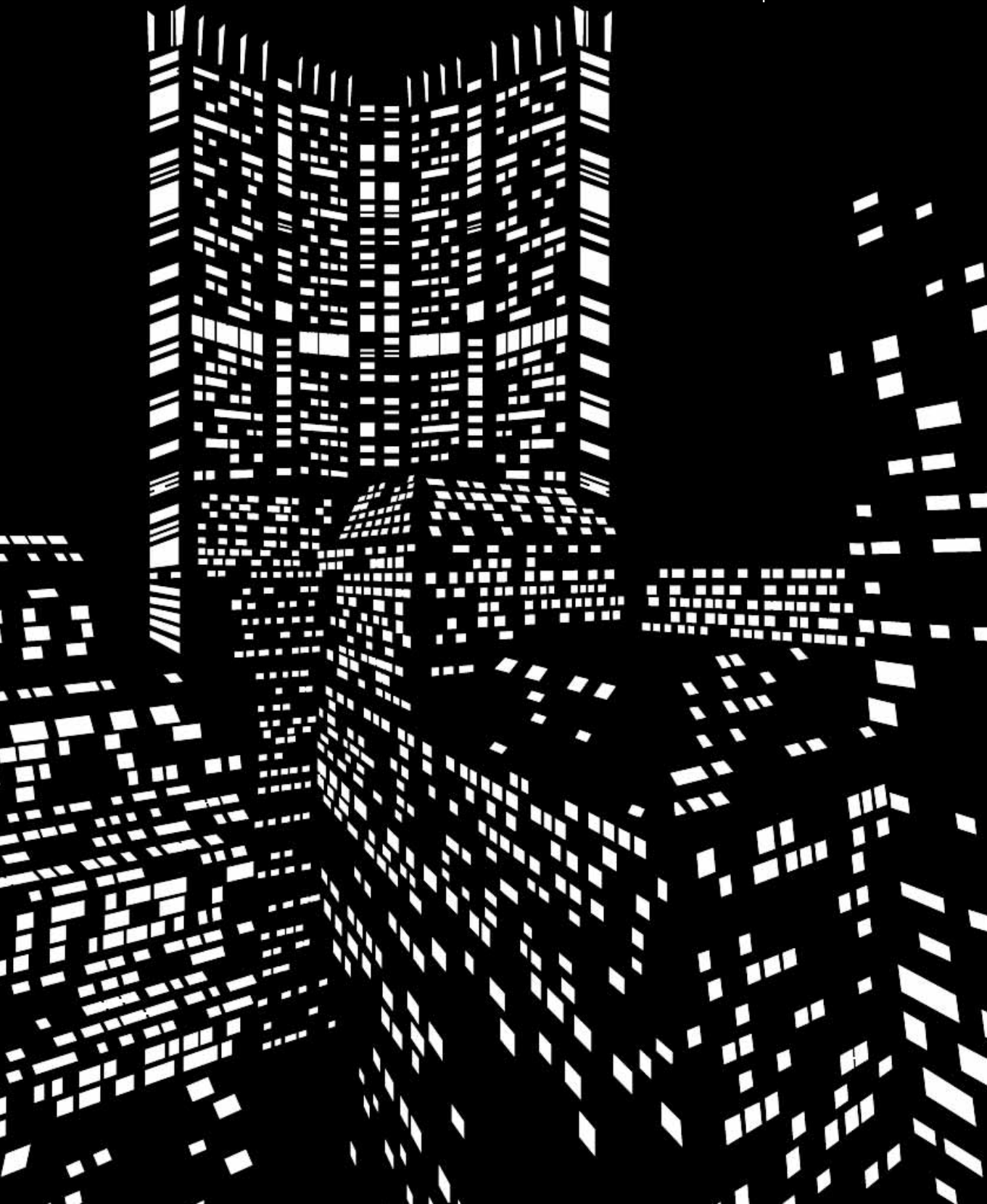
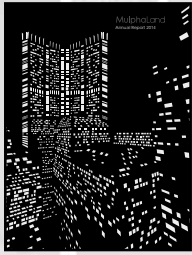


MulphaLand

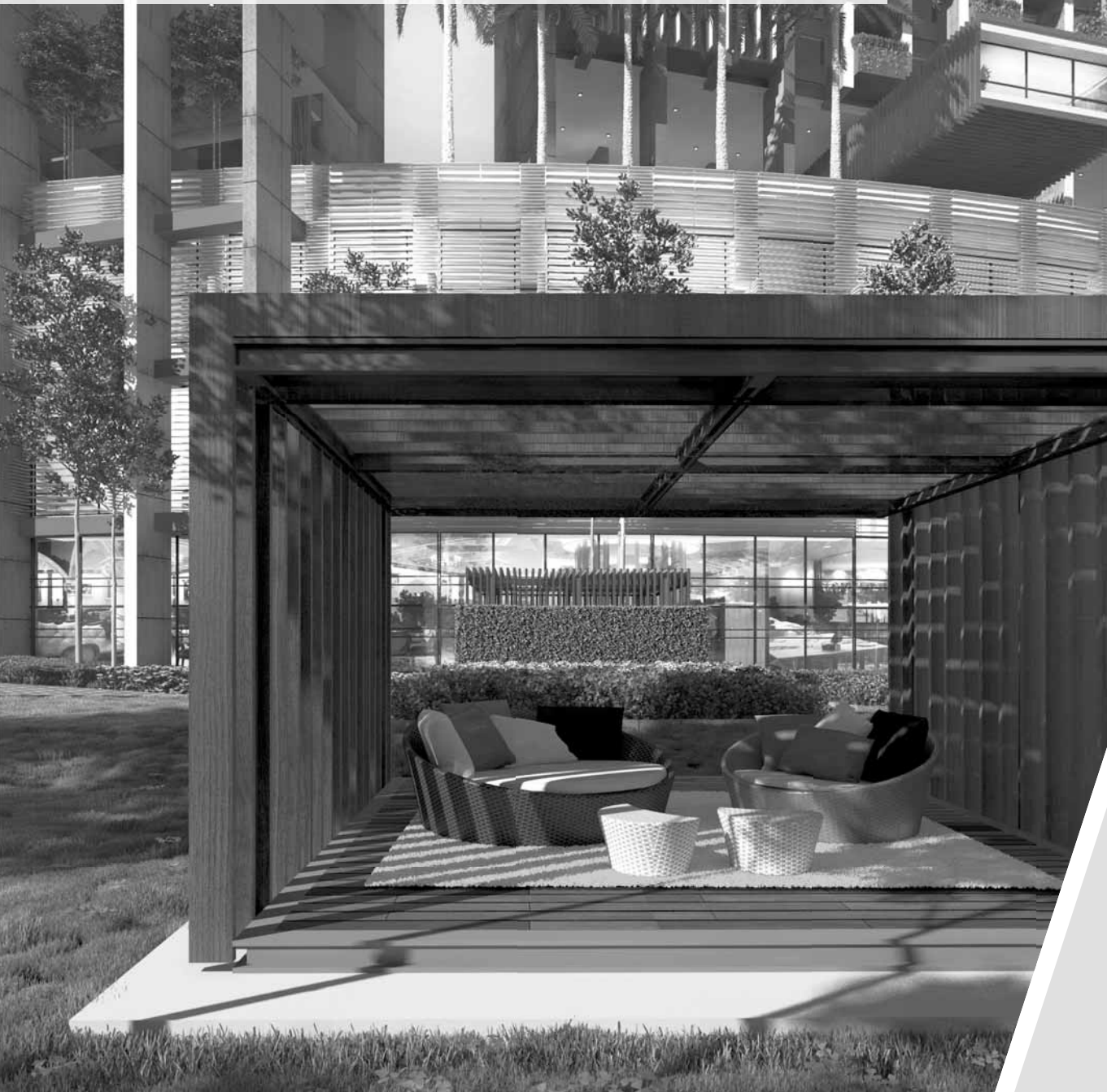
Annual Report 2014





Cover Rationale

On the cover, the enigmatic cityscape with its dazzling lights exudes a futuristic vibe that mirrors our progressive stance. Seemingly alive and bursting with energy, the cover's palpable dynamism conveys our relentless dash into a future that is brimming with promise and potential.





Contents

08	Corporate Profile
09	Corporate Information
10	Group's 5-Year Financial Highlights
12	Financial Calendar
14	Profile of Board of Directors
19	Chairman's Statement
22	Statement on Corporate Governance
34	Additional Compliance Information
38	Audit Committee Report
42	Statement on Risk Management and Internal Control
44	Statement on Corporate Responsibility
45	Financial Statements
142	List of Properties of the Group
144	Analysis of Shareholdings
147	Notice of 26 th Annual General Meeting
	Proxy Form

INNOVATION

We bring exciting improvements in living standards and experience, through the introduction of innovative products and services to the Malaysian market.





QUALITY AND VALUE

We are quality focused, but always with value in mind. We seek to understand and deliver those aspects of quality that hold the most value and impact for the customer.





CARE

We care for our customers, our business partners and for each other, treating them with warmth and respect.







Corporate Profile

Mulpha Land Berhad is listed on the Main Market of Bursa Malaysia and offers mixed property development services & investment opportunities. The company's focus is on real estate and property related services, with its primary operations and investments centered in Malaysia.

Mulpha Land Berhad's real estate development and investments in Malaysia are located in several strategic development areas which include 6 Kenny Hills (Bukit Tunku), Enclave Bangsar, Tropicana and Section 13 in the Klang Valley. In the Northern Corridor Economic Region (NCER), Mulpha Land Berhad's prominent projects include Taman Bukit Punchor, Bukit Punchor Industrial Park and Taman Seri Bayu in Penang coupled with the mixed development township, Taman Desa Aman near Kulim High Tech Park, Kedah.

Moving forward, Mulpha Land Berhad is set to expand and embark on the hospitality & lifestyle division aside its existing core business - property development and property investment & management. With the presence of hospitality & lifestyle, Mulpha Land Berhad aims to enrich and further heighten its portfolio as an emerging boutique developer in Malaysia.

Corporate Information

BOARD OF DIRECTORS

Non-Independent Executive Chairman

Datuk Fakhri Yassin bin Mahiaddin
(appointed on 18 April 2015)

Group Managing Director

Ghazie Yeoh bin Abdullah

Non-Independent Executive Director

Dato' Low Keng Siong
(redesignated on 18 April 2015)

Independent Non-Executive Directors

Lim Kok Beng
Lt. Col (R) Abdul Jalil bin Abdullah
Henry Choo Hon Fai

Non-Independent Non-Executive Directors

Lee Seng Huang (appointed on 18 April 2015)
Lee Eng Leong (Alternate to Lee Seng Huang)
(appointed on 18 April 2015)

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
Henry Choo Hon Fai (appointed on 18 April 2015)

REMUNERATION COMMITTEE

Lt. Col (R) Abdul Jalil bin Abdullah (Chairman)
Lim Kok Beng
Ghazie Yeoh bin Abdullah
(appointed on 18 April 2015)

COMPANY SECRETARIES

Seet Wan Sing (BC/S/1491)
Chin Ngeok Mui (MAICSA 7003178)

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) 7849 0777
Fax No : (603) 7841 8151/52

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 6228

Group's 5-Year Financial Highlights

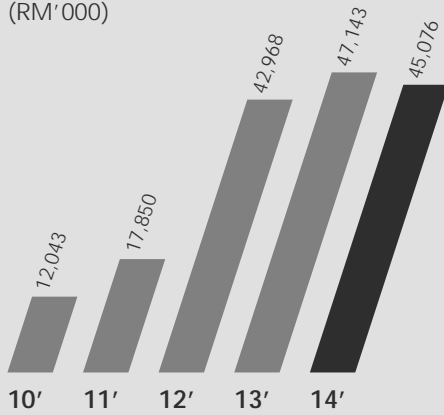
	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Revenue	45,076	47,143	42,968	17,850	12,043
Profit before taxation	8,172	11,779	4,223	1,623	811
Profit after taxation	5,255	8,880	3,124	917	23
Profit/(loss) after non-controlling interest	9,621	8,506	2,703	426	(116)
Issued share capital	22,830	22,830	9,132	9,132	9,132
Reserves	117,914	105,952	106,029	103,352	102,926
Total shareholders' fund	140,744	128,782	115,161	112,484	112,058
Total assets	324,778	370,282	228,666	205,291	184,824
Total liabilities	183,976	230,690	107,613	87,033	66,358
Non-controlling interest	58	10,810	5,892	5,774	6,408
Earnings/(loss) per ordinary share(sen)*	4.21	3.73 [#]	1.18 [#]	0.19 [#]	(0.06) [#]
Net dividends per ordinary share (sen)	–	0.75	–	–	–
Net tangible assets per share attributable to owners of the Company (RM)*	0.61	0.56 [#]	0.50 [#]	0.48 [#]	0.53 [#]

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

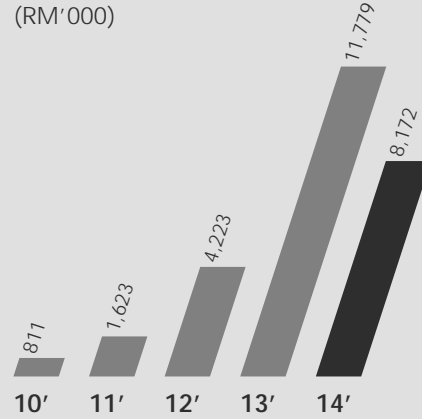
* Comparatives have been restated to take into effect of the bonus shares issued on the basis of three (3) bonus shares for two (2) existing ordinary shares of RM0.10 each.

