MulphaLand

MULPHA LAND BERHAD (182350-H)

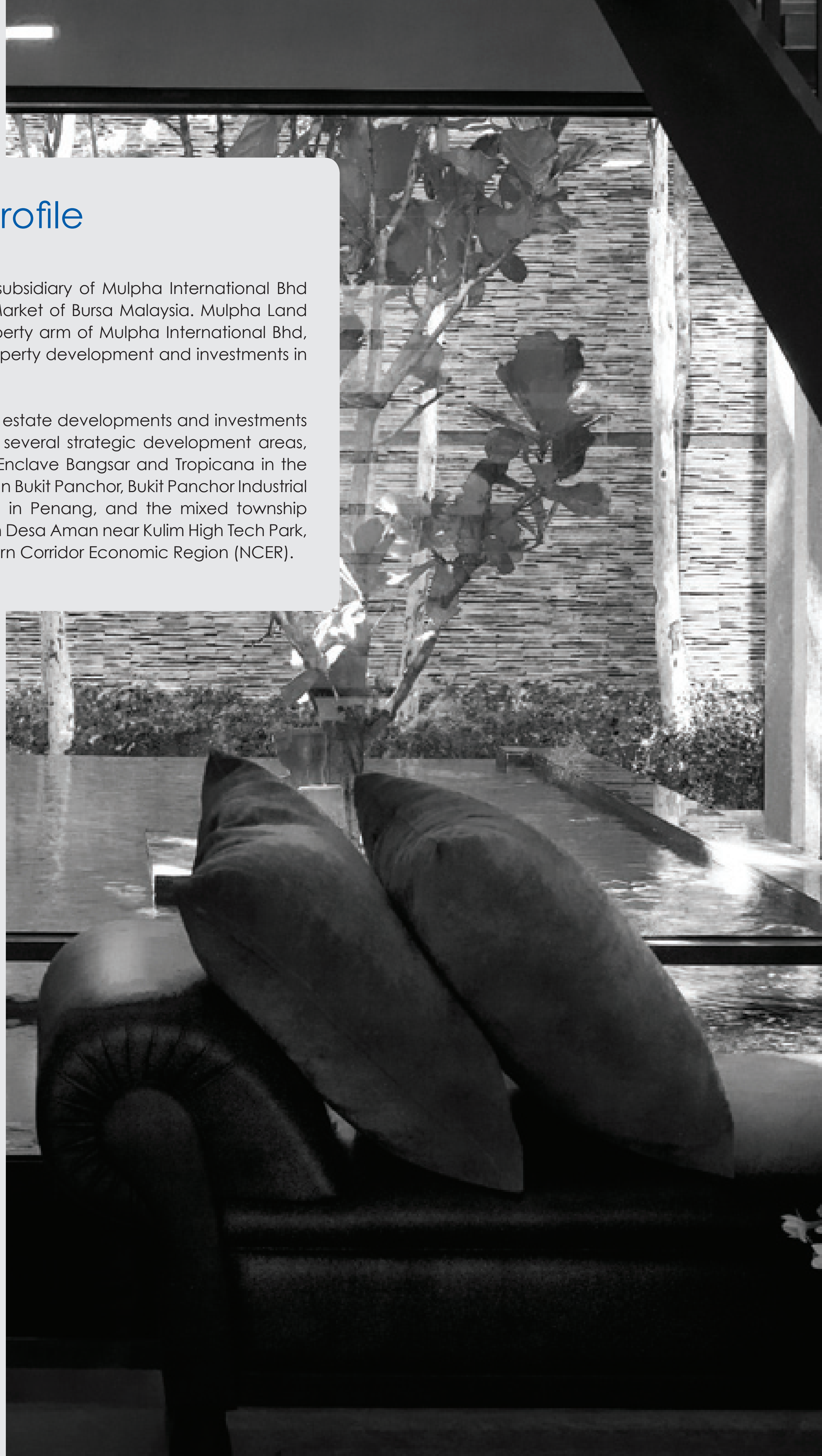
Annual Report 2013

Contents

Corporate Profile

Mulpha Land Berhad is a subsidiary of Mulpha International Bhd that is listed on the Main Market of Bursa Malaysia. Mulpha Land Berhad represents the property arm of Mulpha International Bhd, and is responsible for its property development and investments in Malaysia.

Mulpha Land Berhad's real estate developments and investments in Malaysia are located in several strategic development areas, and include 6 Kenny Hills, Enclave Bangsar and Tropicana in the Klang Valley as well as Taman Bukit Panchor, Bukit Panchor Industrial Park and Taman Seri Bayu in Penang, and the mixed township development called Taman Desa Aman near Kulim High Tech Park, Kedah, all within the Northern Corridor Economic Region (NCER).



Corporate Information

BOARD OF DIRECTORS
Non-Independent Non-Executive Chairman
Lee Eng Leong

Group Managing Director
Ghazie Yeoh Bin Abdullah

Independent Non-Executive Directors
Lim Kok Beng
Lt. Col (R) Abdul Jalil Bin Abdullah
Henry Choo Hon Fai

Non-Independent Non-Executive Director
Dato' Low Keng Siong

AUDIT COMMITTEE
Lim Kok Beng *(Chairman)*
Lt. Col (R) Abdul Jalil Bin Abdullah
Henry Choo Hon Fai

NOMINATION COMMITTEE
Lim Kok Beng *(Chairman)*
Lt. Col (R) Abdul Jalil Bin Abdullah
Lee Eng Leong

REMUNERATION COMMITTEE
Lt. Col (R) Abdul Jalil Bin Abdullah *(Chairman)*
Lim Kok Beng
Lee Eng Leong

COMPANY SECRETARY
Lee Suan Choo (MAICSA 7017562)

REGISTERED OFFICE
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No : (603) 7718 6288
Fax No : (603) 7718 6363

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No : (603) 7841 8000
Fax No : (603) 7841 8008

AUDITORS
KPMG
Chartered Accountants

PRINCIPAL BANKERS
United Overseas Bank (Malaysia) Bhd
AmBank (M) Berhad
Hong Leong Bank Berhad
Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad
Stock Name : MULPHAL
Stock Code : 7889

WEBSITE ADDRESS
www.mulphaland.com.my

INVESTOR RELATIONS
Email : *irmulpha@mulpha.com.my*
Tel No : (603) 7718 6368 /
(603) 7718 6266

Group's 5-Year Financial Highlights

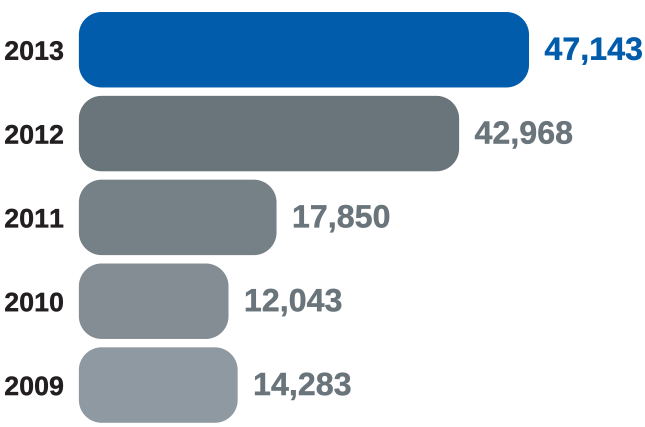
	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-Current Assets	58,473	92,006	94,839	140,337	120,561
Current Assets	311,809	136,660	110,452	44,487	58,335
Total Assets	370,282	228,666	205,291	184,824	178,896
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	22,830	9,132	9,132	9,132	91,321
Reserves	105,952	106,029	103,352	102,926	20,853
Equity attributable to Owners of the Company	128,782	115,161	112,484	112,058	112,174
Non-Controlling Interests	10,810	5,892	5,774	6,408	6,269
Total Equity	139,592	121,053	118,258	118,466	118,443
Liabilities					
Non-Current Liabilities	141,214	34,257	29,294	33,088	38,391
Current Liabilities	89,476	73,356	57,739	33,270	22,062
Total Liabilities	230,690	107,613	87,033	66,358	60,453
Total Equity and Liabilities	370,282	228,666	205,291	184,824	178,896
GROUP RESULTS					
Profit before Taxation	11,779	4,223	1,623	811	6,898
Taxation	(2,899)	(1,099)	(706)	(788)	(989)
Profit after Taxation	8,880	3,124	917	23	5,909
Non-Controlling Interests	(374)	(421)	(491)	(139)	(1,059)
Net Profit/(Loss) attributable to Owners of the Company	8,506	2,703	426	(116)	4,850
SELECTED RATIOS					
Earnings/(Loss) per ordinary share (sen)*	3.73 #	1.18 #	0.19 #	(0.06) #	2.46
Net Dividends per ordinary share (sen)	0.75	-	-	-	-
Net Assets per share (RM)*	0.56 #	0.50 #	0.49 #	0.54 #	0.57

Computed based on enlarged share capital arising from the conversion of Irredeemable Convertible Preference Shares in year 2010.

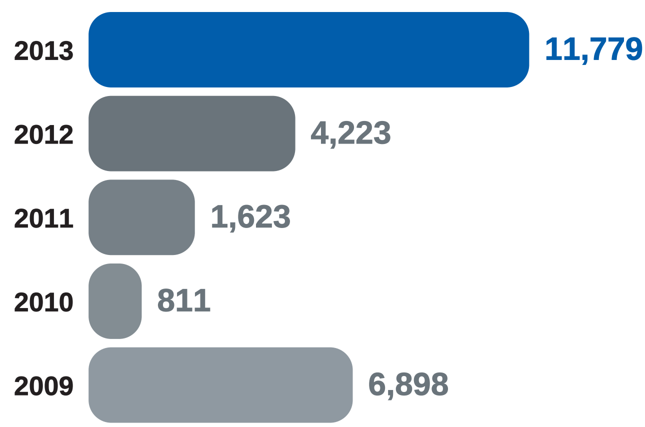
* Comparatives have been restated to take into effect of the bonus shares issued on the basis of three (3) bonus shares for two (2) existing ordinary shares of RM0.10 each.

Group's 5-Year Financial Highlights

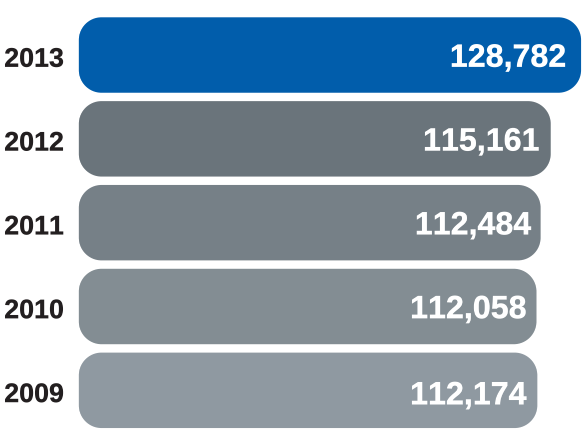
Revenue
(RM'000)



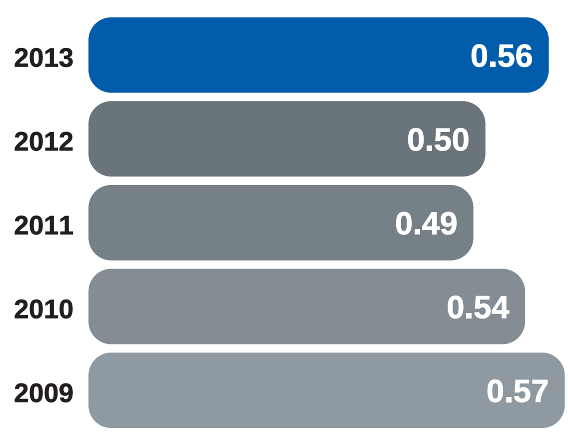
Profit Before Tax
(RM'000)



Total Shareholders' Funds
(RM'000)



Net Assets Per Share
(RM)



Financial Calendar

Announcement of Quarterly Results

20 MAY 2013
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2013

19 AUGUST 2013
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2013

18 NOVEMBER 2013
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2013

19 FEBRUARY 2014
Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2013

Annual Report & Annual General Meeting

29 MAY 2014
Notice of 25th Annual General Meeting and issuance of Annual Report 2013

20 JUNE 2014
25th Annual General Meeting

Profile of Board of Directors

Lee Eng Leong
Non-Independent Non-Executive Chairman
Malaysian

Mr Lee, aged 46, is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he was the Chief Financial Officer of a major global company where he oversaw their finance operations covering the Asia region. For over 20 years, he has held various leadership roles in management positions within both local companies and multi-national companies in Asia.

Mr Lee was appointed to the Board on 31 January 2013 and he also serves as a member of the Nomination and Remuneration Committees.

Mr Lee has no directorships in other public companies in Malaysia apart from Mudajaya Group Berhad.

Ghazie Yeoh Bin Abdullah
Group Managing Director
Malaysian

En Ghazie, aged 37, holds a Bachelor of Science Degree (Business Information Technology) from Monash University in Melbourne, Australia. Armed with 14 years of experience in the property industry, En Ghazie also brings with him vast knowledge and understanding of the construction and building materials requirements through his years of exposure in Malaysia, Saudi Arabia and Qatar.

En Ghazie was appointed to the Board as Executive Director on 22 May 2012 and was later appointed as the Group Managing Director on 19 August 2013.

En Ghazie has no directorships in other public companies.

Lim Kok Beng
Independent Non-Executive Director
Malaysian

Mr Lim, aged 67, is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He has broad experience gained internationally in the fields of investment banking and corporate planning, and has held Chief Executive positions in industrial, trading, development and information technology companies. He is a Senior Partner in a Chartered Accountants firm.

Mr Lim was appointed to the Board on 28 August 2001 and he also serves as Chairman of the Audit and Nomination Committees as well as a member of the Remuneration Committee.

Mr Lim has no directorships in other public companies.

Profile of Board of Directors

Lt. Col (R) Abdul Jalil Bin Abdullah
Independent Non-Executive Director
Malaysian

Lt. Col Jalil, aged 67, obtained a Certificate in Basic Accounting course in Winchester, United Kingdom and a Certificate in Personnel Management from Institute Tadbiran Awam Negara, both in 1976. He graduated with a Diploma in Automatic Data Processing from US Army Computer Management School in Fort Benjamin, USA in 1982. He retired from the Malaysian Armed Forces in 1996 after serving for nearly 30 years.

Lt. Col Jalil was appointed to the Board on 5 March 1997 and he also serves as Chairman of the Remuneration Committee as well as a member of the Audit and Nomination Committees.

Lt. Col Jalil has no directorships in other public companies.

