

# MULPHA INTERNATIONAL BHD<sup>(19764-T)</sup>

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the second financial quarter ended 30 June 2011

The figures have not been audited

### I(A) CONDENSED CONSOLIDATED INCOME STATEMENT

	CURRENT QUARTER ENDED 30.06.2011 RM'000	COMPARATIVE QUARTER ENDED 30.06.2010 RM'000 (restated)	6 MONTHS CUMULATIVE TO 30.06.2011 RM'000	6 MONTHS CUMULATIVE TO 30.06.2010 RM'000 (restated)
<b>Continuing operations</b>				
Revenue	154,065	187,816	321,129	335,398
Operating expenses	(194,194)	(215,230)	(394,745)	(382,241)
Other operating income	40,598	13,110	301,467	59,406
Profit/(loss) from operations	<u>469</u>	<u>(14,304)</u>	<u>227,851</u>	<u>12,563</u>
Finance costs	(21,180)	(20,274)	(46,679)	(43,109)
Share of (loss)/profit of associates	2,289	(890)	40,479	33,042
Share of profit of jointly-controlled entities	4,905	12,484	3,443	18,088
Profit/(loss) before tax	<u>(13,517)</u>	<u>(22,984)</u>	<u>225,094</u>	<u>20,584</u>
Taxation	B5 10,328	3,681	(50,013)	9,201
Profit/(loss) for the period from continuing operations	<u>(3,189)</u>	<u>(19,303)</u>	<u>175,081</u>	<u>29,785</u>
Attributable to:				
Equity holders of the parent	(1,888)	(18,987)	176,827	29,270
Minority interests	<u>(1,301)</u>	<u>(316)</u>	<u>(1,746)</u>	<u>515</u>
Profit/(loss) for the period	<u>(3,189)</u>	<u>(19,303)</u>	<u>175,081</u>	<u>29,785</u>
Earnings/(loss) per share (sen):-				
- Basic/Diluted	B12 (0.08)	(1.04)	7.55	1.59

*(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements )*

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the second financial quarter ended 30 June 2011