Group's 5-Year Financial Highlights *(cont'd)*

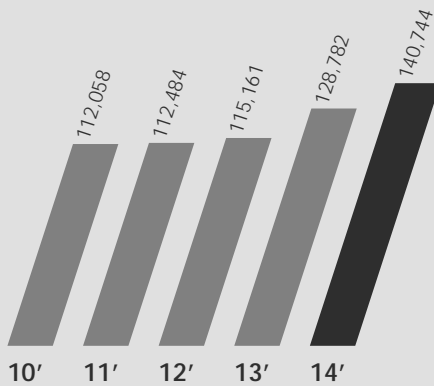
Revenue
(RM'000)



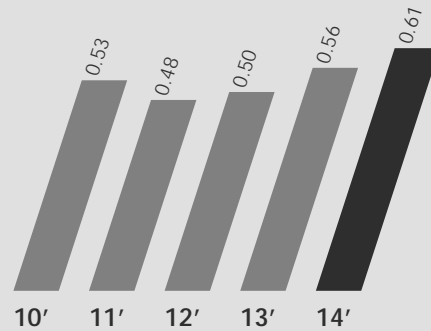
Profit Before Tax
(RM'000)



Total Shareholders' Funds
(RM'000)



Net Tangible Assets Per Share
(RM)



Financial Calendar

Announcement of Quarterly Results

19 MAY 2014

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2014

19 AUGUST 2014

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2014

21 NOVEMBER 2014

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2014

16 FEBRUARY 2015

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



Financial Calendar *(cont'd)*

Annual Report & Annual General Meeting

27 MAY 2015

Notice of 26th Annual General Meeting and issuance of Annual Report 2014

18 JUNE 2015

26th Annual General Meeting



Profile of Board of Directors

Datuk Fakhri Yassin bin Mahiaddin

Non-Independent
Executive Chairman
Malaysian



Datuk Fakhri, aged 39, graduated with a Bachelor of Science (Econs) Degree in Business Economics from Queen Mary College, University of London, United Kingdom.

Datuk Fakhri is currently the Group Managing Director of Ketapang Capital Sdn Bhd, an investment holding company of the Ketapang Group. Prior to establishing Ketapang, he commenced his career as an Investment Analyst with Hwang-DBS Securities Bhd. He subsequently joined Trisilco Folec Sdn Bhd in 2000, an information technology and telecommunications company, where he was mainly involved in the areas of business strategy and business development. He later served as a Board member of Trisilco Folec Sdn Bhd until 2003 and joined the Board of Time Era Sdn Bhd, a subsidiary of Eden Inc. Berhad in September 2004.

Datuk Fakhri is also a Director of Eden Inc. Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Datuk Fakhri is currently serving on the Board of Trustees of Yayasan Nurul Yaqeen, which is a charitable non-governmental organisation.

Datuk Fakhri was appointed to the Board as Non-Independent Executive Chairman on 18 April 2015.

Datuk Fakhri has no directorships in other public companies in Malaysia apart from Eden Inc. Berhad.

Ghazie Yeoh bin Abdullah

Group Managing Director
Malaysian



En Ghazie, aged 38, holds a Bachelor of Science Degree (Information Technology) from Monash University in Melbourne, Australia. Armed with 15 years of experience in the property industry, En Ghazie also brings with him vast knowledge and understanding of the construction and building materials sector.

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. He also serves as a member of the Remuneration Committee.

En Ghazie has no directorships in other public companies.

Profile of Board of Directors *(cont'd)*

Dato' Low Keng Siong
Non-Independent
Executive Director
Malaysian



Dato' Low, aged 41, 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. Dato' Low was a Partner with a leading law firm in Kuala Lumpur from 2003 to 2014, with substantial experience in the practice areas of corporate restructuring and capital markets.

Dato' Low is also a Director of several private companies, including Pasukan Sehati Sdn Bhd, a substantial shareholder of the Company.

Dato' Low was appointed to the Board as Non-Independent Non-Executive Director on 4 September 2013 and was later redesignated as Non-Independent Executive Director on 18 April 2015.

Dato' Low has no directorships in other public companies.

Lim Kok Beng
Independent
Non-Executive Director
Malaysian



Mr Lim, aged 68, 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 *(cont'd)*

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



Lt. Col Jalil, aged 68, 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 42, 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. He has been the Managing Director of Geogenesis Sdn Bhd, an explorer and developer of natural resources since 2011.

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

Mr Henry Choo has no directorships in other public companies.

Profile of Board of Directors *(cont'd)*

Lee Seng Huang
Non-Independent
Non-Executive Director
Malaysian



Lee Eng Leong
Non-Independent
Non-Executive Director
(Alternate Director to
Lee Seng Huang)
Malaysian



Mr Lee, aged 40, was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He is currently the Executive Chairman of Mulpha International Bhd (a public company listed on the Main Market of Bursa Malaysia Securities Berhad with operations in Malaysia, Australia and the United Kingdom) as well as Mulpha Australia Limited, and the Non-Executive Chairman of Aveo Group, a leading retirement group listed on the Australian Securities Exchange.

Mr Lee is also the Non-Executive Director of Mudajaya Group Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad. Mr Lee is a trustee of Lee and Lee Trust, a discretionary trust owning a controlling interest in Allied Group Limited, through its interest in Allied Properties (HK) Limited. Both Allied Group Limited and Allied Properties (HK) Limited are companies listed on The Stock Exchange of Hong Kong Limited.

Mr Lee was appointed to the Board as Non-Independent Non-Executive Director on 18 April 2015.

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

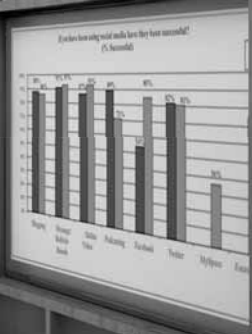
Mr Lee, aged 47, is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he 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 who was the Non-Independent Non-Executive Chairman, resigned from the Board on 18 April 2015 and was appointed as the Alternate Director to Mr Lee Seng Huang on 18 April 2015.

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

NOTES:

- Family Relationship with Director and/or Major Shareholder**
Mr Lee Seng Huang, the Non-Independent Non-Executive Director and major shareholder of the Company, is the son of Madam Yong Pit Chin, a major shareholder of the Company.
Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.
- Conflict of Interest**
None of the Directors has any conflict of interest with the Company.
- Conviction for Offences**
None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.
- Attendance of Board Meetings**
The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2014 is disclosed in the Statement on Corporate Governance.



Chairman's Statement

**Datuk Fakhri Yassin
bin Mahiaddin**



Dear Shareholders of Mulpha Land Berhad,

It gives me great pleasure to present to you the Annual Report of Mulpha Land Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2014.

2014 was a good year all round for the Group as we continued to streamline and strengthen our business operations, divest non-core assets, source for land in strategic locations to bolster our land bank and improve our market presence.

The Group's property development prospects in the Central and Northern regions remain healthy with confirmed projects in hand with a forecasted Gross Development Value ("GDV") of RM1.2 billion.

FINANCIAL HIGHLIGHTS

The Group's revenue reduced marginally to RM45.08 million in 2014 from RM47.14 million in 2013. This was attributed to the lower sales recognition of the Bukit Punchor Development and lower rental yields after the Group's disposal of Raintree Residence.

The Group also registered a lower pre-tax profit of RM8.17 million in 2014 compared with RM11.78 million in 2013, mainly due to an impairment loss of RM7.6 million from the Bukit Tunku Land.

The Group's earnings per share was higher at 4.21 sen in 2014 from 3.73 sen previously.

REVIEW OF OPERATIONS

In 2014, the Group continued to step up measures to rationalise and increase operational efficiencies, divest non-core assets, grow our land bank and improve our brand presence in the property market.

During the year, the Group implemented several transactions:

- Sold Raintree Residence for RM34.3 million.
- Sold one unit of Bangsar Enclave for RM11 million.
- Completed the Section 13 Petaling Jaya land acquisition.

Chairman's Statement *(cont'd)*

These transactions generated profits and raised funds that enabled the Group to streamline its business operations, explore opportunities to increase our land bank and galvanize the development of more high-end, luxury serviced apartments, service office-home offices (SoHo) and Landed developments that are expected to contribute to higher sales and profits. The Group has 141.73 acres of development land, out of which 10.93 acres are in the Central Region and the balance in Bukit Panchar, Penang and Desa Aman in Kedah.

In the Klang Valley, the Group focussed on luxury residences in sought after locations like Tropicana and Section 13 Petaling Jaya. The high-rise luxury serviced residences incorporate concepts that offer functional yet trendy lifestyles with planned hospitality, leisure services and retail shops.

CENTRAL REGION

Lumi Tropicana

The 6.4-acre Lumi Tropicana project boasts a total GDV of RM749 million. Positioned as luxury residences, the 744 units of serviced apartments and 62 SoHo units will offer comfort, convenience and signature hotel-styled housekeeping and concierge services. We expect to launch Lumi Tropicana by end of the third quarter of 2015 subject to market conditions.

Lumi Section 13

We have completed the acquisition of the Section 13 Petaling Jaya land (branded as Lumi Section 13). The 310 units of serviced apartment with a GDV of RM246 million is the second luxury project in the Group's property portfolio. The development is expected to be launched in 2016.

The Group has also been busy identifying and implementing ways to develop and unlock the value of our assets in the Northern Region:

NORTHERN REGION

Taman Desa Aman in Kulim, Kedah

During the year, new launches comprised:

- 47 units of single storey terrace houses with a GDV of RM8.18 million
- 12 units of single storey Semi-D with a GDV of RM5.02 million
- 16 units of Megah shops with a GDV of RM5.5 million

Our future development projects in Desa Aman include 244 units of design and build affordable terrace housing and 87 single storey terrace units, with a combined total GDV of RM52.28 million.

Bukit Punchor, Penang

We have sold 15 out of the 20 units of our Fortune double storey shops with a total GDV of RM11.88 million. In the pipeline are plans to build 152 serviced apartments and 39 retail units with a GDV of RM60 million.

PROSPECTS

The property market in general is anticipated to moderate due to several factors including the uncertain economic outlook, stricter mortgage approvals and cautious approach by buyers with the implementation of the goods and services tax ("GST") on 1 April 2015.

Nevertheless, the property market is closely tied to the economy, and the Malaysian economy continues to grow at a rate anticipated to be between 5% to 6% in 2015.

Despite the generally softer market outlook, the Group remains optimistic as we have good product offerings with strong market demand. Also, we understand market needs and hence remain confident of our ability to overcome the current weaker sentiment.