Henry Choo Hon Fai
Independent Non-Executive Director
Malaysian

Mr Henry Choo, aged 41, graduated with a Bachelor of Science Degree (Computer Science) from La Trobe University in Melbourne, Australia. He started his career in 1994 as an Equity Research Analyst in Dao Heng Securities Ltd, Hong Kong. From 1996 to 2000, he was the Director of Business Development at Fok Lee Sdn Bhd, a specialist contractor. From 2000 to 2010, he was involved in Private Equity and Venture Capital, first with Intelligent Capital Sdn. Bhd. from 2000 to 2003, Artisan Encipta (M) Sdn Bhd from 2003 to 2004 and was the Chief Operating Officer of Atlantic Quantum Sdn. Bhd. from 2006 to 2010. He was the Executive Assistant to the Chairman of Silterra Malaysia Sdn. Bhd. from 2004 to 2006.

Mr Henry Choo was appointed to the Board on 13 September 2007 and he also serves as a member of the Audit Committee.

Mr Henry Choo has no directorships in other public companies in Malaysia apart from Mudajaya Group Berhad.

Dato' Low Keng Siong
Non-Independent Non-Executive Director
Malaysian

Dato' Low, aged 40, graduated with a Bachelor of Laws (Hons) Degree from King's College London. He was called to the Bar of England & Wales and subsequently called to the Malaysian Bar. A lawyer by profession, Dato' Low has been a Partner with a leading law firm in Kuala Lumpur since 2003, with substantial experience in the practice areas of corporate restructuring and capital markets.

Dato' Low was appointed to the Board on 4 September 2013.

Dato' Low has no directorships in other public companies.

Notes:

1. Family Relationship with Director and/or Major Shareholder
None of the Directors has any family relationship with any director and/or major shareholder of the Company.

2. Conflict of Interest
None of the Directors has any conflict of interest with the Company.

3. Conviction for Offences
None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

4. Attendance of Board Meetings
The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2013 is disclosed in the Statement on Corporate Governance.

Chairman's Statement

Dear Shareholders of Mulpha Land Berhad,

2013 was a significant year for Mulpha Land Berhad, as we focused our efforts on streamlining our business and disposing of non-core assets to raise a war chest for future investments and development.

Our businesses in the Central and Northern regions of Malaysia continued to perform well, and in addition to our ongoing projects, we are in the process of obtaining approvals from the authorities for a number of new developments, which is expected to grow our income stream and corresponding profits in the coming years.

It is therefore on a positive note that I present to you the Annual Report of Mulpha Land Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2013.

2013 FINANCIAL HIGHLIGHTS

The Group's revenue increased 9.7% from RM42.97 million in 2012 to RM47.14 million in 2013. This was mainly attributed to stronger sales in Taman Bukit Panchor.

Profit before tax increased by 179.1% to RM11.78 million (2012: RM4.22 million), mainly due to the higher revenue and a gain on disposal of land.

After adjusting for the 3 for 2 Bonus Issue that was implemented during the year, the Group's net assets per share increased to RM0.56 (2012: RM0.50) in line with the increase in profit before tax.

REVIEW OF OPERATIONS

In 2013, the Group continued its efforts to streamline its business, including the disposal of non-core assets, to generate positive cash flow, unlock value and create a war chest of funds for future investment activities.

As part of this exercise, in 2013, the Group:

- Sold a 12.76 acre piece of land in Kapar, Selangor, for RM8.63 million.
- Sold a parcel of bungalow land measuring 5,172 square metres at Leisure Farm Resort, Iskandar Johor, for RM4.75 million.
- Embarked on the sale of a block of 12 serviced apartments called Raintree Residence, near Jalan Ampang, Kuala Lumpur for RM34.30 million which is currently pending the fulfilment of certain conditions precedent.

Chairman's Statement

While these transactions generate profits for the Group, the more significant consequence of this exercise is that the unlocking of these assets paves the way for the streamlining of the Group and enables the Group to focus on its strategy moving forward - larger scale developments which have a high impact on the Group's revenue and future profitability.

In-line with this, the proceeds from these sales are being channelled towards several new high rise projects in the Central region:

- **Development of 6.41 acres in Tropicana**
  Acquired in the 4th quarter of 2013, this land will be developed into a mixed commercial development consisting of four towers totalling 744 units of service residences, 62 units of offices and a retail arcade under a 51%:49% joint venture with Mudajaya Group Berhad. Currently at submission stage to obtain development approvals, the development is estimated to have a Gross Development Value ("GDV") of RM720 million.

  This development will also mark the Group's entry into the high-rise luxury serviced residences market whereby a trendy lifestyle concept has been incorporated into the carefully designed facilities and the functional and thoughtfully planned hospitality & leisure services offered to residents.

- **Development of 2 acres in Section 13, Petaling Jaya**
  This piece of land was acquired in the 4th quarter of 2013 via a 3-year deferred payment structure, which has benefited the Group's cashflow position.

  Currently at submission stage to obtain development approvals, the development will be the Group's second high-rise development. Consisting 310 units of serviced residences with a limited retail offering, the development will have a GDV of RM220 million.

Both developments will focus on offering branded serviced residences, which will in turn pave the way for several new business segments for the Group upon completion of these developments which will create a new recurring revenue stream for the Group. This includes property investment in retail & carparks, provision of hospitality & lifestyle services to residents and facility management.

In addition to its high level of activity in the Central region, the Group has also been focusing on opportunities to further develop and unlock the value of its assets in the Northern region:

- **Taman Desa Aman in Kulim, Kedah**
  The current phase of single storey terrace houses called Jasmin Eco is now progressing well, with all 28 units sold generating a GDV of over RM4 million.

  In 2014, the Group expects to launch two new phases in Taman Desa Aman:

  o 16 units of 2 storey shop offices, with a GDV of RM5.5 million.
  o 18 units of detached industrial lots, with a GDV of RM21 million.

- **Taman Bukit Panchor in Nibong Tebal, Seberang Prai**
  2014 will also see the completion of two recently launched projects:

  o 15 units of Emerald 2 storey shophouses with GDV of RM7.8 million.
  o 20 units of Fortune 2 storey shophouses with GDV of RM11.9 million.

  The Group is targeting to sell all of the remaining unsold units in Taman Bukit Panchor with a GDV of approximately RM11 million during this year. The final available piece of land for development in Taman Bukit Panchor is a centrally-located 1.21 acre plot, which has been earmarked for a mid-rise commercial development.

In the year under review, the Group also established a new unit called Eco Green Services Sdn. Bhd. ("Eco Green"), marking the Group's entry into providing Facility Management Services. This new business division is complementary to our core business in property development as it enables us to manage our completed developments at a high standard, creating the living environment and customer satisfaction which will enhance our branding and attract new and repeat customers to our developments. With pioneer contracts to manage the Raintree Residence in Ampang Hilir, as well as Enclave Bangsar, this division is expected to contribute to future group earnings. Eco Green will focus on servicing the Group's properties, as well as source for external contracts to manage other high-value completed properties.

Chairman's Statement

BONUS AND DIVIDEND

Based on the Group's positive performance in 2013, Mulpha Land Berhad completed a 3 for 2 Bonus Issue, and rewarded its shareholders with a dividend of RM0.01 sen per share (2012: Nil).

PROSPECTS

Budget 2014 presented the property industry with several short-term challenges.

Interest in the property market cooled somewhat following the announcement to abolish rebates and developer interest-bearing schemes (DIBS), which increased buyers' acquisition costs and dampened the enthusiasm of genuine buyers, as did the increase in real property gains tax (RPGT). In addition, the increase in foreign ownership threshold from RM500,000 to RM1 million across the board is also expected to affect property acquisitions by foreigners. The tightening by Bank Negara on lending to the retail property sector also further affected sentiment in the property market.

While these measures, taken to discourage excessive speculation, may dampen the market over the short-term, we believe they will ensure a more stable and sustainable property market in the mid to long-term.

In the meantime, despite these challenges, we expect well priced development projects in strategic locations with innovative lifestyle concepts and services to continue to sell well. Our Tropicana and Section 13 projects are good examples of such projects and we will continue to focus our efforts in sourcing for more of such development opportunities in the future via both outright purchases and joint ventures.

At the same time, we will continue to place more emphasis on developing and unlocking the value of our assets in the Northern region as part of our programme to streamline and improve our efficiency of operations.

The Group is progressing well, having achieved strong growth over the past year. With on-going projects with an estimated GDV of over RM1 billion, the Group is well placed to build further on this strong performance in the coming years.

APPRECIATION

The Group's strong performance and progression over the past year is very much a reflection of the efforts and teamwork of our management and staff. I would therefore like to record my appreciation to them for all their efforts this past year.

There were also some changes to the Board last year with the appointment of Dato' Low Keng Siong on 4 September 2013 and the resignation of Mr Yong Wan Seong on 25 October 2013.

I would like to warmly welcome Dato' Low to our Board and look forward to his insight and contributions to the Group. Conversely, Mr Yong Wan Seong stepped down as Executive Director after almost 12 years of holding this position. I would like to thank Mr Yong for his hard work and dedication to the Group.

I would also like to record my appreciation to the rest of my fellow Board members, who have provided valuable counsel and guidance throughout the year.

Moving forward, we will continue to expand our horizons and build our brand, with a strong focus on unlocking value from our existing assets, securing new strategically placed land bank and providing our shareholders with a strong and consistent return on investment.

LEE ENG LEONG
Non-Executive Chairman

12 May 2014

Statement on Corporate Governance

The Board of Directors ("the Board") is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

1. THE BOARD

1.1 Responsibilities of the Board and Management

The Board leads and controls the Group. The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

To ensure the effective discharge of its functions and responsibilities, the Board has set and approved business authority limits which set out relevant matters which the Board may delegate to the Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

1.2 Corporate Code of Conduct and Board Charter

The Board has formalised a Corporate Code of Conduct to provide guidance for Directors, senior executives and other employees regarding the standards expected of them in the conduct of business. Directors and employees are required to uphold high standards of integrity in discharging their duties and to comply with the relevant laws and regulations.

The Board Charter which sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication, has also been formalised. The Charter which serves as a source of reference for new Directors, will be reviewed periodically to keep it up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board's objectives.

1.3 Composition and Board Balance

The Board currently has 6 members, comprising 1 Executive Director and 5 Non-Executive Directors. Out of the 5 Non-Executive Directors, 3 are Independent Directors.

Collectively, the Directors bring a wide range of experience in the areas of business, accounting, finance, legal, real estate investment and property development, which are relevant to the Group. The role of the Independent Directors provides independent judgment, objectivity and check and balance on the Board. A brief profile of each Director is presented on pages 7 and 8 of the Annual Report.

The Non-Executive Chairman is primarily responsible for the orderly conduct and performance of the Board. He also ensures that the Board practises good governance in discharging its duties and responsibilities. The Group Managing Director is responsible for the implementation of the objectives, goals and operational matters of the Group. Although the Non-Executive Chairman, Mr Lee Eng Leong is not an Independent Director, the Board believes that with the 3 Independent Directors on the Board, there is a balance of power and authority on the Board.

Mr Lim Kok Beng has been appointed by the Board as the Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

Statement on Corporate Governance

1.4 Board Meetings and Supply of Information

The Board normally meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision.

All Directors are provided with an agenda and a set of Board papers at least a week prior to the Board meeting to enable the Directors to review and consider the items to be deliberated at the Board meeting. The Directors may seek advice from the Management, or request further explanation, information or updates on the matters of the Company, where necessary.

The Board papers include, inter alia, the progress report on the Group's developments, business plan and budget, quarterly financial results and minutes/decisions of meetings of the Board Committees.

A total of 5 Board meetings were held during the financial year ended 31 December 2013 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Eng Leong *(Appointed on 31 January 2013)*	5/5	100
Ghazie Yeoh Bin Abdullah	5/5	100
Lim Kok Beng	5/5	100
Lt. Col (R) Abdul Jalil Bin Abdullah	4/5	80
Henry Choo Hon Fai	5/5	100
Dato' Low Keng Siong *(Appointed on 4 September 2013)*	1/1*	100
Yong Wan Seong *(Resigned on 25 October 2013)*	4/4*	100

** Reflects the number of Board Meetings attended during the time the Director held office.*

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors may seek independent professional advice when necessary, at the Company's expense, in the furtherance of their duties.

1.5 Time Commitment

For the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

In accordance with the Board Charter, Directors are required to notify the Chairman before accepting any new directorship and to indicate the time that will be spent on the new appointment.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and Annual General Meeting ("AGM"), would be prepared and circulated to them at the end of every year.

Statement on Corporate Governance

1.6 Re-Appointment, Retirement by Rotation and Re-Election

The Company's Articles of Association provides that one-third of the Board is subject to retirement by rotation at each AGM. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board, they are subject to re-election at the next AGM following their appointment.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming AGM and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

The performance of those Directors who are subject to re-election and re-appointment at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election and re-appointment of the Directors concerned for shareholders' approval at the AGM.

1.7 Appointment of New Directors

A formal procedure and process has been established for the nomination and appointment of new Directors. The process for the nomination and appointment of new Directors is summarised as follows:-

(a) Identification of skills required for the Board.
(b) Selection of candidates.
(c) Review and assessment by the Nomination Committee.
(d) Recommendation to the Board for approval.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. In evaluating the suitability of the candidates, the following factors are considered:-

(i) background, character, competence, integrity and time commitment;
(ii) qualifications, skills, expertise and experience;
(iii) professionalism; and
(iv) in the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities as expected from Independent Non-Executive Directors, will be evaluated.

In pursuit of the gender diversity policy, the Nomination Committee is mindful of its responsibilities to ensure that new appointments would provide the appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Nomination Committee will endeavour to consider women candidates in the recruitment exercise, when the need arises.

1.8 Directors' Training

Mr Lee Eng Leong and Dato' Low Keng Siong who were appointed on 31 January 2013 and 4 September 2013 respectively, had attended the Mandatory Accredited Programme (MAP), as required by Bursa Securities.

