>225</u>	<u>150</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.

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21. STATUS OF CORPORATE PROPOSALS

On 17 May 2012, Mulpha International Bhd. ("MIB") had entered into a call option agreement with Teladan Kuasa Sdn. Bhd. ("TKSB") whereby MIB has agreed to grant TKS B the right to acquire up to 75,000,000 ordinary shares of RM0.10 each ("Option Shares") in Mulpha Land Berhad ("MLB"), representing up to 32.85% of the issued and paid-up share capital of MLB for a cash consideration of RM2,000,000.

Pursuant to the terms and conditions of the call option agreement, TKS B has, on 6 March 2015, exercised the call option to acquire 75,000,000 Option Shares at the option price of RM0.47 per Option Share. The call option notice is unconditional and irrevocable and shall bind both TKS B and MIB with respect to the acquisition of the 75,000,000 Option Shares by TKS B from MIB. Upon completion of the acquisition of the 75,000,000 Option Shares pursuant to the exercise of the call option, the aggregate equity interest of TKS B together with Ketapang Capital Sdn. Bhd., Datuk Fakhri Yassin bin Mahiaddin and the persons acting in concert with them ("PACs") (in accordance with Sections 216(2) and (3) of the Capital Markets and Services Act 2007 ("CMSA") is 115,029,900 ordinary shares of RM0.10 each, representing approximately 50.38% of the issued and paid-up share capital of MLB. Consequently, MIB ceased to be the holding company of MLB.

TKS B had also extended a mandatory take-over offer pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Malaysian Code on Take-Over and Mergers, 2010, to acquire all the remaining ordinary shares of RM0.10 each in MLB ("MLB Shares") held by the shareholders of MLB, other than the MLB Shares held or to be held by TKS B and its PACs, for a cash offer price of RM0.497 for each share ("MGO"). The offer was open for acceptance for a period of not less than twenty-one days from the posting date of a document outlining the terms and conditions of the offer together with the accompanying Form of Acceptance and Transfer, or any extended time period as may be approved or permitted by the Securities Commission Malaysia.

The acquisition of the 75,000,000 Option Shares was completed on 9 March 2015, whilst the MGO offer period was closed on 17 April 2015, resulting from which TKS B and its PACs hold a total of 115,042,400 ordinary shares of RM0.10 each, representing approximately 50.39% of the issued and paid up share capital of MLB.

On 13 May 2015, MLB announced that it proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of MLB at any point of time, at an issue price to be determined later, in accordance with the general mandate pursuant to Section 132D of the Companies Act, 1965 ("Proposed Private Placement"). For illustrative purposes, based on MLB's current issued and paid-up share capital of RM22,830,250 comprising 228,302,500 ordinary shares of RM0.10 each in MLB ("MLB Shares"), a total of up to 22,830,250 new MLB Shares, representing 10% of the issued and paid-up share capital of MLB may be issued pursuant to the Proposed Private Placement. On 21 May 2015, the listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad.

22. BANK BORROWINGS

The details of the Group's bank borrowings as at 31 March 2015 are as follows:-

	RM'000
Short Term - Secured	12,759
Long Term - Secured	121,025
	<u>133,784</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 21 May 2015, 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 2015.

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:-

	3 Months Ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Loss for the year	(4,001)	(2,370)
Non-controlling interest	911	110
Loss attributable to equity holders of the Company	<u>(3,090)</u>	<u>(2,260)</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>(1.35)</u>	<u>(0.99)</u>

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 year is equal to basic earnings per ordinary share.

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26. DISCLOSURE OF REALISED AND UNREALISED EARNINGS

The retained earnings is analysed as follow:-

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
Total retained earnings of Mulpha Land Berhad and its subsidiaries:		
- Realised	57,268	53,327
- Unrealised	<u>1,244</u>	<u>2,028</u>
	58,512	55,355
Consolidated adjustments	<u>(31,713)</u>	<u>(37,347)</u>
	<u>26,799</u>	<u>18,008</u>