Chairman's Statement *(cont'd)*

The Group's future growth trajectory includes widening our property development portfolio and focusing on two main aspects of the development segment, namely 'Affordable Luxury' and 'Affordable Series'.

Our plan is to grow the Group by elevating our brand profile and building the confidence of land owners to work with us. We intend to increase our land bank via outright purchases or joint ventures where land owners are given the option to partner with us, a leading property brand that can offer better market returns for them.

We also plan to grow our recurring income stream in four new business segments including facility management services, hospitality services, real estate investment and lifestyle retail partnerships.

In 2015, our key objectives are to launch Lumi Tropicana, to sell the remaining three units of Enclave Bangsar, successfully implement the development within the Desa Aman project and to continue embarking on business development activities to acquire new land.

We remain optimistic of the Group's long term growth potential and direction.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt appreciation to Mr Lee Eng Leong for his keen leadership as Chairman from January 2013 to 18 April 2015.

I would also like to extend a warm welcome to Mr Lee Seng Huang to our Board. Mr Lee is currently the Executive Chairman of Mulpha International Bhd.

To the management team and staff, I would like to thank each and every one of you for your tireless and concerted efforts in making 2014 a commendable year for the Group.

The team's hard work and dedication have enabled the Group to achieve operational efficiency and stability, and has helped us establish a stronger brand presence in the property market with successful sales launches in the Northern and Central regions.

I would also like to register my gratitude to my fellow Board members, who has welcomed me and provided meaningful counsel and direction since my appointment.

Moving forward, we will strive to achieve our objectives to further enlarge our land bank, develop more sought after affordable-luxury properties, build a stronger presence in the property market, secure better profits, and provide our shareholders with a strong and consistent return on investment.

Datuk Fakhri Yassin bin Mahiaddin
Non-Independent Executive Chairman
12 May 2015

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.

The main functions and roles of the Board are as follows:-

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders’ value.
- Adopting and monitoring progress of the Company’s strategies, budgets, plans and policies.
- Overseeing the conduct of the Group’s businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management’s recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Succession planning for senior management.
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems.

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 had in 2013, 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, was also formalised in 2013. 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.

Statement on Corporate Governance *(cont'd)*

1.3 Composition and Board Balance

As at 31 December 2014, the Board 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 14 to 17 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.

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.

Statement on Corporate Governance *(cont'd)*

A total of 5 Board meetings were held during the financial year ended 31 December 2014 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Eng Leong	5/5	100
Ghazie Yeoh bin Abdullah	5/5	100
Lim Kok Beng	5/5	100
Lt. Col (R) Abdul Jalil bin Abdullah	5/5	100
Henry Choo Hon Fai	4/5	80
Dato' Low Keng Siong	5/5	100

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.

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.

Statement on Corporate Governance *(cont'd)*

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 in 2014 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 diversity policy (in terms of gender, ethnicity and age), 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

In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Securities, all the Directors had attended training programmes and seminars during the financial year, 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 *(cont'd)*

Details of the training programmes attended by the Directors during the financial year ended 31 December 2014 are as follows:-

Name of Directors	Title	Organiser	Date
Lee Eng Leong	• Risk Management and Internal Control for Audit Committees – Post Workshop Discussion	Bursa Malaysia Berhad	30 October 2014
	• MIA International Accountants Conference 2014	Malaysian Institute of Accountants	4 & 5 November 2014
Ghazie Yeoh bin Abdullah	• Corporate Governance Symposium 2014	MeLearn Global	29 & 30 April 2014
Lim Kok Beng	• Corporate Governance Symposium 2014	MeLearn Global	29 & 30 April 2014
	• Enhancing Internal Audit Practice	The Institute of Internal Auditors Malaysia and Bursa Malaysia Berhad	13 August 2014
	• MIA International Accountants Conference 2014	Malaysian Institute of Accountants	4 & 5 November 2014
Lt. Col (R) Abdul Jalil bin Abdullah	• Audit Committee Conference 2014	Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia	20 March 2014
	• Audit Committee Breakfast Series – “Enhancing Internal Audit Practice”	The Institute of Internal Auditors Malaysia and Bursa Malaysia Berhad	13 August 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014
Henry Choo Hon Fai	• Rethinking Strategy: Has Competitive Advantage Ended?	Bursatra Sdn Bhd	19 June 2014
	• Corporate Directors Advanced Programme 2014: Strategy & Risks – Managing Uncertainty	Malaysian Directors Academy	27 & 28 August 2014
Dato’ Low Keng Siong	• Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	6 May 2014

Statement on Corporate Governance *(cont'd)*

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

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 38 to 41 of the Annual Report.

(b) Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. As at 31 December 2014, the composition of the Nomination Committee is 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.
- (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.

Statement on Corporate Governance *(cont'd)*

The Nomination Committee met once during the financial year ended 31 December 2014 and the meeting was 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 contribution 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.

Statement on Corporate Governance *(cont'd)*

(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 2014, namely Mr Lim Kok Beng, Lt. Col (R) Abdul Jalil bin Abdullah and Dato' Low Keng Siong. 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.

(iii) Reviewed the proposed amendments to the terms of reference of the Nomination Committee

The Nomination Committee reviewed and recommended for the Board's approval, the proposed amendments to the terms of reference of the Nomination Committee, to be in line with the provisions of the Listing Requirements of Bursa Securities and Malaysian Code on Corporate Governance 2012. The proposed amendments to the terms of reference were duly approved by the Board.

(iv) Reviewed and recommended the selection process for appointment of new Directors

The Nomination Committee reviewed and recommended for the Board's approval, the proposed process for the nomination and appointment of new Directors, as well as the criteria used in the selection process. The proposed process for the nomination and appointment of new Directors was duly approved by the Board.

(v) Reviewed and assessed the training needs of Directors

The Nomination Committee reviewed the training programmes attended by the Directors in 2013 and assessed the training needs of Directors, and thereafter tabled the same to the Board.

(c) Remuneration Committee

The Remuneration Committee consists of all Non-Executive Directors, a majority of whom are Independent Directors. As at 31 December 2014, the composition of the Remuneration Committee is 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)

Statement on Corporate Governance *(cont'd)*

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 once during the financial year ended 31 December 2014 to review and recommend to the Board, the remuneration of Directors. The meeting was 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.

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 2014 are as follows:-

	Executive Director RM'000	Non-Executive Directors RM'000
Salaries and other remuneration	742	-
Fees	-	136
Other emoluments	-	18
Total:	742	154

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
RM700,000 to RM750,000	1	-	1
Total:	1	4	5

Statement on Corporate Governance *(cont'd)*

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, as and when necessary.

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.

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.

Statement on Corporate Governance *(cont'd)*

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 42 and 43 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 on 15 April 2015.



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 2014.
- 2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2014.
- 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 2014.
- 4. SANCTIONS AND/OR PENALTIES**
There were no 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 2014, which have material impact on the operations or financial position of the Group.
- 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 2014 amounted to RM33,000.
- 6. VARIATION IN RESULTS**
There was no variance of 10% or more between the audited results for the financial year ended 31 December 2014 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 2014.
- 8. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**
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 2014.
- 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 2014.
- 10. SHARE BUY-BACK**
The Company does not have a share buy-back scheme during the financial year ended 31 December 2014.

Additional Compliance Information *(cont'd)*

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 2014 are as follows:-

Transacting Parties	Interested Related Parties	Relationship of Related Parties	Nature of RRPT	Value (RM'000)
(a) Mulpha Group Services Sdn Bhd ("MGSSB")	<u>Interested Major Shareholders</u> Mulpha International Bhd ("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 and related services provided by MGSSB	1,368
(b) MGSSB	<u>Interested Major Shareholders</u> 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 rental for premises located at Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	331

Additional Compliance Information (cont'd)

Transacting Parties	Interested Related Parties	Relationship of Related Parties	Nature of RRPT	Value (RM'000)
(c) MJC Development Sdn Bhd, a subsidiary of Mudajaya Group Berhad ("MGB")	<p><u>Interested Major Shareholders</u> MIB, Nautical Investments Limited, Mountbatten Corporation, Mount Glory Investments Limited, Yong Pit Chin and Lee Seng Huang</p> <p><u>Interested Directors</u> Lee Eng Leong and Henry Choo Hon Fai</p>	<p>MIB, being the major shareholder of the Company, is an indirect major shareholder of MGB via Mulpha Infrastructure Holdings Sdn Bhd (a wholly-owned subsidiary of MIB).</p> <p>Nautical Investments Limited, Mountbatten Corporation, Mount Glory Investments Limited, Yong Pit Chin and Lee Seng Huang also have deemed interests in MGB via MIB.</p> <p>Lee Eng Leong, being the Non-Independent Non-Executive Director of the Company, is the Alternate Non-Independent Non-Executive Director to Lee Seng Huang in MGB.</p> <p>Henry Choo Hon Fai, being the Independent Non-Executive Director of the Company, is also an Independent Non-Executive Director of MGB.</p>	Payment of fees for project management services provided by MJC Development Sdn Bhd	100



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.

Audit Committee Report *(cont'd)*

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 ended 31 December 2014, the AC held 5 meetings and the record of attendance of the AC is as follows:-

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

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.

Audit Committee Report *(cont'd)*

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 approved/adopted the Internal Audit Charter as well as the 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 with the external auditors, their audit plan and scope of audit prior to the commencement of audit.
- (f) Reviewed with the external auditors, the audit report, issues, reservations and management responses arising from their audit, as well as the audit and non-audit fees.
- (g) 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.
- (h) Reviewed the related party transactions entered into by the Company and the Group.
- (i) 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.
- (j) Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions.
- (k) Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- (l) Reviewed and approved the AC Report for inclusion in the Annual Report.

Audit Committee Report *(cont'd)*

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 Mulpha International Bhd, the Company's holding company. The IAD, which reports to the AC, undertakes 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 Internal Audit Charter and audit plan for approval/adoption 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) 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.
- (j) 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 2014 amounted to RM57,319.

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 but 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 Mulpha International Bhd.

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.

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.

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.

Statement on Risk Management and Internal Control *(cont'd)*

Monitoring and Review of the System of Internal Control

During the financial year, improvements to internal control were identified and implemented. No weaknesses were noted which have a material impact on the Group's financial performance or operations.

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 Board has also received assurance from the Group Managing Director that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 25 March 2015.



Statement on Corporate Responsibility

Mulpha Land Berhad recognises the ever growing importance of Corporate Responsibility in its conduct and practices. We strive to maintain developments that are sustainable, utilising natural resources in a responsible manner. This is the core of 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 sustainable developments 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

Page

46	Directors' Report
51	Statements of Financial Position
53	Statements of Profit or Loss and Other Comprehensive Income
54	Consolidated Statement of Changes in Equity
56	Statement of Changes in Equity
57	Statements of Cash Flows
61	Notes to the Financial Statements
138	Statement by Directors
139	Statutory Declaration
140	Independent Auditors' Report

Directors' Report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

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 RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	9,621	25,264
Non-controlling interests	(4,366)	–
	5,255	25,264

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the year under review.

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

Directors' Report *(cont'd)*

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:

The Company	Number of ordinary shares of RM0.10 each			
	At 1.1.2014	Acquired	Sold	At 31.12.2014
<i>Direct interest</i>				
Abdul Jalil bin Abdullah	60,000	–	–	60,000
Dato' Low Keng Siong	–	7,100,000	–	7,100,000
<i>Deemed interest</i>				
Ghazie Yeoh bin Abdullah*	19,645,400	–	–	19,645,400
Dato' Low Keng Siong*	19,645,400	–	–	19,645,400

* Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of their 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.

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.

Subsequent to the financial year end, Teladan Kuasa Sdn. Bhd. exercised the rights to the call option as disclosed in Note 33 to the financial statements.

None of the other Directors holding office at 31 December 2014 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report *(cont'd)*

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 31 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

There were no changes 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 options were granted to any person to take up unissued shares of the Company during the financial year.