During the financial year, all the Directors had attended training programmes and seminars organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors have on-going access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Statement on Corporate Governance

Details of the training programmes attended by the Directors during the financial year ended 31 December 2013 are as follows:-

Name of Directors	Title	Organiser	Date
Lee Eng Leong	• Annual Conference 2013: Ethical Leadership – Key to Business Growth	The Malaysian Institute of Chartered Secretaries and Administrators	2 & 3 July 2013
	• Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	5 September 2013
	• Board Chairman Series: The Role of the Board Chairman	The ICLIF Leadership & Governance Centre and Bursa Malaysia Berhad	14 November 2013
	• MIA International Accountants Conference 2013	Malaysian Institute of Accountants	26 & 27 November 2013
	• Total Shareholders' Return for the Board & Blue Ocean Strategy	Smart Focus Business Consulting	27 November 2013
	• Risk Management & Internal Control Workshop for Audit Committee Members	Bursa Malaysia Berhad	29 November 2013
Ghazie Yeoh Bin Abdullah	• Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	5 September 2013
Lim Kok Beng	• Nominating Committee Programme	The ICLIF Leadership & Governance Centre and Bursa Malaysia Berhad	10 October 2013
Lt. Col (R) Abdul Jalil Bin Abdullah	• Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	5 September 2013
	• Nominating Committee Programme	The ICLIF Leadership & Governance Centre and Bursa Malaysia Berhad	10 October 2013
Henry Choo Hon Fai	• Total Shareholders' Return for the Board & Blue Ocean Strategy	Smart Focus Business Consulting	27 November 2013
Dato' Low Keng Siong	• Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn Bhd	6 & 7 November 2013
	• Total Shareholders' Return for the Board & Blue Ocean Strategy	Smart Focus Business Consulting	27 November 2013

The Nomination Committee had assessed the training needs of Directors based on the training programmes attended by each Director in 2013.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

Statement on Corporate Governance

1.9 Board Committees
The Board has delegated specific responsibilities to the following Committees:-

(a) Audit Committee ("AC")

Please refer to the AC Report set out on pages 24 and 25 of the Annual Report.

(b) Nomination Committee

The Nomination Committee currently comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. The members of the Nomination Committee are as follows:-

(i) Lim Kok Beng (Chairman)
(Independent Non-Executive Director)

(ii) Lt. Col (R) Abdul Jalil Bin Abdullah
(Independent Non-Executive Director)

(iii) Lee Eng Leong
(Non-Independent Non-Executive Director)

The main responsibilities of the Nomination Committee are as follows:-

(i) To recommend to the Board, candidates for directorships to be filled.

(ii) To recommend to the Board, Directors or officers of the Company to fill the seats on Board Committees.

Statement on Corporate Governance

(iii) To review the Board's mix of skills, experience and other qualities including core competencies which Directors should bring to the Board, as well as the size and diversity of the Board composition taking into account the current and future needs of the Company.

(iv) To carry out the process annually for assessing the effectiveness of the Board as a whole and the Board Committees, the contributions and performance of individual Directors, and the independence of the Independent Non-Executive Directors.

(v) To review the Directors' training programmes and assess the training needs for the Directors.

The Nomination Committee met twice during the financial year ended 31 December 2013 and the meetings were attended by all the Committee members. The activities of the Nomination Committee during the financial year were as follows:-

(i) Reviewed the results of the Board evaluations and assessment of Independent Directors

A Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole and the Board Committees. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover areas which include, amongst others, the Board's mix, composition and structure, operations, roles and responsibilities and performance/contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contributions and interaction, quality of input and understanding of roles and responsibilities as a Director.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

An exercise was also carried out to assess the independence of the Independent Directors. Based on the self-assessment of independence, the Independent Directors have declared that they fulfilled the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. The Board is generally satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Mr Lim Kok Beng and Lt. Col (R) Abdul Jalil Bin Abdullah have served on the Board as Independent Non-Executive Directors for a cumulative term of more than 9 years. Based on the self-assessment of independence, Mr Lim and Lt. Col Jalil have declared that they satisfied and fulfilled all the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. Mr Lim and Lt. Col Jalil have demonstrated that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommended for Mr Lim and Lt. Col Jalil to continue to serve as Independent Non-Executive Directors, subject to the approval of shareholders at the AGM of the Company.

(ii) Reviewed and recommended the re-election of Directors

The Nomination Committee reviewed and recommended to the Board, those retiring Directors who were eligible to stand for re-election in 2013, namely Mr Yong Wan Seong, Mr Henry Choo Hon Fai and Mr Lee Eng Leong. The recommendation was based on the review and assessment of the performance of these Directors. The Board approved the Nomination Committee's recommendation to support the re-election of these Directors at the AGM of the Company.

Statement on Corporate Governance

(iii) Reviewed and recommended the appointment of Group Managing Director and Non-Independent Non-Executive Director

The Nomination Committee reviewed and recommended for the Board's approval, the appointments of En Ghazie Yeoh Bin Abdullah as the Group Managing Director and Dato' Low Keng Siong as Non-Independent Non-Executive Director of the Company. En Ghazie Yeoh Bin Abdullah and Dato' Low Keng Siong were appointed on 19 August 2013 and 4 September 2013 respectively.

(c) Remuneration Committee

The Remuneration Committee currently consists of all Non-Executive Directors, a majority of whom are Independent Directors. The members of the Remuneration Committee are as follows:-

(i) Lt. Col (R) Abdul Jalil Bin Abdullah (Chairman)
(Independent Non-Executive Director)

(ii) Lim Kok Beng
(Independent Non-Executive Director)

(iii) Lee Eng Leong
(Non-Independent Non-Executive Director)

The main responsibilities of the Remuneration Committee are to review and recommend to the Board the following:-

(i) remuneration package of each Director; and
(ii) incentive schemes, profit sharing arrangements or the like for Management or other employees.

The Remuneration Committee met twice during the financial year ended 31 December 2013 and the meetings were attended by all the Committee members.

1.10 Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures as well as compliance with the relevant guidelines, regulatory and statutory requirements, corporate governance and best practices.

All Directors have access to the advice and services of the Company Secretary.

2. DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

Statement on Corporate Governance

The Remuneration Committee recommends to the Board, the remuneration (including Directors' fees) for each Director of the Company. Each individual Director does not participate in the discussion and decision on his own remuneration. Directors' fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM. The Non-Executive Directors are also paid meeting allowance for attendance at each Board and Committee meeting.

Details of the aggregate remuneration of the Directors of the Company, categorised into appropriate components, for the financial year ended 31 December 2013 are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	96
Salaries and other remuneration	441	-
Total:	441	96

The number of Directors whose total remuneration falls within the following bands is as follows:-

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors	Total
Below RM50,000	-	4	4
RM400,000 to RM450,000	1	-	1
Total:	1	4	5

3. SHAREHOLDERS

3.1 Communication between the Company and Investors

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communication Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments.

In addition to published annual report and quarterly results announced to Bursa Securities, the Company has a website at *www.mulphaland.com.my* from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, *irmulpha@mulpha.com.my.*

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

3.2 Shareholders' Meeting

General meetings represent the principal forum for dialogue and interaction with shareholders. Notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

Statement on Corporate Governance

At the outset of general meetings, the Chairman would inform the shareholders of their right to request for poll vote. Generally, resolutions will be carried out by show of hands, except for related party transactions wherein poll will be conducted, as required under the Main Market Listing Requirements of Bursa Securities. The Board will endeavour to put substantive resolutions to be voted by way of poll and make an announcement of the detailed results to Bursa Securities.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In presenting the annual audited financial statements, annual report and announcement of quarterly results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position, performance and prospects. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable and prudent judgments and estimates.

4.2 Internal Control and Risk Management

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The Statement on Risk Management and Internal Control as set out on pages 26 and 27 of the Annual Report, provides an overview of the state of internal controls and risk management within the Group.

4.3 Relationship with Auditors

Through the AC, the Board has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attended the AC's meetings when necessary. The external auditors are also invited to attend the Company's AGM and are available to answer any questions from shareholders on the audited financial statements.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved financial reporting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cashflows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:-

(i) ensured that the financial statements are in accordance with the provisions of the Companies Act, 1965, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;
(ii) adopted the appropriate accounting policies and applied them consistently; and
(iii) made judgments and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

This Statement on Corporate Governance was approved by the Board of Directors on 12 May 2014.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. **UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL**
   The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2013.

2. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
   The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2013.

3. **AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME**
   The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2013.

4. **SANCTIONS AND/OR PENALTIES**
   There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2013.

5. **NON-AUDIT FEES**
   The non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2013 amounted to RM50,000.

6. **VARIATION IN RESULTS**
   There was no variance of 10% or more between the audited results for the financial year ended 31 December 2013 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

7. **PROFIT GUARANTEE**
   There was no profit guarantee received by the Company during the financial year ended 31 December 2013.

8. **MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**
   Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2013:-

Additional Compliance Information

(a) Sale and Purchase Agreement dated 29 July 2013 between the Company and Leisure Farm Equestrian Sdn Bhd ("LFE"), a wholly-owned subsidiary of Leisure Farm Corporation Sdn Bhd ("LFC"), which in turn is a wholly-owned subsidiary of Mulpha International Bhd ("MIB") for the disposal by the Company, of a parcel of freehold land held under Geran 449268, Lot 137699, Mukim Pulai, Daerah Johor Bahru, Negeri Johor to LFE for a total consideration of RM14,915,000 ["Land 1 Disposal"].

(b) Sale and Purchase Agreement dated 29 July 2013 between Indahview Sdn Bhd, a wholly-owned subsidiary of the Company, and LFE for the disposal by Indahview Sdn Bhd, of a parcel of freehold land held under Geran 333611, Lot 49255, Mukim Pulai, Daerah Johor Bahru, Negeri Johor to LFE for a total consideration of RM4,750,000 ["Land 2 Disposal"].

(c) Share Sale Agreement dated 29 July 2013 between the Company and Mulpha Group Services Sdn Bhd ("MGS"), a wholly-owned subsidiary of MIB for the acquisition by the Company, of 3,196,588 ordinary shares of RM1.00 each in Mulpha Properties (M) Sdn Bhd ("MPM"), representing 100% of the issued and paid-up share capital of MPM from MGS, for a total consideration of RM47,072,424 or 23% of the gross sale value of the leasehold land held under PN 3697, Lot 53, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor, whichever is higher ["MPM Acquisition"].

(d) Subscription and Shareholders' Agreement dated 30 August 2013 between the Company, Mayfair Ventures Sdn Bhd ("MVSB"), a subsidiary of the Company and MJC Development Sdn Bhd ("MJC"), a wholly-owned subsidiary of Mudajaya Corporation Berhad ("MCB"), which in turn is a wholly-owned subsidiary of Mudajaya Group Berhad ("MGB") for the subscription of new ordinary shares of RM1.00 each and new redeemable preference shares of RM1.00 each in MVSB by the Company and MJC in the shareholding proportion of 51% and 49% respectively, as well as to govern the relationship between the Company and MJC as shareholders of MVSB ["Joint Venture"].

Relationship of Related Parties for items (a) to (d) above

(i) MIB, being a major shareholder of the Company and indirect major shareholder of MGB, is deemed interested in the Land 1 Disposal, Land 2 Disposal, MPM Acquisition and Joint Venture by virtue of the following:-

- LFE (a wholly-owned subsidiary of LFC, which in turn is a wholly-owned subsidiary of MIB) is a party to the Land 1 Disposal and Land 2 Disposal;

- MGS (a wholly-owned subsidiary of MIB) is a party to the MPM Acquisition; and

- MJC (a wholly-owned subsidiary of MCB, which in turn is a wholly-owned subsidiary of MGB) is a party to the Joint Venture. Mulpha Infrastructure Holdings Sdn Bhd, a wholly-owned subsidiary of MIB, is a major shareholder of MGB.

(ii) Lee Eng Leong, the Non-Independent Non-Executive Chairman of the Company, is a Director of LFC. In MGB, he is also the Alternate Non-Independent Non-Executive Director to Lee Seng Huang, who is the indirect major shareholder of MIB and MGB. By virtue of him being a Director of both the Company and LFC, and a person connected with Lee Seng Huang, Lee Eng Leong is deemed interested in the Land 1 Disposal, Land 2 Disposal, MPM Acquisition and Joint Venture.

(iii) Henry Choo Hon Fai, the Independent Non-Executive Director of the Company, is also an Independent Non-Executive Director of MGB. By virtue of MJC (a wholly-owned subsidiary of MCB, which in turn is a wholly-owned subsidiary of MGB), being a party to the Joint Venture, Henry Choo Hon Fai is deemed interested in the Joint Venture.

Additional Compliance Information

9. STATEMENT BY THE AC IN RELATION TO ALLOCATION OF OPTIONS OR SHARES PURSUANT TO SHARE ISSUANCE SCHEME

The Company does not have any Share Issuance Scheme and as such, there was no allocation of options or shares during the financial year ended 31 December 2013.

10. SHARE BUY-BACK

The Company does not have a share buy-back scheme during the financial year ended 31 December 2013.

11. RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Chapter 10, Paragraph 10.09 and Practice Note 12 of the Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions of a revenue or trading nature ("RRPT") conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2013 are as follows:-

Related Parties	Interested Major Shareholders	Relationship of Related Parties	Nature of RRPT	Value RM'000
(a) Mulpha Group Services Sdn Bhd ("MGSSB")	MIB, Nautical Investments Limited, Mountbatten Corporation, Mount Glory Investments Limited, Yong Pit Chin and Lee Seng Huang.	MIB, being the holding company and major shareholder of MGSSB, is also the major shareholder of the Company. Nautical Investments Limited, Mountbatten Corporation, Mount Glory Investments Limited, Yong Pit Chin and Lee Seng Huang also have deemed interests in the Company via MIB.	Payment of fees for management services provided by MGSSB.	1,041
(b) Mulpha Land & Property Sdn Bhd ("MLPSB")	MIB, Nautical Investments Limited, Mountbatten Corporation, Mount Glory Investments Limited, Yong Pit Chin and Lee Seng Huang.	MIB, being the holding company and major shareholder of MLPSB, is also the major shareholder of the Company. Nautical Investments Limited, Mountbatten Corporation, Mount Glory Investments Limited, Yong Pit Chin and Lee Seng Huang also have deemed interests in the Company via MIB.	Payment of fees for sales marketing, sales administration and project management services provided by MLPSB.	2,031

Audit Committee Report

CONSTITUTION AND COMPOSITION

The AC was established pursuant to a resolution of the Board passed on 10 April 1997. The current members of the AC are as follows:-

1. **Lim Kok Beng (Chairman)**
   (Independent Non-Executive Director)
2. **Lt. Col (R) Abdul Jalil Bin Abdullah**
   (Independent Non-Executive Director)
3. **Henry Choo Hon Fai**
   (Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the AC are as follows:-

1. **Composition**

   The AC shall be appointed by the Board from amongst the Directors of the Company. The AC shall comprise not less than 3 members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the AC must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Exchange. One of the members of the AC who is an Independent Director shall be appointed Chairman of the AC by the members of the AC.

2. **Meetings and Minutes**

   The AC shall meet at least 4 times a year. The quorum shall be at least 2 members, the majority of whom shall be Independent Directors. The AC may request any member of the management and representatives of the external auditors to be present at meetings of the AC. Minutes of each AC meeting are to be prepared and distributed to each member of the AC and the Board. The Company Secretary or his Assistant shall be the Secretary of the AC.

3. **Authority**

   The AC is authorised by the Board:-

   (a) to investigate any activity of the Company and its subsidiaries within its terms of reference;
   (b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the AC;
   (c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary to do so; and
   (d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and its subsidiaries, whenever deemed necessary.