The figures have not been audited

### I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>CURRENT QUARTER ENDED 30.06.2011 RM'000</b>	<b>COMPARATIVE QUARTER ENDED 30.06.2010 RM'000 (restated)</b>	<b>6 MONTHS CUMULATIVE TO 30.06.2011 RM'000</b>	<b>6 MONTHS CUMULATIVE TO 30.06.2010 RM'000 (restated)</b>
Profit/(Loss) for the period	(3,189)	(19,303)	175,081	29,785
Foreign currency translation differences for foreign operations	70,854	(130,419)	57,780	(164,155)
Fair value movement of available- for-sale financial assets	2	2,424	58	3,082
Equity component of convertible notes of a subsidiary	-	-	-	(10,014)
Revaluation of land and building	-	-	6	-
Share of other comprehensive income of associates	(1,723)	-	(4,230)	-
Other comprehensive income for the period, net of tax	<u>69,133</u>	<u>(127,995)</u>	<u>53,614</u>	<u>(171,087)</u>
<b>Total comprehensive income for the period</b>	<u>65,944</u>	<u>(147,298)</u>	<u>228,695</u>	<u>(141,302)</u>
<b>Attributable to :</b>				
Equity holders of the parent	62,078	(146,982)	225,496	(141,817)
Minority interests	<u>3,866</u>	<u>(316)</u>	<u>3,199</u>	<u>515</u>
Total comprehensive income for the period	<u>65,944</u>	<u>(147,298)</u>	<u>228,695</u>	<u>(141,302)</u>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.06.2011 RM'000	AS AT 31.12.2010 RM'000 (restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>A9</i>	1,418,242	1,323,334
Investment properties		21,216	21,419
Prepaid lease payments		3,934	4,004
Investments in associates		1,187,580	1,124,845
Investments in jointly-controlled entity		172,532	179,975
Trade and other receivables		7,273	7,071
Other non-current assets		5,286	5,141
Investment securities		7,281	2,195
Other investments		1,160	1,160
Land held for property development		831,075	755,035
Goodwill		15,247	15,071
		<b>3,670,826</b>	<b>3,439,250</b>
<b>CURRENT ASSETS</b>			
Inventories		307,985	308,924
Trade and other receivables		189,841	195,315
Other current assets		28,763	38,655
Investment securities		9,754	9,236
Tax recoverable		331	1,897
Cash and bank balances		367,111	373,434
Assets classified as held for sale		62,706	164,352
		<b>966,491</b>	<b>1,091,813</b>
<b>TOTAL ASSETS</b>		<b>4,637,317</b>	<b>4,531,063</b>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.06.2011 RM'000	AS AT 31.12.2010 RM'000 (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		1,177,957	1,177,957
Share premium		579,863	579,863
Treasury shares	<i>A6</i>	(8,533)	(5,442)
Reserves		489,768	441,123
Retained earnings		803,325	626,474
		<u>3,042,380</u>	<u>2,819,975</u>
Minority interests		100,715	97,516
<b>Total equity</b>		<u>3,143,095</u>	<u>2,917,491</u>
<b>Non-current liabilities</b>			
Trade and other payables		5,891	5,727
Provision for liabilities		3,702	3,525
Loans and borrowings	<i>B9a</i>	745,175	1,079,701
Deferred tax liabilities		132,552	77,734
		<u>887,320</u>	<u>1,166,687</u>
<b>Current liabilities</b>			
Trade and other payables		238,979	213,081
Provisions for liabilities		11,399	11,078
Loans and borrowings	<i>B9a</i>	349,103	202,241
Tax payable		7,421	8,756
Liabilities classified as held for sale		-	11,729
		<u>606,902</u>	<u>446,885</u>
<b>Total Liabilities</b>		<u>1,494,222</u>	<u>1,613,572</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,637,317</u>	<u>4,531,063</u>
<b>Net assets per share (RM)</b>		<u>1.30</u>	<u>1.20</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements )

PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to Equity Holders of the Parent										Total Shareholders Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Revaluation Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Minority Interests RM'000	Total Equity RM'000	
<b>Period ended 30 June 2011</b>											
Balance at beginning of year, as previously stated	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	627,130	97,797	2,918,428	
Effects of adopting IC Interpretation 15	-	-	-	-	-	-	-	(656)	(281)	(937)	
At beginning of year (restated)	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	626,474	97,516	2,917,491	
Total comprehensive income for the period	-	-	6	48,602	-	61	-	176,827	3,199	228,695	
Purchase of treasury shares	-	-	-	-	-	-	(3,091)	-	-	(3,091)	
Transfer within reserves	-	-	(24)	-	-	-	-	24	-	-	
<b>Balance as at 30 June 2011</b>	<b>1,177,957</b>	<b>579,863</b>	<b>6,781</b>	<b>378,839</b>	<b>110,205</b>	<b>(6,057)</b>	<b>(6,533)</b>	<b>803,325</b>	<b>100,715</b>	<b>3,143,095</b>	
<b>Period ended 30 June 2010</b>											
Balance at beginning of year, as previously stated	588,978	699,091	2,062	290,358	110,205	474	-	500,979	48,134	2,240,281	
Effects of adopting IC Interpretation 15	-	-	-	-	-	-	-	171	73	244	
At beginning of year (restated)	588,978	699,091	2,062	290,358	110,205	474	-	501,150	48,207	2,240,525	
Total comprehensive income for the period	-	-	-	(164,155)	-	(6,932)	-	29,270	515	(141,302)	
Issue of ordinary shares	588,979	(119,228)	-	-	-	-	-	-	-	469,751	
Purchase of treasury shares	-	-	-	-	-	-	(1,006)	-	-	(1,006)	
Conversion of convertible notes of a subsidiary	-	-	-	-	-	-	-	-	73,799	73,799	
Movement in subsidiaries' net assets and group reserve	-	-	-	-	-	-	-	-	(191)	(191)	
Acquisition of minority interests	-	-	-	-	-	-	-	-	(4,677)	(4,677)	
Transfer within reserves	-	-	(535)	-	-	-	-	535	-	-	
Deferred taxation	-	-	22	-	-	-	-	-	-	22	
<b>Balance as at 30 June 2010</b>	<b>1,177,957</b>	<b>579,863</b>	<b>1,549</b>	<b>126,203</b>	<b>110,205</b>	<b>(6,458)</b>	<b>(1,006)</b>	<b>530,955</b>	<b>117,653</b>	<b>2,636,921</b>	