Directors' Report *(cont'd)*

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 *(cont'd)*

OTHER STATUTORY INFORMATION (CONTINUED)

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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, other than as disclosed in Note 21 to the financial statements relating to the write-down of inventory to net realisable value of RM7,600,000, the gain from the disposal of non-current assets classified as held for sale of RM15,046,000, and the impairment loss on inter company balances of RM8,500,000.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 33 to the financial statements.

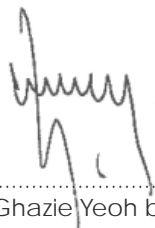
AUDITORS

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

Statements of Financial Position

as at 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Property, plant and equipment	3	1,189	356	170	40
Investment properties	4	2,861	959	921	945
Investments in subsidiaries	5	–	–	106,108	100,543
Goodwill	6	1,891	1,891	–	–
Inventories	7	49,213	55,267	–	–
Deferred tax assets	8	–	–	212	1,621
Trade and other receivables	9	–	–	18,022	20,617
Total non-current assets		55,154	58,473	125,433	123,766
Inventories	7	243,343	260,208	24,841	43,598
Trade and other receivables	9	4,682	11,357	22,142	28,408
Prepayments		1,257	126	32	126
Income tax recoverable		415	69	412	–
Cash and cash equivalents	10	19,927	21,977	8,052	16,196
		269,624	293,737	55,479	88,328
Assets classified as held for sale	11	–	18,072	–	18,072
Total current assets		269,624	311,809	55,479	106,400
Total assets		324,778	370,282	180,912	230,166
Equity					
Share capital	12	22,830	22,830	22,830	22,830
Share premium	13	2,481	2,481	2,481	2,481
Capital reserve	13	85,544	83,203	83,203	83,203
Retained earnings	13	29,889	20,268	39,835	14,571
Total equity attributable to owners of the Company		140,744	128,782	148,349	123,085
Non-controlling interests		58	10,810	–	–
Total equity		140,802	139,592	148,349	123,085

Statements of Financial Position

as at 31 December 2014 (cont'd)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Liabilities					
Deferred tax liabilities	8	4,811	5,061	–	–
Bank borrowings	14	93,780	98,785	–	–
Trade and other payables	15	–	37,368	–	37,368
Total non-current liabilities		98,591	141,214	–	37,368
Bank borrowings	14	28,572	34,243	21,801	31,548
Trade and other payables	15	45,799	45,784	10,762	37,187
Other current liabilities	16	10,536	7,941	–	–
Income tax payable		478	1,508	–	978
Total current liabilities		85,385	89,476	32,563	69,713
Total liabilities		183,976	230,690	32,563	107,081
Total equity and liabilities		324,778	370,282	180,912	230,166

The notes on pages 61 to 137 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	17	45,076	47,143	39,366	28,703
Cost of sales	18	(27,377)	(29,248)	(16,266)	(12,371)
Gross profit		17,699	17,895	23,100	16,332
Other income	19	16,880	7,595	20,255	2,507
Other expenses		(20,194)	(9,193)	(14,352)	(3,260)
Profit from operations		14,385	16,297	29,003	15,579
Finance costs	20	(6,213)	(4,518)	(1,488)	(2,833)
Profit before tax	21	8,172	11,779	27,515	12,746
Income tax expense	24	(2,917)	(2,899)	(2,251)	(3,057)
Profit for the year,					
Total comprehensive income for the year		5,255	8,880	25,264	9,689
Total comprehensive income attributable to:					
Owners of the Company		9,621	8,506	25,264	9,689
Non-controlling interests		(4,366)	374	–	–
Total comprehensive income for the year		5,255	8,880	25,264	9,689
Earnings per ordinary share:					
Basic/diluted (sen per share)	25	4.21	3.73		

The notes on pages 61 to 137 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the year ended 31 December 2014

Note

Group

At 1 January 2013

Total comprehensive income for the year

Contribution by and distribution to owners of the Company

Bonus shares issued	12
Dividend to owners of the Company	26
Dividends to non-controlling interest of a subsidiary	

Changes in ownership interest in a subsidiary

Total transactions with owners of the Company

At 31 December 2013/1 January 2014

Total comprehensive income for the year

Contribution by and distribution to owners of the Company

Dividends to non-controlling interest of a subsidiary

Changes in ownership interest in a subsidiary

Total transactions with owners of the Company

At 31 December 2014

Consolidated Statement of Changes In Equity

for the year ended 31 December 2014 (cont'd)

-----> Attributable to owners of the Company <-----
 <-----> *Non-distributable* -----> *Distributable*

Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
9,132	16,179	77,403	12,447	115,161	5,892	121,053
-	-	-	8,506	8,506	374	8,880
13,698	(13,698)	-	-	-	-	-
-	-	-	(685)	(685)	-	(685)
-	-	-	-	-	(2,255)	(2,255)
13,698	(13,698)	-	(685)	(685)	(2,255)	(2,940)
-	-	5,800	-	5,800	6,799	12,599
13,698	(13,698)	5,800	(685)	5,115	4,544	9,659
22,830	2,481	83,203	20,268	128,782	10,810	139,592
-	-	-	9,621	9,621	(4,366)	5,255
-	-	-	-	-	(3,745)	(3,745)
-	-	2,341	-	2,341	(2,641)	(300)
-	-	2,341	-	2,341	(6,386)	(4,045)
22,830	2,481	85,544	29,889	140,744	58	140,802

Note 12

Note 13

Note 13

Note 13

Statement of Changes In Equity

for the year ended 31 December 2014

	Note	----- Attributable to owners of the Company -----				Total equity RM'000
		Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Retained earnings RM'000	
Company						
At 1 January 2013		9,132	16,179	77,403	5,567	108,281
Total comprehensive income for the year		-	-	-	9,689	9,689
<i>Contribution by and distribution to owners of the Company</i>						
Bonus shares issued	12	13,698	(13,698)	-	-	-
Dividend to owners of the Company	26	-	-	-	(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/ 1 January 2014		22,830	2,481	83,203	14,571	123,085
Total comprehensive income for the year		-	-	-	25,264	25,264
At 31 December 2014		22,830	2,481	83,203	39,835	148,349
		Note 12	Note 13	Note 13	Note 13	

The notes on pages 61 to 137 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities					
Profit before tax		8,172	11,779	27,515	12,746
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	62	30	18	3
Depreciation of investment properties	4	24	368	24	363
Reversal of impairment loss on amount due from a subsidiary		–	–	(40)	(285)
Reversal of impairment loss on other receivables		(133)	–	(112)	–
Transfer of property, plant and equipment		–	(5)	(1)	(5)
(Gain)/Loss on disposal of property, plant and equipment		–	(603)	–	1
Property, plant and equipment written off		–	8	–	–
Loss/(Gain) on disposal of investment properties		14	(4,319)	–	–
Gain on disposal of non-current assets classified as held for sale		(15,046)	–	(15,046)	–
Inventory written down		7,600	–	–	–
Impairment on investment in subsidiary		–	–	153	–
Impairment loss on inter company balances		–	–	8,500	–
Compensation for early settlement of the acquisition of a subsidiary		2,429	–	–	–
Unwinding of discount on payables		2,989	–	–	–
Interest expense		3,224	4,518	1,488	2,833
Interest income		(1,354)	(1,866)	(3,838)	(1,560)

Statements of Cash Flows

for the year ended 31 December 2014 (cont'd)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating profit before changes in working capital		7,981	9,910	18,661	14,096
Changes in working capital					
Inventories		13,147	(141,128)	18,756	10,521
Receivables		5,677	8,067	329	8,527
Payables		(4,921)	(12,772)	(7,186)	(41,559)
Related companies		7,530	45,618	(11,983)	39,366
Subsidiaries		-	-	(7,389)	(25,107)
Cash generated from/(used in) operations		29,414	(90,305)	11,188	5,844
Interest paid		(3,224)	(4,518)	(1,488)	(2,833)
Income tax paid		(4,543)	(4,031)	(1,821)	(4,087)
Net cash generated from/(used in) operating activities		21,647	(98,854)	7,879	(1,076)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(660)	(37)	(147)	(36)
Development cost incurred on investment property	4	(3)	-	-	-
Acquisition of subsidiaries		-	-	-	(6,095)
Settlement of purchase consideration for acquisition of subsidiary		(42,786)	-	(42,786)	-
Acquisition of non-controlling interests		(300)	-	(300)	-
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	-	-

Statements of Cash Flows

for the year ended 31 December 2014 (cont'd)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Proceeds from disposal of investment properties		–	5,300	–	–
Proceeds from disposal of non-current assets classified as held for sale		33,119	–	33,119	–
Interest received		1,354	1,866	3,838	1,560
Net cash (used in)/generated from investing activities		(9,276)	20,475	(6,276)	1,229
Cash flows from financing activities					
Dividend paid to non-controlling interests		(3,745)	(2,255)	–	–
Dividend paid to owners of the Company	26	–	(685)	–	(685)
Withdrawal/(Placement) of pledged deposits		669	(65)	(260)	426
Net (repayment)/drawdown of bank borrowings		(13,081)	97,412	(9,747)	15,709
Net cash (used in)/generated from financing activities		(16,157)	94,407	(10,007)	15,450
Net (decrease)/increase in cash and cash equivalents		(3,786)	16,028	(8,404)	15,603
Cash and cash equivalents at 1 January		20,723	4,695	15,928	325
Cash and cash equivalents at 31 December	10	16,937	20,723	7,524	15,928

Statements of Cash Flows

for the year ended 31 December 2014 (cont'd)

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		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and deposits with licensed banks	10	19,927	21,977	8,052	16,196
Bank overdrafts	14	(2,453)	(48)	(301)	(48)
Deposits and interest reserve account pledged	10	(537)	(1,206)	(227)	(220)
Cash and cash equivalents		16,937	20,723	7,524	15,928

The notes on pages 61 to 137 are an integral part of these financial statements.

Notes to the Financial Statements

31 December 2014

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 addresses 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 2014 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 2014 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 25 March 2015.

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 requirements of the Companies Act, 1965 in Malaysia.

Notes to the Financial Statements

31 December 2014 (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

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 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)*
- 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 annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*

Notes to the Financial Statements

31 December 2014 (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- 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 1, and Amendments to MFRS 2 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11, MFRS 14, Amendments to MFRS 116 and MFRS 141, and Amendments to MFRS 134.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

Notes to the Financial Statements

31 December 2014 (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

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

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of the revenue recognition might be different as compared with the current practices.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

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:

- 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 28 - financial instruments
- Note 32 - 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 controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

(i) Subsidiaries (continued)

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.

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 acquiree 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 accounts for 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

(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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial instruments (continued)

(i) Initial recognition and measurement (continued)

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.

(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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 from the date that they are available for use. Freehold land is not depreciated.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (continued)

(iii) Depreciation (continued)

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

i) 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.

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.

ii) Reclassification to/from investment property

When an item or property, plant and equipment or inventories is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment or inventories. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reasonable 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 or distribution to owners

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 or distribution.

Immediately before classification as held for sale or distribution, 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Non-current assets held for sale or distribution to owners (continued)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution 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 or distribution are not amortised or depreciated.

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

(i) Financial assets (continued)

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 cash-generating unit or a 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 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

(ii) Other assets (continued)

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:-

- (a) 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;

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue and other income (continued)

(i) Revenue from property development (continued)

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

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Income tax (continued)

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 period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

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

31 December 2014 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Contingencies

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.