4. **Duties and Responsibilities**

   The duties and responsibilities of the AC shall be as follows and will cover the Company and its subsidiaries:-

   (a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
   (b) to review with the external auditors their audit plan, scope and nature of audit;
   (c) to review the quarterly and annual financial statements before submission to the Board;
   (d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response;
   (e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;
   (f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure coordination between the internal and external auditors;
   (g) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
   (h) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;
   (i) to review the process for identifying, evaluating, monitoring and managing significant risks;
   (j) to undertake such other responsibilities as may be delegated by the Board from time to time; and
   (k) to report to the Board its activities and findings.

MEETINGS AND ATTENDANCE

During the financial year, the AC held 6 meetings and the record of attendance of the AC is as follows:-

Name of AC Members	Number of Meetings Attended
Lim Kok Beng	6/6
Lt. Col (R) Abdul Jalil Bin Abdullah	5/6
Henry Choo Hon Fai	6/6

The Group Managing Director, Group Chief Financial Officer, Head of Finance and Internal Audit Manager were invited to attend the meetings. The external auditors were present at 3 of the total meetings held. The AC also met with the external auditors without the presence of the executive board member and management.

SUMMARY OF ACTIVITIES OF THE AC

During the financial year, the AC carried out its activities in line with its terms of reference, which are summarised as follows:-

(a) Reviewed the quarterly results and annual financial statements for recommendation to the Board for approval and release to Bursa Malaysia Securities Berhad.
(b) Reviewed and discussed the Management Accounts of the Company and the Group with management.
(c) Reviewed and adopted the internal audit plan, which encompassed the scope of internal audit work.
(d) Reviewed the audit activities and findings of internal audit, as well as the actions and steps taken by management in response to such findings.
(e) Reviewed the enterprise risk management review plan, which encompassed the risk areas, deliverables, processes and action plan.
(f) Reviewed with the external auditors, their audit plan and scope of audit prior to the commencement of audit.
(g) Reviewed with the external auditors, the audit report, issues, reservations and management responses arising from their audit, as well as the audit fees.
(h) Reviewed with the external auditors, the extent of assistance rendered by management and issues arising from their audit, without the presence of the executive board member and management.
(i) Reviewed the related party transactions entered into by the Company and the Group.
(j) Reported to the Board on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC Meetings were tabled and noted by the Board.
(k) Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions.
(l) Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
(m) Reviewed and approved the AC Report for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function is performed in-house and undertaken by the Internal Audit and Risk Management Department ("IAD") of MIB, the Company's holding company. The principal objective of the internal audit function is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

The attainment of such objectives involved the following activities being carried out by the IAD during the financial year:-

(a) Prepared the audit plan for approval of the AC.
(b) Reviewed and appraised the adequacy, effectiveness and reliability of internal control systems, policies and procedures.
(c) Monitored the adequacy, reliability, integrity, security and timeliness of financial and other management information systems.
(d) Determined the extent of compliance with relevant laws, codes, standards, regulations, policies, plans and procedures.
(e) Reviewed the efficiency and effectiveness of operations and identified risk exposure.
(f) Reviewed and verified the means used to safeguard assets.
(g) Tabled to the AC, the audit reports incorporating the audit findings, audit recommendations and management responses. Follow-up audit was conducted and the status of implementation on the agreed action plan was highlighted to the AC.
(h) Acted on suggestions made by the AC and management on concerns over operations or controls and significant issues pertinent to the Company and the Group.
(i) Performed independent evaluation on the risk management framework, including its adequacy and effectiveness.
(j) Reviewed recurrent related party transactions to ensure that such transactions were transacted within the approved shareholders' mandate and undertaken on arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public.
(k) Prepared and tabled to the AC, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

The costs incurred for the internal audit service provided by the IAD of the Company's holding company for the financial year ended 31 December 2013 amounted to RM24,739.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. The AC, being the delegated committee of the Board, is responsible for the preparation of the Statement on Risk Management and Internal Control in accordance with the Guidelines. Set out below is the Statement on Risk Management and Internal Control which has been prepared in accordance with the Guidelines.

RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity. The system of internal controls, designed to safeguard shareholders' investments and the Group's assets, covers not only financial controls but also operational and compliance controls and risk management. Such system, however, is designed to manage rather than to eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

RISK MANAGEMENT

Risk management is considered by the Board as an integral part of the business operations. The risk management function is undertaken by the IAD of MIB, the Company's holding company.

The Group has in place a risk management framework to identify, evaluate, monitor and manage risks that may affect the Group's businesses. The framework focuses on the property sector which is the core business of the Group. Included in the framework is the Enterprise Risk Management policy and procedure which is based on Malaysian Standard ISO 31000:2010. The process is facilitated by the IAD.

The Group adopts a decentralised approach to risk management whereby individual Risk Management Units ("RMU") are established at the business unit level. The RMUs are led by the Heads of Department while the members are appointed employees. The RMUs are responsible for identifying and monitoring risks at their respective levels. The identified risks are prioritised according to the degree of consequence and likelihood of occurrence.

Statement on Risk Management and Internal Control

KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system include the following:-

- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board for the Board Committees and Management.

- Internal policies and procedures are in place, which are updated as and when necessary.

- Reporting systems are in place, which generate financial and other reports for the Board and Management. Monthly management meetings are held during which the reports are discussed and the necessary actions taken.

- Annual business plans and budgets are prepared and actual performance is monitored against the budgets on a monthly basis, with major variances followed up and the necessary actions taken.

- The adequacy and effectiveness of the system of internal controls are continually assessed by the IAD based on a risk-based audit plan approved by the AC.

INTERNAL AUDIT

The internal audit function of the Group is performed by the IAD. The IAD undertakes the review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily. The IAD reviews the internal controls of selected key activities of the Group's businesses based on the audit plan, which has been approved by the AC. The audit plan which covers the Group, is established primarily on a risk-based approach.

MONITORING AND REVIEW OF THE SYSTEM OF INTERNAL CONTROL

The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that the risks are at an acceptable level. Such procedures and systems, however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

The Group Managing Director has provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Statement on Corporate Responsibility

Mulpha Land Berhad recognises the ever growing importance of Corporate Responsibility in its conduct and practices. As a property development company, we strive to maintain a sustainable development, utilising natural resources in a responsible manner. This is the core to our Corporate Responsibility conduct and practices.

As a property development company, adopting green features for efficiency in water and energy usage, and waste avoidance are the central components of our commitment to maintain a sustainable development and utilising natural resources in a responsible manner. Rainwater will be collected and reused for landscaping and other outdoor uses. Additional openings are added especially at the ground level of a building for natural lighting and cross ventilation. This will help in reducing the requirement for artificial lighting and lower the temperature of the property in order to reduce the usage of air-conditioning. We strive to enhance and incorporate these features in all our new developments with new technology and the latest practices in the market.

We also recycle, reuse and preserve existing building materials to reduce carbon wastage and environmental degradation. The mature landscape trees are also protected and new landscapes are incorporated to promote the eco-friendly concept.

Financial Statements

Directors' Report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and property investment, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year attributable to:		
Owners of the Company	8,506	9,689
Non-controlling interests	374	-
	8,880	9,689

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

On 15 November 2013, the Company paid an interim dividend of 1 sen per ordinary share less tax at 25% totalling RM684,908 (0.75 sen net per ordinary share) in respect of the financial year ended 31 December 2013.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

- Lee Eng Leong
- Ghazie Yeoh Bin Abdullah
- Lim Kok Beng
- Abdul Jalil Bin Abdullah
- Henry Choo Hon Fai
- Dato' Low Keng Siong (appointed on 4.9.2013)
- Yong Wan Seong (resigned on 25.10.2013)

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	<------Number of ordinary shares of RM0.10 each------>				
	At 1.1.2013/ Date of Appointment				At 31.12.2013
The Company		Acquired	Bonus Issue	Sold	
Direct Interest					
Abdul Jalil Bin Abdullah	24,000	-	36,000	-	60,000
Deemed interest					
Ghazie Yeoh Bin Abdullah*	-	7,858,160	11,787,240	-	19,645,400
Dato' Low Keng Siong*	7,858,160	-	11,787,240	-	19,645,400

*Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his shareholding in Pasukan Sehati Sdn. Bhd..

By virtue of their interests in the shares of the Company, Ghazie Yeoh Bin Abdullah and Dato' Low Keng Siong are also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

Directors' Report

DIRECTORS' INTERESTS IN SHARES (CONT'D)

Pursuant to the Call Option Agreement dated 17 May 2012 entered into between Mulpha International Bhd and Teladan Kuasa Sdn. Bhd., Ghazie Yeoh Bin Abdullah and Dato' Low Keng Siong are deemed interested in 75,000,000 ordinary shares or 32.85% in the Company pursuant to Section 6A(6)(c) of the Companies Act, 1965.

None of the other Directors holding office at 31 December 2013 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 136,981,500 new ordinary shares of RM0.10 each at par on the basis of three bonus shares for every two existing ordinary shares held to entitled shareholders via the capitalisation of RM13,698,150 from the Company's share premium account.

There was no other change in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No option were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the gain on disposal of investment properties of RM4,319,000 as disclosed in Note 20 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

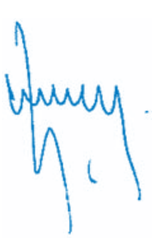
SIGNIFICANT EVENTS
The significant events are as disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENT
The subsequent events are as disclosed in Note 35 to the financial statements.

AUDITORS
The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Eng Leong



Ghazie Yeoh Bin Abdullah

Petaling Jaya, Selangor
23 April 2014

Statements Of Financial Position

AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Property, plant and equipment	3	356	496	40	3
Investment properties	4	959	20,380	945	19,380
Investments in subsidiaries	5	-	-	100,543	57,080
Goodwill	6	1,891	1,891	-	-
Inventories	7	55,267	69,239	-	11,716
Deferred tax asset	8	-	-	1,621	-
Trade and other receivables	9	-	-	20,617	17,881
Total non-current assets		58,473	92,006	123,766	106,060
Inventories	7	260,208	105,108	43,598	42,403
Trade and other receivables	9	11,357	25,155	28,408	19,128
Prepayments		126	18	126	18
Income tax recoverable		69	62	-	-
Cash and bank balances	10	21,977	6,317	16,196	1,019
		293,737	136,660	88,328	62,568
Assets classified as held for sale	11	18,072	-	18,072	-
Total current assets		311,809	136,660	106,400	62,568
Total assets		370,282	228,666	230,166	168,628
Equity					
Share capital	12	22,830	9,132	22,830	9,132
Share premium	12	2,481	16,179	2,481	16,179
Capital reserve	13	83,203	77,403	83,203	77,403
Retained earnings	14	20,268	12,447	14,571	5,567
Total equity attributable to owners of the Company		128,782	115,161	123,085	108,281
Non-controlling interests		10,810	5,892	-	-
Total equity		139,592	121,053	123,085	108,281
Liabilities					
Deferred tax liabilities	8	5,061	7,389	-	172
Bank borrowings	15	98,785	26,868	-	6,658
Trade and other payables	16	37,368	-	37,368	-
Total non-current liabilities		141,214	34,257	37,368	6,830
Bank borrowings	15	34,243	9,181	31,548	9,181
Trade and other payables	16	45,784	58,067	37,187	44,121
Other current liabilities	17	7,941	5,803	-	-
Income tax payable		1,508	305	978	215
Total current liabilities		89,476	73,356	69,713	53,517
Total liabilities		230,690	107,613	107,081	60,347
Total equity and liabilities		370,282	228,666	230,166	168,628

The notes on pages 39 to 85 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	18	47,143	42,968	28,703	25,507
Cost of sales	19	(29,248)	(30,557)	(12,371)	(17,854)
Gross Profit		17,895	12,411	16,332	7,653
Other income	20	7,595	195	2,507	1,244
Other expenses		(9,193)	(7,186)	(3,260)	(3,528)
Profit from operations		16,297	5,420	15,579	5,369
Finance costs	21	(4,518)	(1,197)	(2,833)	(1,381)
Profit before tax	22	11,779	4,223	12,746	3,988
Income tax expense	25	(2,899)	(1,099)	(3,057)	(721)
Profit for the year, representing total comprehensive income for the year		8,880	3,124	9,689	3,267
Total comprehensive income attributable to:					
Owners of the Company		8,506	2,703	9,689	3,267
Non-controlling interests		374	421	-	-
Total comprehensive income for the year		8,880	3,124	9,689	3,267
Earnings per ordinary share:					
Basic/diluted (sen per share) (Restated for 2012)	26	3.73	1.18		

The notes on pages 39 to 85 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

		<---- Attributable to owners of the Company				---->		
		<---- Non-distributable		---->	Distributable			
	Note	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
Group								
At January 2012		9,132	16,179	77,429	9,744	112,484	5,774	118,258
Total comprehensive income for the year		-	-	-	2,703	2,703	421	3,124
Transactions with owners of the Company								
Dividends to non-controlling interest of a subsidiary		-	-	-	-	-	(303)	(303)
Winding up of subsidiaries		-	-	(26)	-	(26)	-	(26)
At 31 December 2012/ 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
Contribution by and distribution to owners of the Company								
Bonus shares issued	12	13,698	(13,698)	-	-	-	-	-
Dividend to owners of the Company	27	-	-	-	(685)	(685)	-	(685)
Dividends to non-controlling interest of a subsidiary		-	-	-	-	-	(2,255)	(2,255)
		13,698	(13,698)	-	(685)	(685)	(2,255)	(2,940)
Changes in ownership interest in a subsidiary		-	-	5,800	-	5,800	6,799	12,599
Total transactions with owners of the Company		13,698	(13,698)	5,800	(685)	5,115	4,544	9,659
At 31 December 2013		22,380	2,481	83,203	20,268	128,782	10,810	139,592
		Note 12	**Note 12**	**Note 13**	**Note 14**			

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

		<------ Attributable to owners of the Company ------>				
		<------ Non-distributable ------>			Distributable	
	Note	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Retained earnings RM'000	Total equity RM'000
Company						
At January 2012		9,132	16,179	77,403	2,300	105,014
Total comprehensive income for the year		-	-	-	3,267	3,267
At 31 December 2012/ 1 January 2013		9,132	16,179	77,403	5,567	108,281
Total comprehensive income for the year		-	-	-	9,689	9,689
Contribution by and distribution to owners of the Company						
Bonus shares issued	12	13,698	(13,698)	-	-	-
Dividend to owners of the Company	27	-	-	-	(685)	(685)
		13,698	(13,698)	-	(685)	(685)
Changes in ownership interest in a subsidiary		-	-	5,800	-	5,800
Total transactions with owners of the Company		13,698	(13,698)	5,800	(685)	5,115
At 31 December 2013		22,830	2,481	83,203	14,571	123,085
		Note 12	Note 12	Note 13	Note 14	