2.20 Fair value measurement

Fair value of an asset or a liability 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

31 December 2014 (cont'd)

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 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 2013/1 January 2014	373	154	206	733
Additions	294	101	265	660
Transfer from related companies	-	-	13	13
Transfer from inventory	235	-	-	235
At 31 December 2014	902	255	484	1,641
Depreciation				
At 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 2013/1 January 2014	66	126	185	377
Charge for the year	27	14	21	62
Transfer from related companies	-	-	13	13
At 31 December 2014	93	140	219	452
Carrying amounts				
At 31 December 2013/1 January 2014	307	28	21	356
At 31 December 2014	809	115	265	1,189

Notes to the Financial Statements

31 December 2014 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost			
At 1 January 2013	–	4	4
Additions	29	7	36
Transfer from related companies	–	27	27
Disposal	–	(2)	(2)
At 31 December 2013/1 January 2014	29	36	65
Additions	–	147	147
Transfer from related companies	–	9	9
At 31 December 2014	29	192	221
Depreciation			
At 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 January 2014	1	24	25
Charge for the year	7	11	18
Transfer from related companies	–	8	8
At 31 December 2014	8	43	51
Carrying amounts			
At 31 December 2013/1 January 2014	28	12	40
At 31 December 2014	21	149	170

Notes to the Financial Statements

31 December 2014 (cont'd)

4. INVESTMENT PROPERTIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost				
At 1 January	1,315	22,898	1,303	21,854
Disposal during the year	(14)	(1,032)	–	–
Reclassified from inventory (Note 7)	1,937	–	–	–
Addition during the year	3	–	–	–
Transfer to non-current asset held for sale (Note 11)	–	(20,551)	–	(20,551)
At 31 December	3,241	1,315	1,303	1,303
Depreciation				
At 1 January	356	2,518	358	2,474
Charge for the year	24	368	24	363
Disposal during the year	–	(51)	–	–
Transfer to non-current asset held for sale (Note 11)	–	(2,479)	–	(2,479)
At 31 December	380	356	382	358
Carrying amounts				
At 31 December	2,861	959	921	945
Investment properties at fair value	4,270	2,653	2,330	2,653
Rental income derived from investment properties	461	1,125	461	1,125
Direct operating expenses arising from investment properties				
- Rental income generating investment properties	265	841	265	841
- Non-rental income generating investment properties	–	39	–	–

An investment property of the Group with a carrying value of RM1,940,000 (2013: RM Nil) is still under construction. The leasehold land of the said investment property was pledged as security for bank borrowings (Note 14).

Notes to the Financial Statements

31 December 2014 (cont'd)

4. INVESTMENT PROPERTIES

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	Level 2 RM'000	2014 Level 3 RM'000	Total RM'000	Level 2 RM'000	2013 Level 3 RM'000	Total RM'000
Group						
Land and building	–	4,270	4,270	–	2,653	2,653
Company						
Land and building	–	2,330	2,330	–	2,653	2,653

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.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	2,653	2,301	2,653	2,301
Additions	3	–	–	–
(Decrease)/Increase	(323)	352	(323)	352
Transfer from inventory	1,937	–	–	–
At 31 December	4,270	2,653	2,330	2,653

Notes to the Financial Statements

31 December 2014 (cont'd)

4. INVESTMENT PROPERTIES (CONTINUED)

Level 3 fair value (continued)

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
<i>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.</i>	<i>Market price of property in vicinity compared.</i>	<i>The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).</i>

Valuation processes applied by the Group for Level 3 fair value

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.

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	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	112,505	106,787
Less: Accumulated impairment losses	(6,397)	(6,244)
	106,108	100,543

Notes to the Financial Statements

31 December 2014 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Subsidiaries of Mulpha Land Berhad:				
Dynamic Unity Sdn. Bhd.	Malaysia	Investment holding	100	100
Bukit Punchor Development Sdn. Bhd. ^[1]	Malaysia	Property development	100	70
Mulpha Argyle Property Sdn. Bhd.	Malaysia	Property development	51	51
Indahview Sdn. Bhd.	Malaysia	Investment holding	100	100
MLB Quarry Sdn. Bhd.	Malaysia	Licensing of a quarry plant	60	60
Eco Green Services Sdn. Bhd. ^[2]	Malaysia	Maintenance services and facilities management services	100	100
Mulpha Properties (M) Sdn. Bhd. ^[3]	Malaysia	Property ownership and management	100	100
Bakat Stabil Sdn. Bhd. ^[4]	Malaysia	Property development	100	100
Mayfair Ventures Sdn. Bhd. ^[5]	Malaysia	Property development	51	51
Subsidiary of Dynamic Unity Sdn. Bhd.:				
Golden Cignet Sdn. Bhd.	Malaysia	Property development	100	100

[1] On 30 September 2014, the Company acquired 1,800,000 ordinary shares of RM1.00 each, representing 30% equity interest in Bukit Punchor Development Sdn. Bhd. ("BPD") from a non-controlling shareholder for a total cash consideration of RM299,640. This acquisition resulted in BPD becoming a wholly-owned subsidiary of the Company.

[2] 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- [3] On 10 December 2013, the Company acquired all the ordinary shares in Mulpha Properties (M) Sdn. Bhd. ("MPM") from Mulpha Group Services Sdn. Bhd. ("MGS"), 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.

During the financial year, the Company entered into an agreement with MGS to fully settle the purchase consideration after netting off a compensation sum for early settlement and unwinding of discount on the purchase consideration payable.

- [4] 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.
- [5] 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 increased its ordinary share capital by allotting 999,998 ordinary shares of RM1.00 each to the Company for a total consideration of RM999,998 via the capitalisation of part of the shareholder's advances extended by the Company to MVSB.

On 23 December 2013, MVSB further increased its ordinary share capital by RM1,000,000, whereby the Company subscribed for 20,000 ordinary shares of RM1.00 each for a cash consideration of RM20,000 and a non-controlling party, MJC Development Sdn. Bhd. ("MJC") subscribed for 980,000 ordinary shares of RM1.00 each for a cash consideration of RM980,000. Following these allotments, the equity interest of the Company in MVSB has reduced to 51%.

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

Notes to the Financial Statements

31 December 2014 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

5.1 Non-controlling interest in subsidiaries

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

	Mayfair Ventures Sdn. Bhd. RM'000	Mulpha Argyle Property Sdn. Bhd. RM'000	Other subsidiary with immaterial NCI RM'000	Total RM'000
2014				
NCI percentage of ownership interest and voting interest	49%	49%		
Carrying amount of NCI	6,632	(6,911)	337	58
(Loss)/Profit allocated to NCI	(176)	(5,341)	1,151	(4,366)

Summarised financial information before intra-group elimination	Mayfair Ventures Sdn. Bhd. RM'000	Mulpha Argyle Property Sdn. Bhd. RM'000
As at 31 December 2014		
Non-current assets	1,940	-
Current assets	133,902	38,366
Non-current liabilities	(81,270)	(12,510)
Current liabilities	(41,037)	(42,222)
Net assets/(liabilities)	13,535	(16,366)
Year ended 31 December 2014		
Other income	282	9
Other expenses	(584)	(10,908)
Total comprehensive expense	(302)	(10,899)
Cash flows from operating activities	(1,745)	3,082
Cash flows from investing activities	(180)	-
Cash flows from financing activities	2,152	(3,071)
Net increase in cash and cash equivalents	227	11

Notes to the Financial Statements

31 December 2014 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

5.1 Non-controlling interest in subsidiaries (continued)

	Mayfair Ventures Sdn. Bhd. RM'000	Mulpha Argyle Property Sdn. Bhd. RM'000	Other subsidiary with immaterial NCI RM'000	Total RM'000
2013				
NCI percentage of ownership interest and voting interest	49%	49%		
Carrying amount of NCI	6,808	(1,570)	5,572	10,810
Profit/(Loss) allocated to NCI	11	(1,570)	1,933	374

Summarised financial information before intra-group elimination	Mayfair Ventures Sdn. Bhd. RM'000	Mulpha Argyle Property Sdn. Bhd. RM'000
As at 31 December 2013		
Current assets	122,844	45,930
Non-current liabilities	(81,270)	(17,515)
Current liabilities	(27,679)	(33,883)
Net assets/(liabilities)	13,895	(5,468)
Year ended 31 December 2013		
Other income	33	9
Other expenses	(11)	(3,214)
Total comprehensive income/(expense)	22	(3,205)
Cash flows from operating activities	(95,108)	3,152
Cash flows from financing activities	95,143	(3,152)
Net increase in cash and cash equivalents	35	-

Notes to the Financial Statements

31 December 2014 (cont'd)

6. GOODWILL

	Group	
	2014 RM'000	2013 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% (2013: 6% to 8%) 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

31 December 2014 (cont'd)

7. INVENTORIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets				
Properties held for development				
- Cost of acquisition of freehold land	9,878	12,812	-	-
- Capitalised development cost	39,335	42,455	-	-
Total non-current inventories	49,213	55,267	-	-
Current assets				
Properties under development				
- Cost of acquisition of freehold land/ leasehold land	185,994	203,283	-	7,561
- Capitalised development cost	28,554	13,805	-	123
	214,548	217,088	-	7,684
Completed properties	28,795	43,120	24,841	35,914
Total current inventories	243,343	260,208	24,841	43,598
Total inventories	292,556	315,475	24,841	43,598
Recognised in profit or loss:				
Inventories recognised as cost of sales	26,951	28,407	16,001	11,530
Write-down to net realisable value	7,600	-	-	-

- i) Included in properties under development of the Group is interest capitalised during the financial year amounting to RM6,240,934 (2013: RM Nil) (Note 20).
- ii) Freehold/leasehold land of the Group included in properties held for/under development with carrying value of RM174,073,566 (2013: RM175,910,682) were pledged as security for bank borrowings (Note 14).
- iii) Completed properties of the Group and of the Company with carrying value of RM17,151,660 (2013: RM35,914,218) were pledged as security for bank borrowings (Note 14).
- iv) In the current financial year, the Group has reclassified a portion of properties under development that is designated as retail lots and intended to be held by the Group for rental income and capital appreciation purposes to investment property. The portion of properties under development reclassified to investment property in the current financial year amounted to RM1,937,000 as disclosed in Note 4.

Notes to the Financial Statements

31 December 2014 (cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Group						
Inventories	1,737	393	(6,680)	(7,075)	(4,943)	(6,682)
Properties, plant and equipment	-	-	(47)	-	(47)	-
Other items	234	1,621	(55)	-	179	1,621
	1,971	2,014	(6,782)	(7,075)	(4,811)	(5,061)
Company						
Properties, plant and equipment	-	-	(10)	-	(10)	-
Others	222	1,621	-	-	222	1,621
	222	1,621	(10)	-	212	1,621

Unrecognised deferred tax assets

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	15,304	7,452	-	-
	15,304	7,452	-	-

Notes to the Financial Statements

31 December 2014 (cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

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 1.1.2013 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.12.2013/ 1.1.2014 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.12.2014 RM'000
Group					
Inventories	7,125	(443)	6,682	(1,739)	4,943
Properties, plant and equipment	353	(353)	-	47	47
Other items	(89)	(1,532)	(1,621)	1,442	(179)
	7,389	(2,328)	5,061	(250)	4,811
Company					
Properties, plant and equipment	261	(261)	-	10	10
Other items	(89)	(1,532)	(1,621)	1,399	(222)
	172	(1,793)	(1,621)	1,409	(212)

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current					
Non-trade					
Amounts due from a subsidiary	(a)	–	–	18,022	20,617
Current					
Trade					
Trade receivables		8,383	10,045	5,000	5,029
Less: Allowance for impairment		(4,742)	(4,742)	(4,742)	(4,742)
		3,641	5,303	258	287
Non-trade					
Amounts due from subsidiaries	(b)	–	–	21,671	27,814
Amounts due from a related company		–	4,277	–	1
Other receivables		985	1,005	157	181
Deposits		56	772	56	125
		4,682	11,357	22,142	28,408
		4,682	11,357	40,164	49,025

(a) Amounts due from a subsidiary

The amounts due from a subsidiary is unsecured, subject to interest of 6.5% (2013: 6.5%) per annum and repayable in 2016.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, subject to interest of 8% (2013: 7% to 8%) per annum and is repayable on demand.

Notes to the Financial Statements

31 December 2014 (cont'd)

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash on hand and at banks	6,037	4,612	62	34
Deposits with licensed banks	13,890	17,365	7,990	16,162
	19,927	21,977	8,052	16,196

Included in cash and cash equivalents of the Group are:

- An amount of RM5,301,959 (2013: RM3,400,000) 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;
- An amount of RM Nil (2013: 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 14; and
- Fixed deposit placement of the Group and of the Company amounting to RM537,000 (2013: RM571,000) and RM226,925 (2013: RM220,000) respectively are pledged to the bank for borrowings as disclosed in Note 14.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and deposits with licensed banks	19,927	21,977	8,052	16,196
Bank overdrafts (Note 14)	(2,453)	(48)	(301)	(48)
Deposits and interest reserve account pledged	(537)	(1,206)	(227)	(220)
Cash and cash equivalents	16,937	20,723	7,524	15,928

Notes to the Financial Statements

31 December 2014 (cont'd)

11. ASSETS CLASSIFIED AS HELD FOR SALE

	Group and Company	
	2014 RM'000	2013 RM'000
Freehold land and buildings	–	18,072

Assets classified as held for sale in 2013 comprises the following:

- Freehold land and a five-storey residential building with a carrying value of RM17,777,000 as at 31 December 2013.
- One office lot with carrying value of RM295,000 as at 31 December 2013.

The assets classified as held for sale in 2013 with carrying value of RM17,777,000 was pledged as security for bank borrowings as disclosed in Note 14.

During the current financial year, the freehold land and buildings were disposed for a total net consideration amounting to RM33,119,000.

12. SHARE CAPITAL

Share capital

	Group and Company			
	Number of shares 2014 '000	Amount 2014 RM'000	Number of shares 2013 '000	Amount 2013 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	228,303	22,830	91,321	9,132
Bonus issue	–	–	136,982	13,698
At 31 December	228,303	22,830	228,303	22,830

Notes to the Financial Statements

31 December 2014 (cont'd)

12. SHARE CAPITAL (CONTINUED)

Share capital (continued)

Ordinary shares

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.

13. RESERVES

Share premium

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

Capital reserves

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable	85,544	83,203	83,203	83,203

The capital reserve represents the capitalisation of reserves arising from:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Changes in ownership interest in a subsidiary					
At 1 January	32.3	5,800	-	5,800	-
Additions during the year	32.1	2,341	5,800	-	5,800
At 31 December		8,141	5,800	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
		85,544	83,203	83,203	83,203

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

Notes to the Financial Statements

31 December 2014 (cont'd)

13. RESERVES (CONTINUED)

Retained earnings

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

14. BANK BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Secured				
Term loans	93,780	98,785	–	–
	93,780	98,785	–	–
Current				
Secured				
Bridging loans	–	3,500	–	3,500
Term loans	4,619	2,695	–	–
Revolving credit	21,500	28,000	21,500	28,000
Bank overdrafts	2,453	48	301	48
	28,572	34,243	21,801	31,548
Total borrowings	122,352	133,028	21,801	31,548

The bank borrowings are secured by the following:

- (a) Pledge of investment property of the Group, as disclosed in Note 4;
- (b) Pledge of certain properties held for and under development and completed properties of the Group and of the Company, as disclosed in Note 7;
- (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 and the Company.
- (e) Bank borrowings includes a term loan of RM81.27 million and a bank overdraft of RM2.15 million obtained by a subsidiary whereby the 49% non-controlling shareholder has agreed to indemnify and reimburse the Company for its share of any losses incurred by the Company.

Notes to the Financial Statements

31 December 2014 (cont'd)

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current					
Non-trade					
Amount due to a related company	(a)	–	37,368	–	37,368
Current					
Trade					
Trade payables		2,946	4,391	745	2,320
		2,946	4,391	745	2,320
Non-trade					
Amount due to subsidiaries	(b)	–	–	18	7,684
Amount due to related companies	(c)	38,183	30,652	8,551	20,123
Other payables		4,670	10,741	1,448	7,060
		45,799	45,784	10,762	37,187
		45,799	83,152	10,762	74,555

(a) In 2013, the amount due to a related company arose from the acquisition of Mulpha Properties (M) Sdn. Bhd. from a related company as disclosed in Note 5. The amount was unsecured and subject to an annual compounding rate of 8% per annum.

During the financial year, the Company entered into an agreement with the related company to fully settle the purchase consideration after netting off a compensation sum for early settlement and unwinding of discount on the purchase consideration payable.

(b) In 2013, included in the amount due to subsidiaries of the Company is RM7,678,646 which is unsecured and subject to interest of 8% per annum. During the financial year, the Company has fully repaid the amount.

(c) The amount due to related companies comprise of:

- i) an amount due to a related company of RM8,314,908 (2013: RM19,741,207) which is unsecured, subject to interest of 8% (2013: 8%) per annum and repayable on demand;
- ii) an amount due to certain non-controlling interests in subsidiaries of RM29,484,222 (2013: RM10,101,655) which are unsecured, subject to interest ranging from 6.5% to 8% (2013: 6.5%) per annum and repayable on demand; and
- iii) the remaining balances due to related companies are non interest bearing, unsecured and repayable on demand.

Notes to the Financial Statements

31 December 2014 (cont'd)

16. OTHER CURRENT LIABILITIES

	Group	
	2014 RM'000	2013 RM'000
Deferred revenue - advance billings on property sales	10,536	7,941

17. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales of completed properties	43,885	45,588	25,915	19,562
Rental of investment properties	461	1,125	461	1,125
Operation of a quarry plant	412	430	-	-
Property management	318	-	-	-
Dividend income	-	-	12,990	8,016
	45,076	47,143	39,366	28,703

18. COST OF SALES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of completed properties	26,951	28,407	16,001	11,530
Cost attributable to investment properties	265	841	265	841
Cost attributable to property management	161	-	-	-
	27,377	29,248	16,266	12,371

Notes to the Financial Statements

31 December 2014 (cont'd)

19. OTHER INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income of financial assets that are not at fair value through profit or loss	1,354	1,866	3,838	1,560
Rental income	274	64	–	–
Gain on disposal of investment properties	–	4,319	–	–
Gain on disposal of non-current assets held for sale	15,046	–	15,046	–
Gain on disposal of property, plant and equipment	–	603	–	–
Reversal of impairment loss on amount due from a subsidiary	–	–	40	285
Reversal of impairment loss on a trade receivable	–	632	–	632
Reversal of impairment loss on an other receivable	133	–	112	–
Management fees received	–	–	1,200	–
Miscellaneous	73	111	19	30
	16,880	7,595	20,255	2,507

Notes to the Financial Statements

31 December 2014 (cont'd)

20. FINANCE COSTS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:					
- bank overdrafts		18	85	17	85
- term loan and bridging loan		1,552	2,389	-	748
- revolving credit		952	-	920	-
- subsidiary		-	-	339	446
- related company		212	1,554	212	1,554
Accreted interest		2,989	-	-	-
Advances from non-controlling interest of a subsidiary		490	490	-	-
		6,213	4,518	1,488	2,833
Recognised in profit or loss		6,213	4,518	1,488	2,833
Capitalised on qualifying assets:					
- Properties under development	7	6,241	-	-	-
		12,454	4,518	1,488	2,833

Notes to the Financial Statements

31 December 2014 (cont'd)

21. PROFIT BEFORE TAX

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the year is arrived after charging:					
Employee benefits expense	22	3,050	1,338	2,246	1,056
Auditors' remuneration:					
- Audit fees		158	146	51	49
- Non-audit fees		33	50	26	50
Depreciation of property, plant and equipment	3	62	30	18	3
Depreciation of investment properties	4	24	368	24	363
Rental of land and buildings		-	64	-	-
Inventory written down		7,600	-	-	-
Compensation for early settlement of the acquisition of a subsidiary		2,429	-	-	-
Unwinding of discount on payables		2,989	-	-	-
Impairment loss on investment in a subsidiary		-	-	153	-
Impairment loss on inter company balances		-	-	8,500	-
Loss on disposal of property, plant and equipment		-	-	-	1
Loss on disposal of investment properties		14	-	-	-

Notes to the Financial Statements

31 December 2014 (cont'd)

21. PROFIT BEFORE TAX (CONTINUED)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
and after crediting:					
Gain on disposal of property plant and equipment		–	(603)	–	–
Gain on disposal of investment properties		–	(4,319)	–	–
Gain on disposal of non-current assets held for sale		(15,046)	–	(15,046)	–
Reversal of impairment loss:					
- Amount due from a subsidiary	19	–	–	(40)	(285)
- Trade receivable	19	–	(632)	–	(632)
- Other receivable	19	(133)	–	(112)	–

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	2,356	1,208	1,778	955
Defined contribution plans	339	106	229	2
Social security contributions	15	4	9	80
Other staff-related expenses	340	20	230	19
	3,050	1,338	2,246	1,056

Included in employee benefits expense of the Group and the Company are Directors' salaries and emoluments which are analysed in Note 23.

Notes to the Financial Statements

31 December 2014 (cont'd)

23. DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive				
Salaries and other emoluments	742	441	742	441
Non-executive				
Directors' fees	136	96	136	96
Other emoluments	18	16	18	16
	154	112	154	112
Total Directors' remuneration	896	553	896	553

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	
	2014	2013
Executive Director		
RM400,000 – RM450,000	–	1
RM700,000 – RM750,000	1	–
Non-executive Directors		
Below RM50,000	4	4

Notes to the Financial Statements

31 December 2014 (cont'd)

24. INCOME TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current income tax				
- Current year	3,439	5,374	1,179	5,216
- Over provision in prior year	(272)	(147)	(337)	(366)
	3,167	5,227	842	4,850
Deferred income tax (Note 8)				
- Origination and reversal of temporary differences	288	(1,699)	1,755	(1,612)
- Over provision in respect of prior years	(538)	(629)	(346)	(181)
	(250)	(2,328)	1,409	(1,793)
Income tax expense recognised in profit or loss	2,917	2,899	2,251	3,057

Income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

Notes to the Financial Statements

31 December 2014 (cont'd)

24. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of tax expense

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	8,172	11,779	27,515	12,746
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)	2,043	2,945	6,879	3,187
Non-deductible expenses	3,153	1,164	2,162	890
Tax exempt income	(260)	(1,175)	(3,095)	-
Effect of lower tax rate on gain on disposal of investment properties	(3,012)	-	(3,012)	-
Current year losses for which no deferred tax asset was recognised	1,963	795	-	-
Recognition of previously unutilised tax losses	(41)	(54)	-	(654)
Over provision of income tax in respect of prior years	(272)	(147)	(337)	(366)
Over provision of deferred tax in respect of prior years	(538)	(629)	(346)	-
Others	(119)	-	-	-
Income tax expense for the year	2,917	2,899	2,251	3,057

Notes to the Financial Statements

31 December 2014 (cont'd)

25. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2014 RM'000	2013 RM'000
Profit attributable to owners of the parent (RM'000)	9,621	8,506
Issued ordinary shares ('000)	228,303	91,321
Effect of ordinary shares distributed during the year via a bonus issue ('000)	–	136,982
Weighted average number of ordinary shares ('000)	228,303	228,303
Basic/diluted earnings per ordinary share (Sen)	4.21	3.73

There are no potential dilution effects on ordinary shares of the Group 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.

26. DIVIDEND

Dividends recognised by the Company:

	Sen per share	Amount (RM)	Date of payment
Interim 2013 ordinary (net of tax)	0.75	684,980	18 December 2013

The Directors do not recommend any final dividend to be paid for the financial year under review.