The notes on pages 39 to 85 are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit before tax		11,779	4,223	12,746	3,988
Adjustments for:					
Property, plant and equipment - Depreciation	3	30	35	3	1
Investment properties - Depreciation	4	368	427	363	419
Dividend income		-	-	-	(941)
Reversal of impairment on amount due from a subsidiary		-	-	(285)	(41)
Transfer of property, plant and equipment		(5)	-	(5)	-
(Gain)/Loss on disposal of property, plant and equipment		(603)	-	1	-
Property, plant and equipment written off		8	-	-	-
Gain on disposal of investment properties		(4,319)	-	-	-
(Gain)/Loss on winding up of subsidiaries		-	(62)	-	2
Interest expense		4,518	1,197	2,833	1,381
Interest income		(1,866)	(68)	(1,560)	(1,200)
Operating profit before changes in working capital		9,910	5,752	14,096	3,609
Changes in working capital					
Inventories		(141,128)	(3,773)	10,521	(4,334)
Receivables		7,272	(19,390)	(11,839)	(25,126)
Payables		(12,772)	8,768	(6,934)	9,234
Related companies		46,413	27,978	-	27,977
Holding company		-	(18,086)	-	(15,560)
Cash (used in)/generated from operations		(90,305)	1,249	5,844	(4,200)
Interest paid		(4,518)	(4,152)	(2,833)	(2,139)
Income tax paid		(4,031)	(740)	(4,087)	(115)
Net cash used in operating activities		(98,854)	(3,643)	(1,076)	(6,454)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(37)	(7)	(36)	(4)
Purchase and refurbishment cost of investment properties	4	-	(7)	-	(7)
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	-	(6,095)	-
Dividend received		-	-	-	706
Proceeds from disposal of interest in a subsidiary		-	-	5,800	-
Proceeds from changes in ownership interests in a subsidiary		12,599	-	-	-
Proceeds from disposal of property, plant and equipment		747	-	-	-
Proceeds from disposal of investment properties		5,300	-	-	-
Interest received		1,866	68	1,560	1,200
Net cash generated from investing activities		20,475	54	1,229	1,895

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash flows from financing activities					
Dividend paid to non-controlling interests		(2,255)	(303)	-	-
Dividend paid to owners of the Company	27	(685)	-	(685)	-
(Placement)/Withdrawal of pledged deposits		(65)	(15)	426	(6)
Net drawdown of bank borrowings		97,412	6,109	15,709	6,128
Net cash from financing activities		94,407	5,791	15,450	6,122
Net increase in cash and cash equivalents		16,028	2,202	15,603	1,563
Cash and cash equivalents at 1 January		4,695	2,493	325	(1,238)
Cash and cash equivalents at 31 December	10	20,723	4,695	15,928	325

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash and deposits with licensed banks	10	21,977	6,317	16,196	1,019
Bank overdrafts	15	(48)	(481)	(48)	(481)
Deposits and interest reserve account pledged	10	(1,206)	(1,141)	(220)	(213)
Cash and cash equivalents		20,723	4,695	15,928	325

The notes on pages 39 to 85 are an integral part of these financial statements.

Notes to the Financial Statements

31 DECEMBER 2013

Mulpha Land Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company are as follows:

Principal place of business
PH1, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Registered office
PH2, Menara Mudajaya,
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2013 do not include other entities.

The principal activities of the Company are investment holding, property development and property investment, whilst the principal activities of the subsidiaries are as disclosed in Note 5 to the financial statements.

The holding company during the financial year was Mulpha International Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

These financial statements were authorised for issue by the Board of Directors on 23 April 2014.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated 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 Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*

Notes to the Financial Statements
31 DECEMBER 2013

1. BASIS OF PREPARATION (CONT'D)

1.1 Statement of compliance (cont'd)

- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed
- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plans to apply the abovementioned standards, amendments and interpretations:
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for IC Interpretation 21 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 2 which are not applicable to the Group and the Company.

The initial application of the standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company except as mentioned below:

MFRS 9, *Financial Instruments*
MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liability, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2.

1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Notes to the Financial Statements
31 DECEMBER 2013

1. BASIS OF PREPARATION (CONT'D)

1.4 Use of estimates and judgements (cont'd)

- Note 4 - valuation of investment properties
- Note 5 - valuation of investment in subsidiaries
- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 8 - recognition of capital allowances and tax losses carried forward
- Note 29 - financial instruments
- Note 33 - business combinations

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

2.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes to the Financial Statements

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.2 Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Notes to the Financial Statements
31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement
The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables
Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2.10(i)).

Financial liabilities
All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

(iii) Derecognition
A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.3 Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Notes to the Financial Statements

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Land and buildings	50 years
• Motor vehicles	5 years
• Office equipment, furniture and fittings	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2.4 Leased assets

Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

2.5 Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually and whenever there is an indication that they may be impaired.

2.6 Investment properties

Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Notes to the Financial Statements
31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment properties (cont'd)

Investment property carried at cost (cont'd)

Investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised in profit or loss on a straight-line basis at 2% per annum.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers. Fair value is arrived at by reference to market evidence of transaction prices for similar properties within the same/adjacent location.

2.7 Inventories

(i) Properties held for development

Properties held for development consists of land or such portions thereof on which no development activities have been carried out or where active development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as non-current asset and is stated at cost and all costs that are directly attributable to development activities or that can be allocated on a resonable basis to such activities less accumulated impairment losses, if any.

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Completed properties

Completed properties are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

2.8 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

Notes to the Financial Statements

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and interest reserve account.

2.10 Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Notes to the Financial Statements
31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2.11 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares
Ordinary shares are classified as equity.

(ii) Issue expenses
Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(iii) Preference share capital
Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

2.12 Employee benefits

(i) Short term employee benefits
Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans
The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements
31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue and other income

(i) Revenue from property development

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:-

(i) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(ii) the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;

(iii) the Sale and Purchase Agreement does not give the right to the buyer to take over the work-in-progress during construction; and

(iv) the buyers have limited ability to influence the design of the property.

(ii) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2.15 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Borrowing costs (cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.16 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.17 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.18 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

2.20 Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

Notes to the Financial Statements
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3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost				
At 1 January 2012	644	125	166	935
Additions	-	-	7	7
At 31 December 2012/ 1 January 2013	644	125	173	942
Additions	-	29	8	37
Transfer from related companies	-	-	27	27
Disposal	(162)	-	(2)	(164)
Write Off	(109)	-	-	(109)
At 31 December 2013	373	154	206	733
Depreciation				
At 1 January 2012	141	125	145	411
Charge for the year	25	-	10	35
At 31 December 2012/ 1 January 2013	166	125	155	446
Charge for the year	20	1	9	30
Transfer from related companies	-	-	22	22
Disposal	(19)	-	(1)	(20)
Write Off	(101)	-	-	(101)
At 31 December 2013	66	126	185	377
Carrying amounts				
At 31 December 2012/ 1 January 2013	478	-	18	496
At 31 December 2013	307	28	21	356
Company				
Cost				
At 1 January 2012		-	-	-
Additions		-	4	4
At 31 December 2012/1 January 2013		-	4	4
Additions		29	7	36
Transfer from related companies		-	27	27
Disposal		-	(2)	(2)
At 31 December 2013		29	36	65
Depreciation				
At 1 January 2012		-	-	-
Charge for the year		-	1	1
At 31 December 2012/1 January 2013		-	1	1
Charge for the year		1	2	3
Transfer from related companies		-	22	22
Disposal		-	(1)	(1)
At 31 December 2013		1	24	25
Carrying amounts				
At 31 December 2012/1 January 2013		-	3	3
At 31 December 2013		28	12	40

Notes to the Financial Statements

31 DECEMBER 2013

4. INVESTMENT PROPERTIES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Costs				
At 1 January	22,898	22,891	21,854	21,847
Refurbishment cost during the year	-	7	-	7
Disposal during the year	(1,032)	-	-	-
Transfer to non-current asset held for sale (Note 11)	(20,551)	-	(20,551)	-
At 31 December	1,315	22,898	1,303	21,854
Depreciation				
At 1 January	2,518	2,091	2,474	2,055
Charge for the year	368	427	363	419
Disposal during the year	(51)	-	-	-
Transfer to non-current asset held for sale (Note 11)	(2,479)	-	(2,479)	-
At 31 December	356	2,518	358	2,474
Carrying amounts				
At 31 December	959	20,380	945	19,380
Investment properties at fair value	2,653	25,307	2,653	21,431
Rental income derived from investment properties	1,125	866	1,125	866
Direct operating expenses arising from investment properties				
- Rental income generating investment properties	841	848	841	848
- Non-rental income generating income properties	39	39	-	-

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	2013			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Land and building	-	-	2,653	2,653
Company				
Land and building	-	-	2,653	2,653

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

4. INVESTMENT PROPERTIES (CONT'D)

4.1 Fair value information (cont'd)

Level 2 fair value
Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values
There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value of all investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.	*Market price of property in vicinity compared.*	*The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).*

Valuation processes applied by the Group for Level 3 fair value
The Group estimates the fair value of all investment properties based the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	106,787	63,324
Less: Accumulated impairment losses	(6,244)	(6,244)
	100,543	57,080

Notes to the Financial Statements

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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

	Country of incorporation	Principal activities	Proportion of ownership interest	
			2013	2012
Subsidiaries of Mulpha Land Berhad:			%	%
Dynamic Unity Sdn. Bhd.	Malaysia	Investment holding	100	100
Bukit Punchor Development Sdn. Bhd.	Malaysia	Property development	70	70
Mulpha Argyle Property Sdn. Bhd.	Malaysia	Property development	51	51
Indahview Sdn. Bhd.	Malaysia	Investment holding	100	100
MLB Quarry Sdn. Bhd.	Malaysia	Operation of a quarry plant	60	60
Eco Green Services Sdn. Bhd. (formerly known as Eco Green Management Services Sdn. Bhd.) [1]	Malaysia	Maintenance services and facilities management services	100	-
Mulpha Properties (M) Sdn. Bhd. [2]	Malaysia	Property ownership and management	100	-
Bakat Stabil Sdn. Bhd. [3]	Malaysia	Property development and property investment	100	-
Mayfair Ventures Sdn. Bhd. [4]	Malaysia	Property development and property investment	51	-
Subsidiary of Dynamic Unity Sdn. Bhd.:				
Golden Cignet Sdn. Bhd.	Malaysia	Property development	100	100

[1] On 2 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Eco Green Services Sdn. Bhd. (formerly known as Eco Green Management Services Sdn. Bhd.) from Leisure Farm Corporation Sdn. Bhd., a wholly-owned subsidiary of Mulpha International Bhd. ("MIB"), being the Company's immediate holding company, for a total consideration of RM20,000.

[2] On 10 December 2013, the Company acquired all the ordinary shares in Mulpha Properties (M) Sdn. Bhd. ("MPM") from Mulpha Group Services Sdn. Bhd., a subsidiary of MIB, for a cash consideration of RM47,072,424, which shall be repayable in full at the end of the third year from completion date. The date of completion of the above acquisition was 10 December 2013.

The cash consideration of RM47,072,424 represents the fair value of the consideration paid which comprises of the adjusted net assets of MPM amounting to RM37,367,608 and the accreted interest amounting to RM9,704,816.

Notes to the Financial Statements
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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

[3] On 2 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Bakat Stabil Sdn. Bhd. for a total cash consideration of RM2.00.

[4] On 4 June 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Mayfair Ventures Sdn. Bhd. ("MVSB") for a total cash consideration of RM2.00.

Subsequently on 9 October 2013, MVSB allotted 999,998 ordinary shares of RM1.00 each to the Company for a total consideration of RM999,998 via the partial capitalisation of the shareholder's advances extended by the Company to MVSB.

On 23 December 2013, MVSB further allotted 20,000 ordinary shares of RM1.00 each to the Company for a cash consideration of RM20,000 and 980,000 ordinary shares of RM1.00 each to a non-controlling party, MJC Development Sdn. Bhd. ("MJC") for a cash consideration of RM980,000. Pursuant to these transactions, the equity interest of the Company in MVSB reduced to 51%.

On the same date, MVSB issued 500,000 redeemable preference shares ("RPS") of RM1.00 each for RM11,872,900 resulting in the creation of share premium of RM11,372,900. The RPS were subscribed by the Company and MJC in accordance with their equity shareholding. MJC paid the premium portion of the RPS amounting to RM5,800,179 on behalf of the Company and this was recognised as share capital reserve as disclosed in Note 13 to the financial statements.

5.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2013		
	Mayfair Ventures Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	6,808	4,002	10,810
Profit allocated to NCI	11	363	374

	2013 Mayfair Ventures Sdn. Bhd. RM'000
Summarised financial information before intra-group elimination	
As at 31 December	
Current assets	122,844
Non-current liabilities	(81,270)
Current liabilities	(27,679)
Net assets	13,895
Year ended 31 December	
Other income	33
Other expenses	(11)
Total comprehensive income	22
Summarised financial information before intra-group elimination	
Cash flows from operating activities	(95,108)
Cash flows from financing activities	95,143
Net increase in cash and cash equivalents	35

In 2012, the Group did not have subsidiaries with material non-controlling interests.

Notes to the Financial Statements

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6. GOODWILL

	Group 2013 RM'000	Group 2012 RM'000
At cost		
At 1 January/31 December	1,891	1,891

Impairment testing for cash-generating unit containing goodwill

The carrying amount of goodwill is in relation to the investment in Golden Cignet Sdn. Bhd., a wholly owned subsidiary of Dynamic Unity Sdn. Bhd..

For the purpose of impairment testing, goodwill is allocated to the subsidiary acquired which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount of the CGU is determined based on the value in use ("VIU") calculation. The VIU is calculated using the pre-tax cash flow projections based on financial budgets approved by management. VIU was determined by discounting the future cash flows generated from the development of properties of the CGU and was based on the following key assumptions:

(i) Cash flows projected were based on the gross development value of projects planned and that there will be continual demand for quality residential properties; and

(ii) The pre-tax discount rates of 6% to 8% (2012: 10% to 12%) are applied in discounting the cash flows and were based on the estimated cost of funds of the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

Based on the impairment test undertaken, no additional impairment loss is required to be recognised.

The above estimates are particularly sensitive in the following areas:

(i) Fluctuations in future planned revenues and development costs arising from fluctuations in raw material costs and constructions costs; and

(ii) Fluctuations in the discount rate used and general interest rates.

Notes to the Financial Statements
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7. INVENTORIES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Costs				
Non-current assets				
Properties held for development				
- Cost of acquisition of freehold land	12,812	24,064	-	11,255
- Capitalised development cost	42,455	45,175	-	461
Total non-current inventories	55,267	69,239	-	11,716
Current assets				
Properties under development				
- Cost of acquisition of freehold/leasehold land	203,283	33,020	7,561	-
- Capitalised development cost	13,805	23,931	123	-
	217,088	56,951	7,684	-
Completed properties	43,120	48,157	35,914	42,403
Total current inventories	260,208	105,108	43,598	42,403
Total inventories	315,475	174,347	43,598	54,119

Included in properties under development of the Group and of the Company is interest capitalised during the financial year amounting to RM NIL (2012: RM2,955,000) and RM NIL (2012: RM758,000) respectively (Note 21).

Freehold/leasehold land of the Group and of the Company included in properties held for/under development with carrying value of RM175,910,682 (2012: RM43,081,000) and RM NIL (2012: RM11,255,000) respectively were pledged as security for bank borrowings (Note 15).

Completed properties of the Group and of the Company with carrying value of RM35,914,000 (2012: RM42,403,000) were pledged as security for bank borrowings (Note 15).

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8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Group						
Inventories	393	-	(7,075)	(7,125)	(6,682)	(7,125)
Properties, plant and equipment	-	-	-	(353)	-	(353)
Other items	1,621	89	-	-	1,621	89
Tax assets/ (liabilities)	2,014	89	(7,075)	(7,478)	(5,061)	(7,389)
Set-off of tax	-	(89)	-	89	-	-
	2,014	-	(7,075)	(7,389)	(5,061)	(7,389)
Company						
Properties, plant and equipment	-	-	-	(261)	-	(261)
Others	1,621	89	-	-	1,621	89
	1,621	89	-	(261)	1,621	(172)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unabsorbed capital allowance	-	37	-	-
Unused tax losses	7,452	4,425	-	-
	7,452	4,462	-	-

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in a subsidiary against which the Group can utilise the benefits there from.

Movement in temporary differences during the year

	At 1.1.2012 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2012/ 1.1.2013 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2013 RM'000
Group					
Inventories	7,303	(178)	7,125	(443)	6,682
Properties, plant and equipment	-	353	353	(353)	-
Other items	-	(89)	(89)	(1,532)	(1,621)
	7,303	86	7,389	(2,328)	5,061
Company					
Property, plant and equipment	-	261	261	(261)	-
Other items	-	(89)	(89)	(1,532)	(1,621)
	-	172	172	(1,793)	(1,621)

Deferred tax liabilities are due to temporary differences arising from the fair valuation adjustments on inventories at Group level upon the acquisition of subsidiaries in previous years.

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9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	a	-	-	20,617	17,881
Current					
Trade					
Trade receivables		10,045	19,252	5,029	14,298
Less: Allowance for impairment		(4,742)	(5,374)	(4,742)	(5,374)
		5,303	13,878	287	8,924
Amount due from a related company	b	-	9,900	-	9,900
		5,303	23,778	287	18,824
Non-trade					
Amount due from a subsidiary	c	-	-	27,814	-
Amount due from a related company		4,277	-	1	-
Other receivables		1,005	656	181	177
Deposits		772	721	125	127
		11,357	25,155	28,408	19,128
		11,357	25,155	49,025	37,009

(a) **Amount due from a subsidiary**

The amount due from a subsidiary is unsecured, subject to interest ranging from 6.5% to 8% (2012: 6.5% to 8%) per annum and is repayable in 2015.

(b) **Amount due from a related company**

The trade receivables due from a related company is subject to the normal trade terms.

(c) **Amount due from subsidiary**

The amount due from subsidiary is unsecured, subject to interest ranging from 7% to 8% (2012: 7% to 8%) per annum and is repayable in 2014.

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10. CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	4,612	5,176	34	171
Deposits with licensed banks	17,365	1,141	16,162	848
	21,977	6,317	16,196	1,019

Included in cash and bank balances of the Group are:

(a) An amount of RM3,400,000 (2012: RM4,369,000) held by certain subsidiaries pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which is restricted from use in other operations;

(b) An amount of RM635,000 (2012: RM635,000) held in an interest reserve account was pledged to the bank for borrowings by the Group and the Company as disclosed in Note 15; and

(c) Fixed deposit placement of the Group and of the Company amounting to RM571,000 (2012: RM506,000) and RM220,000 (2012: RM213,000) respectively are pledged to the bank for borrowings as disclosed in Note 15.

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Cash and deposits with licensed banks		21,977	6,317	16,196	1,019
Bank overdrafts	15	(48)	(481)	(48)	(481)
Deposits and interest reserve account pledged		(1,206)	(1,141)	(220)	(213)
Cash and cash equivalents		20,723	4,695	15,928	325

11. ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Freehold land and building	18,072	-	18,072	-

Assets classified as held for sale comprises the following:

(a) Freehold land and a five-storey residential building with a carrying value of RM17,777,000 (2012: RM18,108,000) as at 31 December 2013.

(b) One office lot with carrying value of RM295,000 (2012: RM316,000) as at 31 December 2013.

The assets classified as held for sale with carrying value of RM17,777,000 (2012: RM18,108,000) is pledged as security for bank borrowings as disclosed in Note 15.

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12. SHARE CAPITAL AND SHARE PREMIUM

Share capital

	Group and Company			
	Number of shares 2013 '000	Amount 2013 RM'000	Number of shares 2012 '000	Amount 2012 RM'000
Authorised:				
Ordinary shares of RM0.10 each	1,000,000	100,000	1,000,000	100,000
Preference shares of RM1.00 each	100,000	100,000	100,000	100,000
	1,100,000	200,000	1,100,000	200,000
Issued and fully paid:				
Ordinary shares of RM0.10 each				
At 1 January	91,321	9,132	91,321	9,132
Bonus issue	136,982	13,698	-	-
At 31 December	228,303	22,830	91,321	9,132

Ordinary shares

During the financial year, the Company issued 136,981,500 new ordinary shares of RM0.10 each, on the basis of three new bonus shares for every two existing ordinary shares held to entitled shareholders.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

13. CAPITAL RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable	83,203	77,403	83,203	77,403

The movement of reserves is shown in the statements of changes in equity.

The capital reserve represents the capitalisation of reserves arising from:

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Changes in ownership interests in a subsidiary	33.1	5,800	-	5,800	-
Reduction in par value of the ordinary shares of the Company in 2010		77,403	77,403	77,403	77,403
		83,203	77,403	83,203	77,403

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14. RETAINED EARNINGS

The Finance Act 2007 introduced a single tier dividend distribution system with effect from year of assessment 2008. Pursuant to Schedule 9 – Transitional and savings provisions of the Income Tax Act, 1967 the Company can distribute dividends out of its Section 108 balance until the amount is fully utilised but any remaining balance as at 31 December 2013 will be disregarded as at 1 January 2014.

15. BANK BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Secured				
Bridging loans	-	6,658	-	6,658
Term loans	98,785	20,210	-	-
	98,785	26,868	-	6,658
Current				
Secured				
Bridging loans	3,500	8,100	3,500	8,100
Term loans	2,695	600	-	600
Revolving credit	28,000	-	28,000	-
Bank overdrafts	48	481	48	481
	34,243	9,181	31,548	9,181
Total borrowings	133,028	36,049	31,548	15,839

The bank borrowings are secured by the following:

(a) Pledge of certain properties held for and under development and completed properties of the Group and of the Company, as disclosed in Note 7;

(b) Pledge of assets classified as held for sale as disclosed in Note 11;

(c) Lien on a portion of fixed deposit placement and amount held in an interest reserve account of the Group and of the Company as disclosed in Note 10; and

(d) Corporate guarantees by the holding company.

(e) Term loans include a loan of RM81.27 million obtained by a subsidiary whereby the 49% non-controling shareholder has agreed to indemnify and reimburse the Company for its share of any losses incurred by the Company.

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16. TRADE AND OTHER PAYABLES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-current					
Non-trade					
Amount due to a related company	(a)	37,368	-	37,368	-
Current					
Trade					
Trade payables		4,391	5,792	2,320	3,051
		4,391	5,792	2,320	3,051
Non-trade					
Amount due to subsidiaries	(a)	-	-	7,684	2,526
Amount due to a related company	(b)	30,652	28,025	20,123	28,024
Other payables		10,741	24,250	7,060	10,520
		45,784	58,067	37,187	44,121
		83,152	58,067	74,555	44,121

(a) The amounts due to a related company and subsidiaries are unsecured, subject to interest ranging from 7% to 8% (2012: 7% to 8%) per annum and repayable on demand.

(b) Included in other payables of the Group is an amount of RM10,102,000 (2012: RM9,686,000) due to certain non-controlling interest in a subsidiary which is unsecured, bears interest at 6.5% (2012: 6.5%) per annum and is repayable on demand.

17. OTHER CURRENT LIABILITIES

	Group 2013 RM'000	Group 2012 RM'000
Deferred revenue - advance billings on property sales	7,941	5,803

18. REVENUE

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Sales of completed properties	45,588	41,634	19,562	23,700
Rental of investment properties	1,125	866	1,125	866
Operation of a quarry plant	430	468	-	-
Dividend income	-	-	8,016	941
	47,143	42,968	28,703	25,507

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19. COST OF SALES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cost of completed properties	28,407	29,709	11,530	17,006
Cost attributable to investment properties	841	848	841	848
	29,248	30,557	12,371	17,854

20. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss	1,866	68	1,560	1,200
Rental income	64	14	-	-
Gain on disposal of investment properties	4,319	-	-	-
Gain on disposal of property, plant and equipment	603	-	-	-
Gain on winding up of subsidiaries	-	62	-	-
Reversal of impairment loss on amount due from a subsidiary	-	-	285	41
Reversal of impairment loss on a trade receivable	632	-	632	-
Miscellaneous	111	51	30	3
	7,595	195	2,507	1,244

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21. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	85	166	85	166
- term loan and bridging loan	2,389	2,531	748	824
- subsidiary	-	-	446	184
- related company	1,554	965	1,554	965
Advances from non-controlling interest of a subsidiary	490	490	-	-
	4,518	4,152	2,833	2,139
Recognised in profit or loss	4,518	1,197	2,833	1,381
Capitalised on qualifying assets:				
- Properties under development (Note 7)	-	2,955	-	758
	4,518	4,152	2,833	2,139

22. PROFIT BEFORE TAX

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the year is arrived after charging:					
Employee benefits expense	23	1,338	330	1,056	330
Auditors' remuneration:					-
-Audit fees		146	120	49	40
-Non-audit fees		50	10	50	10
Property, plant and equipment:					
- Depreciation	3	30	35	3	1
Depreciation of investment properties	4	368	427	363	419
Rental of land and buildings		64	73	-	-
Loss on disposal of property, plant and equipment		-	-	1	-
Loss on winding up of subsidiaries		-	-	-	2
and after crediting:					
Reversal of impairment					
- Amount due from a subsidiary		-	-	(285)	(41)

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23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	1,208	250	955	250
Defined contribution plans	106	31	2	31
Social security contributions	4	1	80	1
Other staff-related expenses	20	48	19	48
	1,338	330	1,056	330

Included in employee benefits expense of the Group and the Company are Directors' salaries and emoluments which are analysed in Note 24.

24. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Executive				
Salaries and other emoluments	441	205	441	205
Non-executive				
- Director fees				
Directors of the Company	96	90	96	90
Directors of a subsidiary	12	15	12	-
Total non-executive Directors' fee	108	105	108	90
Total Directors' remuneration	549	310	549	295

The number of directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2013	2012
Executive Director		
RM200,000 – RM250,000	-	1
RM400,000 – RM450,000	1	-
Non-executive Directors		
Below RM50,000	4	3

Key management personnel also include certain directors of the Company who are employed by the holding company and its related company and their remunerations are paid by these companies.

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25. INCOME TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Current year	5,374	1,024	5,216	577
- Over provision in prior year	(147)	(11)	(366)	(28)
	5,227	1,013	4,850	549
Deferred income tax (Note 8)				
- Origination and reversal of temporary differences	(1,699)	(9)	(1,612)	172
- (Over)/ under provision in respect of prior years	(629)	95	(181)	-
	(2,328)	86	(1,793)	172
Income tax expense recognised in profit or loss	2,899	1,099	3,057	721

Income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Reconciliation of tax expense

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax	11,779	4,223	12,746	3,988
Income tax calculated using Malaysian tax rate of 25% (2012: 25%)	2,945	1,056	3,187	997
Non-deductible expenses	1,164	903	890	655
Tax exempt income	(1,175)	-	-	-
Current year losses for which no deferred tax asset was recognised	795	-	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	-	(52)	-	-
Recognition of previously unrecognised tax losses	(54)	(892)	(654)	(903)
Over provision of income tax in respect of prior years	(147)	(11)	(366)	(28)
(Over)/ under provision of deferred tax in respect of prior years	(629)	95	-	-
Income tax expense recognised in profit or loss	2,899	1,099	3,057	721

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26. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
		Restated
	2013	2012
Profit attributable to owners of the parent (RM'000)	8,506	2,703
Issued ordinary shares ('000)	91,321	91,321
Effect of ordinary shares distributed during the year via a bonus issue ('000)	136,982	136,982
Weighted average number of ordinary shares ('000)	228,303	228,303
Basic/diluted earnings per ordinary share (Sen)	3.73	1.18

The previous year's earning per ordinary share has been restated to reflect the bonus issue implemented in the current year.

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

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

27. DIVIDEND

Dividends recognised by the Company:

	Sen per share	Amount (RM)	Date of payment
2013			
Interim 2013 ordinary (net of tax)	0.75	684,908	18 December 2013
2012			
Interim 2012 ordinary (net of tax)	-	-	-

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28. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director (the chief operating decision makers) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1: Property developments
- Segment 2: Property investments
- Segment 3: Investments holdings and others

Performance is measured based on segment profit before tax ("Segment Profit") as included in the internal management reports that are reviewed by the Group Managing Director (the chief operating decision makers). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets
The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities
Segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment liabilities are used to measure the gearing of each segment.

Segment capital expenditure
Segment capital expenditure is total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

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28. OPERATING SEGMENTS (CONT'D)

	Property development		Property investments		Investment holdings and others		Total		Adjustments and eliminations		Per consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External	45,588	41,634	1,125	866	430	468	47,143	42,968	-	-	47,143	42,968
Results												
Depreciation of property, plant and equipment and investment properties	30	35	368	427	-	-	398	462	-	-	398	462
Segment profit/(loss)	6,139	5,553	4,593	18	56,261	1,083	66,993	6,654	(55,214)	(2,431)	11,779	4,223
Assets:												
Additions to non-current assets	64	7	-	7	-	-	64	14	-	-	64	14
Segment assets	391,509	206,151	23,306	20,366	161,916	61,840	576,731	288,357	(206,449)	(59,691)	370,282	228,666
Segment liabilities	244,477	120,604	12	617	85,618	3,185	330,107	124,406	(99,417)	(16,793)	230,690	107,613

28. OPERATING SEGMENTS (CONT'D)

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

Reconciliation of reportable segment profit, assets and liabilities

(i) The following items are deducted from segment profit/(loss) to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2013 RM'000	2012 RM'000
Total segment profit	66,993	6,654
Elimination of inter-segment profits	(55,214)	(2,431)
Consolidated profit before tax	11,779	4,223

(ii) Additions to non-current assets consist of:

	2013 RM'000	2012 RM'000
Property, plant and equipment	64	7
Investment properties	-	7
	64	14

(iii) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2013 RM'000	2012 RM'000
Inter-segment assets	206,449	59,691

(iv) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2013 RM'000	2012 RM'000
Inter-segment liabilities	99,417	16,793

Geographical segments

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

Major customers

Approximately 46% of the Group's revenue are from 4 major customers.