Notes to the Financial Statements

31 December 2014 (cont'd)

27. 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

27. OPERATING SEGMENTS (CONTINUED)

	Property development		Property investments	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue				
External	43,885	45,588	461	1,125
Results				
Depreciation of property, plant and equipment and investment properties	62	30	24	368
Segment profit	2,861	6,139	15,398	4,593
Assets:				
Additions to non-current assets	908	64	1,940	–
Segment assets	353,188	391,509	2,882	23,306
Segment liabilities	244,304	244,477	13	12

Notes to the Financial Statements

31 December 2014 (cont'd)

Investment holdings and others		Total		Adjustments and eliminations		Per consolidated financial statements	
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
730	430	45,076	47,143	-	-	45,076	47,143
-	-	86	398	-	-	86	398
3,033	56,261	21,292	66,993	(13,120)	(55,214)	8,172	11,779
-	-	2,848	64	-	-	2,848	64
167,643	161,916	523,713	576,731	(198,935)	(206,449)	324,778	370,282
33,394	85,618	277,711	330,107	(93,735)	(99,417)	183,976	230,690

Notes to the Financial Statements

31 December 2014 (cont'd)

27. OPERATING SEGMENTS (CONTINUED)

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 to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2014 RM'000	2013 RM'000
Total segment profit	21,292	66,993
Elimination of inter-segment profits	(13,120)	(55,214)
Consolidated profit before tax	8,172	11,779

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

	2014 RM'000	2013 RM'000
Property, plant and equipment	908	64
Investment properties	1,940	–
	2,848	64

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

	2014 RM'000	2013 RM'000
Inter-segment assets	198,935	206,449

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

	2014 RM'000	2013 RM'000
Inter-segment liabilities	93,735	99,417

Notes to the Financial Statements

31 December 2014 (cont'd)

27. OPERATING SEGMENTS (CONTINUED)

Geographical segments

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

Major customers

Approximately 57% of the Group's revenue are from 2 major customers.

28. FINANCIAL INSTRUMENTS

28.1 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
2014			
Financial assets			
Group			
Trade and other receivables	4,682	4,682	-
Cash and cash equivalents	19,927	19,927	-
	24,609	24,609	-
Company			
Trade and other receivables	40,164	40,164	-
Cash and cash equivalents	8,052	8,052	-
	48,216	48,216	-

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.1 Categories of financial instruments (continued)

	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 cash equivalents	21,977	21,977	-
	33,334	33,334	-
Company			
Trade and other receivables	49,025	49,025	-
Cash and cash equivalents	16,196	16,196	-
	65,221	65,221	-
2014			
Financial liabilities			
Group			
Bank borrowings	122,352	-	122,352
Trade and other payables	45,799	-	45,799
	168,151	-	168,151
Company			
Bank borrowings	21,801	-	21,801
Trade and other payables	10,762	-	10,762
	32,563	-	32,563
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

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	1,487	2,498	(4,510)	2,477
Financial liabilities measured at amortised cost	(6,213)	(4,518)	(1,488)	(2,833)
	(4,726)	(2,020)	(5,998)	(356)

28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

28.4 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.

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Receivables (continued)

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 15 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.

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 2014			
Neither past due nor impaired	1,779	–	1,779
Past due 1 - 30 days	292	–	292
Past due 31 - 60 days	–	–	–
Past due more than 60 days	6,312	(4,742)	1,570
	8,383	(4,742)	3,641

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

	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
Company			
2014			
Neither past due nor impaired	258	–	258
Past due 1 - 30 days	–	–	–
Past due 31 - 60 days	–	–	–
Past due more than 60 days	4,742	(4,742)	–
	5,000	(4,742)	258
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

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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

	Group and Company	
	2014 RM'000	2013 RM'000
At 1 January	4,742	5,374
Reversal of impairment loss	–	(632)
At 31 December	4,742	4,742

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.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayment made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM83,421,623 (2013: RM81,270,000) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Receivables (continued)

Financial guarantees (continued)

As at reporting date, no values are ascribed on corporate guarantees provided by the Group and the Company to secure bank loans and other banking facilities granted to its subsidiary where such loans and bank facilities are fully collateralised by charges over land held for development of the subsidiary and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

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.

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 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 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Liquidity risk (continued)

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 RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Group 2014						
Trade and other payables	45,799	-	45,799	45,799	-	-
Bank borrowings	122,352	5.35% - 8.85%	137,629	32,713	104,916	-
	<u>168,151</u>		<u>183,428</u>	<u>78,512</u>	<u>104,916</u>	<u>-</u>
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	-
	<u>216,180</u>		<u>218,410</u>	<u>116,863</u>	<u>101,547</u>	<u>-</u>
Company 2014						
Trade and other payables	10,762	-	10,762	10,762	-	-
Bank borrowings	21,801	5.35% - 8.85%	22,124	22,124	-	-
	<u>32,563</u>		<u>32,886</u>	<u>32,886</u>	<u>-</u>	<u>-</u>
2013						
Trade and other payables	74,555	-	74,555	74,555	-	-
Bank borrowings	31,548	5.0% - 8.1%	32,961	32,961	-	-
	<u>106,103</u>		<u>107,516</u>	<u>107,516</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 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.

28.6.1 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.

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed rate instruments				
Financial assets	13,890	17,365	47,683	64,593
Financial liabilities	(38,183)	(68,020)	(8,569)	(65,175)
	(24,293)	(50,655)	39,114	(582)
Floating rate instruments				
Financial liabilities	(122,352)	(133,028)	(21,801)	(31,548)

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Market risk (continued)

28.6.1 Interest rate risk (continued)

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.

	2014		2013	
	50bp increase RM'000	50bp decrease RM'000	50bp increase RM'000	50bp decrease RM'000
Group				
Floating rate instruments	(459)	459	(499)	499
Company				
Floating rate instruments	(82)	82	(118)	118

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 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		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group			
2014			
Financial liabilities			
Bank borrowings	-	-	-
2013			
Financial liabilities			
Bank borrowings	-	-	-
Company			
2014			
Financial liabilities			
Bank borrowings	-	-	-
2013			
Financial liabilities			
Bank borrowings	-	-	-

Notes to the Financial Statements

31 December 2014 (cont'd)

Fair value of financial instruments not carried at fair value							Carrying amount 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		
-	-	-	108,221	108,221	108,221	122,352	
-	-	-	120,821	120,821	120,821	133,028	
-	-	-	21,801	21,801	21,801	21,801	
-	-	-	31,548	31,548	31,548	31,548	

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (continued)

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. (2013: no transfer in either directions)

Notes to the Financial Statements

31 December 2014 (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (continued)

Policy on transfer between levels (continued)

Level 3 fair values

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	<ul style="list-style-type: none"> Interest rate (2014: 5.60% - 8.35%) 	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

Notes to the Financial Statements

31 December 2014 (cont'd)

29. 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 2014 and 31 December 2013 were as follows:

	2014 RM'000	2013 RM'000
Bank borrowings (Note 14)	122,352	133,028
Trade and other payables (Note 15)	45,799	83,152
Less: Cash and cash equivalents (Note 10)	(19,927)	(21,977)
<i>Net debt</i>	148,224	194,203
Equity attributable to the owners of the parent, representing total capital	140,744	128,782
Capital and net debt	288,968	322,985
Gearing ratio	51%	60%

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.

Notes to the Financial Statements

31 December 2014 (cont'd)

30. 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	
	2014 RM'000	2013 RM'000
Less than one year	113	119

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Less than one year	90	733	90	733
Between one and five years	-	-	-	-
	90	733	90	733

Notes to the Financial Statements

31 December 2014 (cont'd)

31. 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 15.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
A. Subsidiaries of the Company				
Interest income	–	–	2,962	2,139
Management fee income	–	–	1,200	–
Interest expense	–	–	339	446

Notes to the Financial Statements

31 December 2014 (cont'd)

31. RELATED PARTIES (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
B. Subsidiaries of Mulpha International Bhd.				
Interest income	659	–	659	–
Management fee expense	1,368	1,041	363	427
Rental expense	331	119	310	96
Interest expense	212	1,554	212	1,554
Unwinding of discount on payables	2,989	–	–	–
Corporate and financial advisory fee	–	103	–	103
Sales marketing, sales administration and project management fee expense	–	2,031	–	965
Sale of an investment property	–	4,750	–	–
Sale of inventory	14,915	–	14,915	–
C. Other related parties				
A company related to a person connected to a Director of the holding company:				
- Interest expense	391	390	–	–
Non-controlling interests of subsidiaries				
- Interest expense	1,339	100	–	–
- Project management fee expense	100	–	–	–
A company related to a Director of the holding company:				
- Legal fee expense	–	75	–	–

Notes to the Financial Statements

31 December 2014 (cont'd)

31. RELATED PARTIES (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
D. Key management personnel				
<i>Directors</i>				
- Remuneration	666	387	666	387
- Fees	136	96	136	96
- Defined contribution plans	78	46	78	46
- Estimated money value of benefits-in-kind	16	8	16	8
	896	537	896	537
<i>Other key management personnel</i>				
- Remuneration	408	189	408	189
- Defined contribution plans	29	9	29	9
	437	198	437	198

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

32. BUSINESS COMBINATIONS

32.1 Acquisition of shares in subsidiary from non-controlling shareholder

On 30 September 2014, the Company acquired 1,800,000 ordinary shares of RM1.00 each, representing 30% equity interest in Bukit Punchor Development Sdn. Bhd. ("BPD") from a non-controlling shareholder for a total cash consideration of RM299,640. This acquisition resulted in BPD becoming a wholly-owned subsidiary of the Company.

The acquisition of the remaining equity interest in BPD is deemed to be a shareholders' transaction and consequently, the decrease in non-controlling interest of RM2,340,895 is recognised in the capital reserves of the Group as disclosed in Note 13 to the financial statements.

Notes to the Financial Statements

31 December 2014 (cont'd)

32. BUSINESS COMBINATIONS (CONTINUED)

32.2 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. ("MGS"), 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 of acquisition. The date of completion of the above acquisition was 10 December 2013.

The cash consideration of RM47,072,424 consists of an amount of RM9,704,816 which represents an annual compounding rate of 8% and adjusted net assets of MPM amounting to RM37,367,608 which represents the fair value of the consideration.

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

Fair value of consideration transferred 2013

	Group RM'000
Cash and cash equivalents	37,368

Identifiable assets acquired and liabilities assumed:

	Group RM'000
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.

Notes to the Financial Statements

31 December 2014 (cont'd)

32. BUSINESS COMBINATIONS (CONTINUED)

32.2 Acquisition of Mulpha Properties (M) Sdn. Bhd. (continued)

Net cash arising from 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)

During the financial year, the Company entered into an agreement with MGS to fully settle the purchase consideration after netting off a compensation sum for early settlement and unwinding of discount on the purchase consideration payable.

32.3 Acquisition of subsidiaries

i) Mayfair Ventures Sdn. Bhd.

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 increased its ordinary share capital by allotting 999,998 ordinary shares of RM1.00 each to the Company for a total consideration of RM999,998 via the capitalisation of part of the shareholder's advances extended by the Company to MVSB.

Notes to the Financial Statements

31 December 2014 (cont'd)

32. BUSINESS COMBINATIONS (CONTINUED)

32.3 Acquisition of subsidiaries (continued)

i) Mayfair Ventures Sdn. Bhd. (continued)

On 23 December 2013, MVSBS further increased its ordinary share capital by RM1,000,000, whereby the Company subscribed for 20,000 ordinary shares of RM1.00 each for a cash consideration of RM20,000 and a non-controlling party, MJC Development Sdn. Bhd. ("MJC") subscribed for 980,000 ordinary shares of RM1.00 each for a cash consideration of RM980,000. Following these allotments, the equity interest of the Company in MVSBS has reduced to 51%.

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

ii) Bakat Stabil Sdn. Bhd.

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) Eco Green Services Sdn. Bhd.

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 2014 (cont'd)

33. SUBSEQUENT EVENT

Exercising of rights to the call option by Teladan Kuasa Sdn. Bhd.

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

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

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

Notes to the Financial Statements

31 December 2014 (cont'd)

34. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings				
- realised	57,268	55,879	39,623	12,950
- unrealised	1,244	1,388	212	1,621
	58,512	57,267	39,835	14,571
Less: Consolidation adjustments	(28,623)	(36,999)	-	-
Total retained earnings	29,889	20,268	39,835	14,571

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

Pursuant to Section 169(15) of the Companies Act, 1965

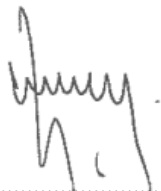
In the opinion of the Directors, the financial statements set out on pages 51 to 136 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia and with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 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 34 on page 137 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

Date: 25 March 2015

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 51 to 137 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 25 March 2015.

David

.....
LIM SAY KIEN

Before me:



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 2014 of the Group and of the Company, and the statements of 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 51 to 136.