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29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L & R RM'000	FL RM'000
2013			
Financial assets			
Group			
Trade and other receivables	11,357	11,357	-
Cash and bank balances	21,977	21,977	-
	33,334	33,334	-
Company			
Trade and other receivables	49,025	49,025	-
Cash and bank balances	16,196	16,196	-
	65,221	65,221	-
2013			
Financial liabilities			
Group			
Bank borrowings	133,028	-	133,028
Trade and other payables	83,152	-	83,152
	216,180	-	216,180
Company			
Bank borrowings	31,548	-	31,548
Trade and other payables	74,555	-	74,555
	106,103	-	106,103
2012			
Financial assets			
Group			
Trade and other receivables	25,155	25,155	-
Cash and bank balances	6,317	6,317	-
	31,472	31,472	-
Company			
Trade and other receivables	37,009	37,009	-
Cash and bank balances	1,019	1,019	-
	38,028	38,028	-
2012			
Financial liabilities			
Group			
Bank borrowings	36,049	-	36,049
Trade and other payables	58,067	-	58,067
	94,116	-	94,116
Financial liabilities			
Company			
Bank borrowings	15,839	-	15,839
Trade and other payables	44,121	-	44,121
	59,960	-	59,960

29. FINANCIAL INSTRUMENTS (CONT'D)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net losses on:				
Loans and receivables	2,498	68	2,506	1,241
Financial liabilities measured at amortised cost	(4,518)	(1,197)	(2,833)	(1,381)
	(2,020)	(1,129)	(327)	(140)

29.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The Group's normal credit terms range from 14 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

Notes to the Financial Statements

31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2013			
Neither past due nor impaired	1,768	-	1,768
Past due 1 - 30 days	1,487	-	1,487
Past due 31 - 60 days	1,392	-	1,392
Past due more than 60 days	5,398	(4,742)	656
	10,045	(4,742)	5,303
2012			
Neither past due nor impaired	9,077	-	9,077
Past due 1 - 30 days	2,177	-	2,177
Past due 31 - 60 days	794	-	794
Past due more than 60 days	7,204	(5,374)	1,830
	19,252	(5,374)	13,878

	Gross RM'000	Individual impairment RM'000	Net RM'000
Company			
2013			
Neither past due nor impaired	287	-	287
Past due 1 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due more than 60 days	4,742	(4,742)	-
	5,029	(4,742)	287
2012			
Neither past due nor impaired	8,924	-	8,924
Past due 1 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due more than 60 days	5,374	(5,374)	-
	14,298	(5,374)	8,924

Notes to the Financial Statements
31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

The movements in the allowance for impairment losses of trade receivables (excluding related party balances) during the financial year were:

	Group and Company	
	2013	2012
	RM'000	RM'000
At 1 January	5,374	5,676
Impairment loss written off	-	(302)
Reversal of impairment loss	(632)	-
At 31 December	4,742	5,374

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses
As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Non-current loans to subsidiaries are not overdue.

29.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest	Contractual cash flows	Under 1 year	1-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000
Group						
2013						
Trade and other payables	83,152	-	83,152	83,152	-	-
Bank borrowings	133,028	5.0% - 8.1%	135,258	33,711	101,547	-
	216,180		218,410	116,863	101,547	-
Company						
2013						
Trade and other payables	74,555		74,555	74,555	-	-
Bank borrowings	31,548	5.0% - 8.1%	32,961	32,961	-	-
	106,103		107,516	107,516	-	-
Group						
2012						
Trade and other payables	58,067	-	58,067	58,067	-	-
Bank borrowings	36,049	5.2% - 8.6%	42,692	11,383	31,148	161
	94,116		100,759	69,450	31,148	161
Company						
2012						
Trade and other payables	44,121	-	44,121	44,121	-	-
Bank borrowings	15,839	5.2% - 8.6%	16,497	9,744	6,753	-
	59,960		60,618	53,865	6,753	-

29.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's financial position or cash flows.

29.6.1 Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The short term receivables and payables are not significantly exposed to interest rate risk.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

29.6.1 Interest rate risk (cont'd)

Risk management objectives, policies and processes for managing the risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate borrowings and deposits. The Group does not use derivative financial instruments to hedge its interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed rate instruments				
Financial assets	17,365	1,141	42,480	18,729
Financial liabilities	(68,020)	(28,025)	(65,175)	(30,550)
	(50,655)	(26,884)	(22,695)	(11,821)
Floating rate instruments				
Financial liabilities	(133,028)	(36,049)	(31,548)	(15,839)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	50bp increase RM'000	50bp decrease RM'000
Group		
2013		
Floating rate instruments	(393)	393
Company		
2013		
Floating rate instruments	(18)	18
Group		
2012		
Floating rate instruments	(133)	133
Company		
2012		
Floating rate instruments	(58)	58

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables, and short term borrowings are approximately fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group										
2013										
Financial liabilities										
Bank borrowings	-	-	92,773	92,773	-	-	28,048	28,048	120,821	133,028
Company										
2013										
Financial liabilities										
Bank borrowings	-	-	3,500	3,500	-	-	28,048	28,048	31,548	31,548

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value*		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group							
2012							
Financial liabilities							
Bank borrowings	-	-	-	-	36,049	36,049	36,049
Company							
Financial liabilities							
Bank borrowings	-	-	-	-	15,839	15,839	15,839

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair value information (cont'd)

Policy on transfer between levels
The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives
The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values
There has been no transfer between Level 1 and 2 fair values during the financial year. (2012: no transfer in either directions)

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Loans and borrowings	*Discounted cash flows*	*Interest rate (2013: 5.00% - 8.10%)*	*The estimated fair value would increase/ (decrease) if the interest rate were higher/ (lower).*

Notes to the Financial Statements
31 DECEMBER 2013

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's gearing ratio at 31 December 2013 and 31 December 2012 were as follows:

	2013 RM'000	2012 RM'000
Bank borrowings (Note 15)	133,028	36,049
Trade and other payables (Note 16)	83,152	58,067
Less: Cash and bank balances (Note 10)	(21,977)	(6,317)
Net debt	194,203	87,799
Equity attributable to the owners of the parent, representing total capital	128,782	115,161
Capital and net debt	322,985	202,960
Gearing ratio	60%	43%

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

31. OPERATING LEASES

Leases as lessee

The Group has entered into a non-cancellable property lease with a related company. The lease has remaining lease term of one year. Future minimum rentals payable under the operating lease at the reporting date is as follows:

	Group	
	2013 RM'000	2012 RM'000
Less than one year	119	73

Leases as lessor

The Group and the Company lease out their investment properties under operating leases (see Note 4). The future minimum lease receivables under non-cancellable leases are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Less than one year	733	695	733	695
Between one and five years	-	243	-	243
	733	938	733	938

Notes to the Financial Statements
31 DECEMBER 2013

32. RELATED PARTIES

Identity of related parties
For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries and key management personnel.

Significant related party transactions
Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 16.

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
A. Subsidiaries of the Company				
- Interest income receivable from Mulpha Argyle Property Sdn. Bhd.	-	-	1,012	965
- Interest paid to Bukit Punchor Development Sdn. Bhd.	-	-	(446)	(184)
- Interest income receivable from MLB Quarry Sdn. Bhd.	-	-	220	229
- Interest income receivable from Mayfair Ventures Sdn. Bhd.	-	-	907	-
B. Holding company, Mulpha International Bhd.				
- Rendering of services payable	-	(136)	-	-
- Interest expense payable to a related company in which a person connected to a Director of the holding company has interest	(390)	(390)	-	-
- Rendering of services payable to a related company in which a Director of the holding company has interest	(75)	-	-	-
C. Subsidiaries of Mulpha International Bhd.				
- Rendering of services payable to Mulpha Land & Property Sdn. Bhd.	(2,031)	(1,193)	(965)	(711)
- Rental paid to Mulpha Properties (M) Sdn. Bhd.	(21)	(73)	-	-
- Rental paid to Mulpha Group Services Sdn. Bhd.	(98)	-	(96)	-
- Rendering of services payable to Mulpha Group Services Sdn. Bhd.	(1,041)	(1,705)	(486)	(1,531)
- Sale of a property to Mulpha Far East Sdn. Bhd.	-	11,000	-	11,000
- Interest expense payable to Mulpha Ventures Sdn. Bhd.	(1,554)	(965)	(1,554)	(965)
- Sale of an investment property to Leisure Farm Equestrian Sdn. Bhd.	4,750	-	-	-
- Rendering of services payable to Mulpha Capital Markets Sdn. Bhd.	(103)	-	(103)	-

D. Key management personnel
Key management personnel costs which also include certain executive directors of the Company are borne by the holding company and its related company as disclosed in Note 24.

Notes to the Financial Statements
31 DECEMBER 2013

33. BUSINESS COMBINATIONS

33.1 Acquisition of subsidiaries

(i) On 4 June 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Mayfair Ventures Sdn. Bhd. ("MVSB") for a total cash consideration of RM2.00.

Subsequently on 9 October 2013, MVSB allotted 999,998 ordinary shares of RM1.00 each to the Company for a total consideration of RM999,998 via the partial capitalisation of the shareholder's advances extended by the Company to MVSB.

On 23 December 2013, MVSB further allotted 20,000 ordinary shares of RM1.00 each to the Company for a cash consideration of RM20,000 and 980,000 ordinary shares of RM1.00 each to a non-controlling party, MJC Development Sdn. Bhd. ("MJC") for a cash consideration of RM980,000. Pursuant to these transactions, the equity interest of the Company in MVSB reduced to 51%.

On the same date, MVSB issued 500,000 redeemable preference shares ("RPS") of RM1.00 each for RM11,872,900 resulting in the creation of share premium of RM11,372,900. The RPS were subscribed by the Company and MJC in accordance with their equity shareholding. MJC paid the premium portion of the RPS amounting to RM5,800,179 on behalf of the Company and this was recognised as share capital reserve as disclosed in Note 13 to the financial statements.

(ii) On 2 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Bakat Stabil Sdn. Bhd. for a total cash consideration of RM2.00.

(iii) On 2 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Eco Green Services Sdn. Bhd. (formerly known as Eco Green Management Services Sdn. Bhd.) from Leisure Farm Corporation Sdn. Bhd., a wholly-owned subsidiary of Mulpha International Bhd. ("MIB"), the immediate holding company of the Company for a total consideration of RM20,000.

Notes to the Financial Statements
31 DECEMBER 2013

33. BUSINESS COMBINATIONS (CONT'D)

33.2 Acquisition of Mulpha Properties (M) Sdn. Bhd.

On 10 December 2013, the Company acquired all the ordinary shares in Mulpha Properties (M) Sdn. Bhd. ("MPM") from Mulpha Group Services Sdn. Bhd., a subsidiary of MIB, for a cash consideration of RM47,072,424, which shall be repayable in full at the end of the third year from completion date. The date of completion of the above acquisition was 10 December 2013.

The cash consideration of RM47,072,424 represents the fair value of the consideration paid which comprises of the adjusted net assets of MPM amounting to RM37,367,608 and the accreted interest amounting to RM9,704,816.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Group RM'000
Fair value of consideration transferred	
2013	
Cash and cash equivalents	37,368
Identifiable assets acquired and liabilities assumed:	
Prepaid land lease payment	37,400
Other receivables	13
Cash and cash equivalents	69
Other payable and accruals	(31)
Total identifiable net assets	37,451

Pre-acquisition carrying amounts were determined based on applicable MFRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

Net cash arising from MPM Acquisition

As the consideration will be satisfy in the form of cash in 3 years time, the net cash inflow on the Acquisition were as follows:

	RM'000
Cash and cash equivalents acquired	69
Net cash arising from Acquisition	69

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

The effects of the acquisition at acquisition date were as follows:

	RM'000
Total consideration	37,368
Fair value of net identifiable assets	(37,451)
Negative goodwill on acquisition	(83)

Notes to the Financial Statements

31 DECEMBER 2013

34. SIGNIFICANT EVENT DURING THE YEAR

i) On 4 June 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Mayfair Ventures Sdn. Bhd. ("MVSB") for a total cash consideration of RM2.00.

On 5 June 2013, MVSB acquired 2 adjacent parcels of leasehold land held under PN30649, Lot 212 and PN 30650, Lot 213 respectively, both within Mukim Bandar Damansara, Daerah Petaling, Negeri Selangor, from Tropicana Golf & Country Resort Berhad, a wholly-owned subsidiary of Tropicana Corporation Berhad (formerly known as Dijaya Corporation Berhad), for a total cash consideration of RM116,123,925.

The above acquisition will increase the property development land bank of the Group, which would be in line with the Group's strategy to focus on identifying and developing properties in strategic locations.

The acquisition was approved by the Company's shareholders at an extraordinary general meeting held on 3 October 2013 and was completed on 11 November 2013.

On 30 August 2013, the Company entered into a subscription and shareholder's agreement with MJC Development Sdn. Bhd. ("MJC") and MVSB for the subscription of new MVSB ordinary shares and new MVSB redeemable preference shares by the Company and MJC whereby the Company and MJC would subscribe for 51% and 49% of the enlarged issued and paid-up share capital of MVSB respectively. The above subscription was completed on 23 December 2013 and as detailed in Note 33.1 to the financial statements.

ii) On 2 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Bakat Stabil Sdn. Bhd. for a total cash consideration of RM2.00.

iii) On 2 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the equity interest in Eco Green Services Sdn. Bhd. (formerly known as Eco Green Management Services Sdn. Bhd.) for a total cash consideration of RM20,000.

iv) On 10 December 2013, the Company acquired all the ordinary shares in Mulpha Properties (M) Sdn. Bhd. ("MPM") from Mulpha Group Services Sdn. Bhd., a subsidiary of MIB, for a cash consideration of RM47,072,424, which shall be repayable in full at the end of the third year from completion date. The date of completion of the above acquisition was 10 December 2013.

The cash consideration of RM47,072,424 represents the fair value of the consideration paid which comprises of the adjusted net assets of MPM amounting to RM37,367,608 and the accreted interest amounting to RM9,704,816. Further details to the acquisition are stated in Note 33.2 to the financial statements.

35. SUBSEQUENT EVENTS

Subsequent to the financial year end, the following assets classified as held for sale were disposed of:

i) 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.

ii) A unit of office lot with a carrying value of RM295,000 as at 31 December 2013 was disposed of for a cash consideration of RM400,000. The said transaction was completed on 7 April 2014.

Notes to the Financial Statements
31 DECEMBER 2013

36. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings				
- realised	55,879	7,008	12,950	5,739
- unrealised	1,388	(890)	1,621	(172)
	57,267	6,118	14,571	5,567
Less: Consolidation adjustments	(36,999)	6,329	-	-
Total retained earnings	20,268	12,447	14,571	5,567

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors / Statutory Declaration

**STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15)
OF THE COMPANIES ACT, 1965**

In the opinion of the Directors, the financial statements set out on pages 33 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia and with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 on page 85 to the financial statements has been compiled in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Eng Leong

Ghazie Yeoh Bin Abdullah

Petaling Jaya, Selangor
23 April 2014

**STATUTORY DECLARATION PURSUANT TO
SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, **Lim Say Kien**, the officer primarily responsible for the financial management of Mulpha Land Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 85 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the above named at Petaling Jaya on
23 April 2014.

Lim Say Kien

Before me:

PESURUHJAYA SUMPAH
No: B 228
Nama: FARIDAH BT SULAIMAN
MALAYSIA

No. 42C (3rd floor)
Jalan SS 22/21, Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MULPHA LAND BERHAD
(Company No. 182350-H)
(Incorporated in Malaysia)

Report on the Financial Statements
We have audited the financial statements of Mulpha Land Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 84.

Directors' Responsibility for the Financial Statements
The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 36 on page 85 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chew Beng Hong
Approval Number: 2920/02/16(J)
Chartered Accountant

Petaling Jaya, Selangor
23 April 2014

Material Properties of the Group
as at 31 December 2013

	Location	Year of Acquisition/ Completion	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built up Area	Description	Net Book Value RM'000
1.	PN 30649 & PN30650 Lot 212 & 213 Mukim Bandar Damansara Daerah Petaling, Selangor	2013	Leasehold	2090	N/A	6.41 Acres	Land to be used for mixed commercial development	121,902
2.	Lot No. 1524, HS(D)3059/95 Padang Meha Kulim, Kedah	2002	Freehold	N/A	N/A	136.75 Acres	Land being used for residential and commercial development	59,447
3.	Geran 23566, 23567 & 12881 Lot No. 350, 351 & 9992 Bandar dan Daerah Kuala Lumpur	2007	Freehold	N/A	N/A	2.53 Acres	Land to be used for residential development	45,624
4.	PN 3679, Lot 53 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	2013	Leasehold	2060	52	1.99 Acres	Land to be used for mixed commercial development	37,639
5.	Unit 1, 2, 5 & 7 Enklaf Bangsar Jalan Medang Tanduk Bukit Bandaraya, Bangsar 59100 Kuala Lumpur	2012	Freehold	N/A	2	3,115.50 Sq. Metres	3-storey bungalow	35,914
6.	Geran No. 10561 Lot 11279, Mukim Ampang Daerah Kuala Lumpur	2001	Freehold	N/A	26	3,635.00 Sq. Metres	5-storey apartment	17,777
7.	Geran 449268, Lot 137699 Mukim Pulai Daerah Johor Bahru, Johor	2005 & 2008	Freehold	N/A	N/A	6.66 Acres	Vacant land	7,684
8.	Mukim 7 Daerah Seberang Perai Selatan, Nibong Tebal Pulau Pinang	2006	Freehold	N/A	N/A	3.45 Acres	Land being used for residential, commercial and industrial development	7,279
9.	B1003 & B1005 Pusat Dagangan Phileo Damansara II No. 15, Jalan 16/11 Off Jalan Damansara 46350 Petaling Jaya, Selangor	1999	Freehold	N/A	14	465.63 Sq. Metres	Office lot	945
10.	Unit No. B045/C/1-2 1st Floor, Block C Sri Damansara Business Park Bandar Sri Damansara 52200 Kuala Lumpur	2001	Freehold	N/A	14	120.31 Sq. Metres	Office lot	295

Analysis of Shareholdings
as at 22 April 2014

Authorised Share Capital	: RM200,000,000 divided into 1,000,000,000 ordinary shares of RM0.10 each and 100,000,000 preference shares RM1.00 each
Issued and Paid-up Share Capital	: RM22,830,250 divided into 228,302,500 ordinary shares of RM0.10 each
Class of Shares	: Ordinary shares of RM0.10 each
Voting Rights	: 1) One vote per shareholder on a show of hands 2) One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	131	5.68	1,799	0.00
100 - 1,000	44	1.91	13,879	0.01
1,001 - 10,000	1,521	65.93	7,218,049	3.16
10,001 - 100,000	532	23.06	15,993,092	7.00
100,001 - 11,415,124 (Less than 5% of issued shares)	76	3.29	31,958,147	14.00
11,415,125 (5%) and above	3	0.13	173,117,534	75.83
	2,307	100.00	228,302,500	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Mulpha International Bhd	133,852,134	58.63
2.	Pasukan Sehati Sdn Bhd	19,645,400	8.60
3.	Perfect Portal Sdn Bhd	19,620,000	8.60
4.	Mulpha International Bhd	7,543,250	3.30
5.	Citigroup Nominees (Asing) Sdn Bhd - Pershing LLC for Asia Network Management Limited	1,480,247	0.65
6.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Kiam Hsung	975,000	0.43
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koek Tiang Kung	950,000	0.42
8.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah	837,000	0.37
9.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Oh Kim Sun (CEB)	835,000	0.37
10.	Tam Shuk Yi	785,000	0.34
11.	Chew Hui Kuan	700,000	0.31
12.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	683,600	0.30
13.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Rahimah Stephens (CEB)	625,000	0.27
14.	AIBB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	614,000	0.27
15.	Au Gek Wee	560,000	0.25
16.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chiah Cheang (TCS/HLG)	542,500	0.24
17.	Kyang Meng Choon	514,000	0.23
18.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Salbiah Binti Shuib (MM0641)	500,000	0.22
19.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Oh Kim Sun	500,000	0.22

Analysis of Shareholdings
as at 22 April 2014

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
20.	Lim Gaik Bway @ Lim Chiew Ah	483,000	0.21
21.	Lee Eng Keong	450,650	0.20
22.	Lee Yean Aun Keefe	432,500	0.19
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kevin Goh Pang Yuen	405,000	0.18
24.	JF Apex Securities Berhad	400,000	0.18
25.	Wong Sin Kiew	392,500	0.17
26.	Oh Chwee Ho	363,250	0.16
27.	Yong Tah Woon	350,000	0.15
28.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian (Hong Kong) Limited - A/C Clients	343,750	0.15
29.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Low Kim Soi @ Low Tien Sang (REM 825)	326,000	0.14
30.	Lee Kee Huat	310,000	0.14

SUBSTANTIAL SHAREHOLDERS

	<----Direct----	>	<----Indirect----	>
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Mulpha International Bhd	141,395,384	61.93	-	-
Nautical Investments Limited	-	-	141,395,384 [a]	61.93
Mountbatten Corporation	-	-	141,395,384 [b]	61.93
Mount Glory Investments Limited	-	-	141,395,384 [c]	61.93
Yong Pit Chin	-	-	141,395,384 [d]	61.93
Lee Seng Huang	-	-	141,395,384 [e]	61.93
Pasukan Sehati Sdn Bhd	19,645,400	8.60	-	-
Ghazie Yeoh Bin Abdullah	-	-	19,645,400 [f]	8.60
Dato' Low Keng Siong	-	-	19,645,400 [f]	8.60
Lim Chee Khang	-	-	19,645,400 [f]	8.60
Perfect Portal Sdn Bhd	19,620,000	8.60	-	-
Yeow Soo Hiang	-	-	19,620,000 [g]	8.60
Choong Kam Peng	-	-	19,620,000 [g]	8.60
Augustone Cheong Kwok Fai	-	-	19,620,000 [g]	8.60

Teladan Kuasa Sdn Bhd ("TKSB"), Ghazie Yeoh Bin Abdullah, Dato' Low Keng Siong and Alunan Cemerlang Sdn Bhd are deemed interested in 75,000,000 ordinary shares or 32.85% in Mulpha Land Berhad pursuant to a Call Option Agreement dated 17 May 2012 entered into between Mulpha International Bhd and TKSB, and pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDING IN MULPHA LAND BERHAD

	<----Direct----	>	<----Indirect----	>
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Lt. Col (R) Abdul Jalil Bin Abdullah	60,000	0.03	-	-
Ghazie Yeoh Bin Abdullah	-	-	19,645,400 [f]	8.60
Dato' Low Keng Siong	-	-	19,645,400 [f]	8.60

NOTES:

[a] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Mulpha International Bhd.*

[b] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Nautical Investments Limited.*

[c] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Mountbatten Corporation.*

[d] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of her shareholding in Mount Glory Investments Limited.*

[e] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his family relationship with Yong Pit Chin.*

[f] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his shareholding in Pasukan Sehati Sdn Bhd.*

[g] *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his/her shareholding in Perfect Portal Sdn Bhd.*

Notice of 25th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of Mulpha Land Berhad will be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Friday, 20 June 2014 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*

2. To re-elect the following Directors who retire by rotation pursuant to Article 76 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Lt. Col (R) Abdul Jalil Bin Abdullah *(Ordinary Resolution 1)*
   (b) Lim Kok Beng *(Ordinary Resolution 2)*

3. To re-elect Dato' Low Keng Siong, who retires pursuant to Article 81 of the Company's Articles of Association and being eligible, has offered himself for re-election. *(Ordinary Resolution 3)*

4. To approve the increase in Directors' fees (as set out in items (a) and (b) below) and to approve the payment of Directors' fees totalling RM115,300 for the financial year ended 31 December 2013:-

   (a) increase from RM40,000 to RM43,000 per annum for Lim Kok Beng, the Independent Non-Executive Director and Chairman of the Audit Committee; and
   (b) increase from RM28,000 to RM31,000 per annum for the other Non-Executive Directors namely Lt. Col (R) Abdul Jalil Bin Abdullah, Henry Choo Hon Fai and Dato' Low Keng Siong (who was appointed on 4 September 2013). *(Ordinary Resolution 4)*

5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. **ORDINARY RESOLUTION:**
   Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

   "THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." *(Ordinary Resolution 6)*

Notice of 25th Annual General Meeting

7. **ORDINARY RESOLUTION:**
Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given to the Company and its subsidiaries ("MLB Group") to enter into recurrent related party transactions from time to time with MLB Group's related parties, which are necessary for the day-to-day operations as set out in Section 2.3.1 of the Circular to Shareholders dated 29 May 2014 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to MLB Group than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company at which time the mandate will lapse, unless by a resolution passed at the next Annual General Meeting, the mandate is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution." *(Ordinary Resolution 7)*

8. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT approval be and is hereby given to Lim Kok Beng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012." *(Ordinary Resolution 8)*

9. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT approval be and is hereby given to Lt. Col (R) Abdul Jalil Bin Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012." *(Ordinary Resolution 9)*

By Order of the Board

LEE SUAN CHOO (MAICSA 7017562)
Company Secretary

Petaling Jaya
29 May 2014

Notice of 25th Annual General Meeting

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.

2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.

3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at **12 June 2014** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

EXPLANATORY NOTE A:

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item on the agenda is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Ordinary Resolution 6 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   The proposed Ordinary Resolution 6 is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

2. **Ordinary Resolution 7 - Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The details on the proposed renewal and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 29 May 2014.

Notice of 25th Annual General Meeting

3. **Ordinary Resolutions 8 and 9 - Continuing in Office as Independent Non-Executive Directors**

The proposed Ordinary Resolutions 8 and 9 are to seek the shareholders' approval to retain Lim Kok Beng and Lt. Col (R) Abdul Jalil Bin Abdullah who have served on the Board for a cumulative term of more than 9 years, as Independent Non-Executive Directors of the Company. The Board has via the Nomination Committee, assessed the independence of Lim Kok Beng and Lt. Col (R) Abdul Jalil Bin Abdullah and recommended them to continue to serve as Independent Non-Executive Directors based on the following justifications:-

Ordinary Resolution 8: Lim Kok Beng

(a) Mr Lim fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance, and bring an element of objectivity and independent judgment to the Board.

(b) Mr Lim has performed his duties diligently and in the best interest of the Company without being subject to influence of the management.

(c) Mr Lim has devoted sufficient time in attending Board meetings and has participated in board discussions.

(d) Mr Lim, who is Chairman of the Audit Committee, has vast experience in the accounting and audit industry, which enabled him to provide constructive advice, expertise and independent judgment.

Ordinary Resolution 9: Lt. Col (R) Abdul Jalil Bin Abdullah

(a) Lt. Col Jalil fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance, and bring an element of objectivity and independent judgment to the Board.

(b) Lt. Col Jalil has performed his duties diligently and in the best interest of the Company without being subject to influence of the management.

(c) Lt. Col Jalil has devoted sufficient time in attending Board meetings and has participated in board discussions.

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MULPHA LAND BERHAD (182350-H)
Incorporated in Malaysia

PROXY FORM

No. of Shares held	
CDS Account No.	

I/We ______________________ NRIC No./Company No. ______________ Tel No. ____________

of ____

being a member of the Company, hereby appoint ______________________________________

NRIC No. __________________________ of ______________________________________

and/or ____ NRIC No. __________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 25th Annual General Meeting of the Company to be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on **Friday, 20 June 2014** at **3.00 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
Resolution 1	Re-election of Lt. Col (R) Abdul Jalil Bin Abdullah		
Resolution 2	Re-election of Lim Kok Beng		
Resolution 3	Re-election of Dato' Low Keng Siong		
Resolution 4	Approval of the increase in Directors' fees and the payment thereof		
Resolution 5	Re-appointment of KPMG as Auditors		
Resolution 6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 7	Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
Resolution 8	Continuing in office as Independent Non-Executive Director – Lim Kok Beng		
Resolution 9	Continuing in office as Independent Non-Executive Director – Lt. Col (R) Abdul Jalil Bin Abdullah		

Dated this ______ day of __________ 2014

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:-

	No. of Shares	Percentage
1st Proxy		%
2nd Proxy		%
Total:		100 %

Common Seal *(for Corporate Members)*

____
Signature of Member

NOTES:
1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at **12 June 2014** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

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AFFIX
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The Company Secretary
MULPHA LAND BERHAD (182350-H)
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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MulphaLand

MULPHA LAND BERHAD (182350-H)

PH1, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: (603) 7718 6288 **Fax:** (603) 7718 6363
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