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 2014 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.

Independent Auditors' Report

to the members of Mulpha Land Berhad (Company No. 182350-H) (Incorporated in Malaysia)
(cont'd)

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.

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 34 on page 137 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
Date: 25 March 2015

List of Properties of the Group

as at 31 December 2014

	Location/Address	Year of Acquisition/ Completion	Tenure	Year Lease Expiring
1.	PN 30649 & PN30650 Lot 212 & 213 Mukim Bandar Damansara Daerah Petaling, Selangor	2013	Leasehold	2090
2.	Lot No. 1524 HS(D)3059/95 Padang Meha Kulim, Kedah	2002	Freehold	N/A
3.	Geran 23566, 23567 & 12881 Lot No. 350, 351 & 9992 Bandar dan Daerah Kuala Lumpur	2007	Freehold	N/A
4.	PN 3679, Lot 53 Seksyen 13, Bandar Petaling Jaya Daerah Petaling, Selangor	2013	Leasehold	2060
5.	Unit 2, 5 & 7 Enklaf Bangsar Jalan Medang Tanduk Bukit Bandaraya, Bangsar 59100 Kuala Lumpur	2012	Freehold	N/A
6.	Mukim 7 Daerah Seberang Perai Selatan Nibong Tebal, Pulau Pinang	2006	Freehold	N/A
7.	B1003 & B1005 Pusat Dagangan Phileo Damansara II No 15, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor	1999	Freehold	N/A
8.	Lot 4183 Padang Meha Kulim, Kedah	2014	Freehold	N/A

List of Properties of the Group

as at 31 December 2014 (cont'd)

Age of Building (Years)	Land Area/ Built up Area	Description/Existing Use	Net Book Value RM'000
N/A	6.41 Acres	Land to be used for mixed commercial development	131,782
N/A	128 Acres	Land being used for residential and commercial development	54,912
N/A	2.53 Acres	Land to be used for residential development	35,444
53	1.99 Acres	Land to be used for mixed commercial development	39,633
3	2392.40 Sq. Metres	3-storey bungalow	24,841
N/A	2.80 Acres	Land being used for residential, commercial and industrial development	7,884
15	465.63 Sq. Metres	Office lot	921
1	130 Sq. Metres	Sales Gallery	626

Analysis of Shareholdings

as at 20 April 2015

Authorised Share Capital	: RM200,000,000 divided into 1,000,000,000 ordinary shares of RM0.10 each and 100,000,000 preference shares of 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	137	6.83	1,959	0.00
100 - 1,000	46	2.29	18,716	0.01
1,001 - 10,000	1,329	66.25	6,104,502	2.67
10,001 - 100,000	424	21.14	13,230,842	5.79
100,001 - 11,415,124 (Less than 5% of issued shares)	66	3.29	36,676,947	16.07
11,415,125 (5%) and above	4	0.20	172,269,534	75.46
	2,006	100.00	228,302,500	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teladan Kuasa Sdn Bhd	75,012,500	32.86
2.	Mulpha International Bhd	58,852,134	25.78
3.	Pasukan Sehati Sdn Bhd	19,645,400	8.60
4.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Low Keng Siong	18,759,500	8.22
5.	Mulpha International Bhd	7,543,250	3.30
6.	First Positive Sdn Bhd	4,408,000	1.93
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chua Sai Men	3,410,000	1.49
8.	Ghazie Yeoh bin Abdullah	1,625,000	0.71
9.	Citigroup Nominees (Asing) Sdn Bhd - Pershing LLC for Asia Network Management Limited	1,480,247	0.65
10.	Brahmal A/L Vasudevan	1,353,200	0.59

Analysis of Shareholdings

as at 20 April 2015 (cont'd)

No.	Name of Shareholders	No. of Shares	%
11.	Tam Shuk Yi	950,000	0.42
12.	Tan Hye @ Tan Chuan Li	793,450	0.35
13.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Rahimah Stephens (CEB)	625,000	0.27
14.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Kiam Hsung	595,000	0.26
15.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah (021)	560,500	0.25
16.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chiah Cheang (TCS/HLG)	542,500	0.24
17.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Salbiah binti Shuib (MM0641)	500,000	0.22
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	490,000	0.21
19.	Yap Teck Siong	481,500	0.21
20.	Lee Eng Keong	450,650	0.20
21.	Lee Yean Aun Keefe	432,500	0.19
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kevin Goh Pang Yuen (8111053)	405,000	0.18
23.	Au Gek Wee	400,000	0.18
24.	Chong Siow Chiew	400,000	0.18
25.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	394,800	0.17
26.	Wong Sin Kiew	392,500	0.17
27.	Oh Chwee Ho	363,250	0.16
28.	Clarence Gerard Boudville	360,000	0.16
29.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeap Gek @ Yeap Poh Chim	307,500	0.13
30.	Chong Hiong Lim	300,000	0.13

Analysis of Shareholdings

as at 20 April 2015 (cont'd)

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Teladan Kuasa Sdn Bhd	75,012,500	32.86	–	–
Ketapang Capital Sdn Bhd	–	–	75,012,500 ^a	32.86
Datuk Fakhri Yassin bin Mahiaddin	–	–	75,012,500 ^b	32.86
Mulpha International Bhd	61,395,384	26.89	–	–
Nautical Investments Limited	–	–	61,395,384 ^c	26.89
Mountbatten Corporation	–	–	61,395,384 ^d	26.89
Mount Glory Investments Limited	–	–	61,395,384 ^e	26.89
Yong Pit Chin	–	–	61,395,384 ^f	26.89
Lee Seng Huang	–	–	61,395,384 ^g	26.89
Pasukan Sehati Sdn Bhd	19,645,400	8.60	–	–
Dato' Low Keng Siong	18,759,500	8.22	19,645,400 ^h	8.60
Ghazie Yeoh bin Abdullah	1,625,000	0.71	19,645,400 ^h	8.60
Lim Chee Khang	–	–	19,645,400 ^h	8.60

DIRECTORS' SHAREHOLDINGS IN MULPHA LAND BERHAD

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Fakhri Yassin bin Mahiaddin	–	–	75,012,500 ^b	32.86
Ghazie Yeoh bin Abdullah	1,625,000	0.71	19,645,400 ^h	8.60
Dato' Low Keng Siong	18,759,500	8.22	19,645,400 ^h	8.60
Lt. Col (R) Abdul Jalil bin Abdullah	60,000	0.03	–	–
Lee Seng Huang	–	–	61,395,384 ^g	26.89

By virtue of their substantial interests in the shares of Mulpha Land Berhad, Datuk Fakhri Yassin bin Mahiaddin, Ghazie Yeoh bin Abdullah, Dato' Low Keng Siong and Lee Seng Huang are also deemed interested in the shares of all the subsidiaries to the extent that Mulpha Land Berhad has an interest.

Notes:

- ^a Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Teladan Kuasa Sdn Bhd.
- ^b Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his shareholding in Ketapang Capital Sdn Bhd.
- ^c Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Mulpha International Bhd.
- ^d Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Nautical Investments Limited.
- ^e Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Mountbatten Corporation.
- ^f Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of her shareholding in Mount Glory Investments Limited.
- ^g Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his family relationship with Yong Pit Chin.
- ^h Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his shareholding in Pasukan Sehati Sdn Bhd.

Notice of 26th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 26th 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 Thursday, 18 June 2015 at 2.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 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) Ghazie Yeoh bin Abdullah (Ordinary Resolution 1)
 - (b) Henry Choo Hon Fai (Ordinary Resolution 2)
3. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Datuk Fakhri Yassin bin Mahiaddin (Ordinary Resolution 3)
 - (b) Lee Seng Huang (Ordinary Resolution 4)
4. To approve the payment of Directors' fees amounting to RM136,000 for the financial year ended 31 December 2014. (Ordinary Resolution 5)
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 6)

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 7)

Notice of 26th Annual General Meeting *(cont'd)*

7. **ORDINARY RESOLUTION:** **Proposed Renewal of 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 the Recurrent Related Party Transactions of a Revenue or Trading Nature 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 27 May 2015 which are 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 8)

Notice of 26th Annual General Meeting *(cont'd)*

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 9)

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 10)

10. **SPECIAL RESOLUTION:**

Proposed Change of Company's Name from "Mulpha Land Berhad" to "Thriven Global Berhad"

"THAT the name of the Company be changed from "Mulpha Land Berhad" to "Thriven Global Berhad" with effect from the date of the Certificate of Incorporation on Change of Name of Company to be issued by the Companies Commission of Malaysia and THAT all references to the name of "Mulpha Land Berhad" in the Company's Memorandum and Articles of Association, wherever the same may appear, shall be deleted and substituted with "Thriven Global Berhad".

THAT the Directors and/or the Company Secretaries be and are hereby authorised to carry out all the necessary formalities to effect the proposed change of the Company's name."

(Special Resolution 1)

By Order of the Board

SEET WAN SING (BC/S/1491)
CHIN NGEOK MUI (MAICSA 7003178)
Company Secretaries

Petaling Jaya
27 May 2015

Notice of 26th Annual General Meeting *(cont'd)*

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 Share Registrar's office, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 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 10 June 2015 and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

Notice of 26th Annual General Meeting *(cont'd)*

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 7 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 7 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 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The details on the proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 27 May 2015.

3. **Ordinary Resolutions 9 and 10 - Continuing in Office as Independent Non-Executive Directors**

The proposed Ordinary Resolutions 9 and 10 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 9: Lim Kok Beng ("Mr Lim")

- (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.

Notice of 26th Annual General Meeting *(cont'd)*

- (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 10: Lt. Col (R) Abdul Jalil bin Abdullah ("Lt. Col Jalil")

- (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.

4. **Special Resolution 1 - Proposed Change of Company's Name from "Mulpha Land Berhad" to "Thriven Global Berhad"**

The proposed Special Resolution 1, if passed, will facilitate the proposed change of name of the Company from "Mulpha Land Berhad" to "Thriven Global Berhad", which is part of the Company's corporate rebranding exercise. The proposed name, if approved by shareholders, shall take effect upon the issuance of the Certificate of Incorporation on Change of Name of Company (Form 13) by the Companies Commission of Malaysia and all references to the name of "Mulpha Land Berhad" in the Company's Memorandum and Articles of Association, wherever the same may appear, shall be deleted and substituted with "Thriven Global Berhad".

STATEMENT ACCOMPANYING NOTICE OF 26TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking for election as a Director at the 26th Annual General Meeting of the Company.

2. **A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The proposed Ordinary Resolution 7 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last Annual General Meeting held on 20 June 2014.

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 _____

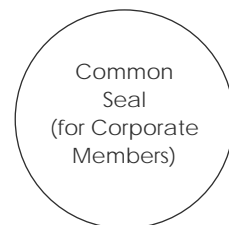
or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 26th Annual General Meeting of the Company to be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 18 June 2015 at 2.30 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 Ghazie Yeoh bin Abdullah		
Resolution 2	Re-election of Henry Choo Hon Fai		
Resolution 3	Re-election of Datuk Fakhri Yassin bin Mahiaddin		
Resolution 4	Re-election of Lee Seng Huang		
Resolution 5	Approval of the payment of Directors' fees		
Resolution 6	Re-appointment of Messrs KPMG as Auditors		
Resolution 7	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
Resolution 9	Continuing in office as Independent Non-Executive Director – Lim Kok Beng		
Resolution 10	Continuing in office as Independent Non-Executive Director – Lt. Col (R) Abdul Jalil bin Abdullah		
SPECIAL RESOLUTION			
Resolution 1	Proposed change of Company's name from "Mulpha Land Berhad" to "Thrive Global Berhad"		

Dated this _____ day of _____ 2015

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:-		
	No. of Shares	Percentage
1 st Proxy		%
2 nd Proxy		%
Total:		100%



Signature of Member _____

NOTES:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at the Share Registrar's office, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 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 **10 June 2015** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.


FOLD THIS FLAP TO SEAL

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The Share Registrar's Office
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



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MULPHA LAND BERHAD (182350-H)
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No. 12A, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
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