(The Condensed Consolidated Statement of Changes In Total Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>&lt;-----6 MONTHS ENDED-----&gt;</u>	
	<u>30.6.2011</u>	<u>30.06.2010</u>
	<u>RM'000</u>	<u>RM'000</u>
		(restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
- Continuing operations	225,094	20,584
Adjustments for non-cash items	(212,032)	5,109
Operating profit before changes in working capital	<u>13,062</u>	<u>25,693</u>
Changes in working capital		
Net change in current assets	(35,142)	(56,808)
Net change in current liabilities	26,717	(12,043)
Net change in working capital	<u>(8,425)</u>	<u>(68,851)</u>
Cash generated from/ (used in) operations	4,637	(43,158)
Interest paid	(46,679)	(43,109)
Interest received	5,036	2,962
Income tax refund/(paid)	1,627	(3,201)
Staff benefits paid	(8,574)	(7,073)
Net cash used in operating activities	<u>(43,953)</u>	<u>(93,579)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Refurbishment of investment properties	(4)	(20)
Purchase of property, plant and equipment	(91,029)	(33,254)
Proceeds from sale of property, plant and equipment	1,672	10,297
Proceeds from disposal of assets classified as held for sale	334,350	-
Investment in associate companies	(10,882)	(6,284)
Proceed from disposal of an associate	1,104	-
Dividend received from associates and jointly-controlled entity	26,645	4,160
Other investments	(4,849)	(1,321)
Net cash generated from/(used in) investing activities	<u>257,007</u>	<u>(26,422)</u>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>&lt;-----6 MONTHS ENDED-----&gt;</u>	
	<u>30.6.2011</u>	<u>30.06.2010</u>
	<u>RM'000</u>	<u>RM'000</u>
		(restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of finance lease liabilities	(3,292)	(11,510)
Rights issue proceeds (net of expenses)	-	469,751
Purchase of treasury shares by the Company	(3,091)	(1,006)
Net repayment of borrowings	(210,343)	(146,684)
Other payables	761	-
Other receivables	164	(19,953)
Net cash (used in)/generated from financing activities	<u>(215,801)</u>	<u>290,598</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,747)	170,597
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	370,385	165,438
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(5,959)	9,015
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	<u>361,679</u>	<u>345,050</u>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements )*

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134: Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2010, except for the adoption of new/revised FRSs that are effective 1 January 2011. These new/revised FRSs does not have any significant impact on the financial position or results of the Group.

The Group has taken the option to early adopt the Issues Committee ("IC") Interpretation 15: Agreements for the Construction of Real Estate commencing from 1 January 2011 for the financial year ending 31 December 2011. IC Interpretation 15 replaces the existing FRS 201<sub>2004</sub>, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 results in a change of accounting policy in which the recognition of revenue from all property development activities of the Group change from percentage of completion method to the completed method.

The adoption of IC Interpretation 15 had the following impact on the financial results as follows:-

Income Statement

	Individual Period Current Year Quarter		Cumulative Period Current Year To date	
	Before the adoption of IC 15 RM'000	After the adoption of IC 15 RM'000	Before the adoption of IC 15 RM'000	After the adoption of IC 15 RM'000
Revenue	151,906	154,065	320,259	321,129
Profit from operations	50	469	227,676	227,851
Finance cost	(21,180)	(21,180)	(46,679)	(46,679)
Share of (loss)/profit of associates	2,289	2,289	40,479	40,479
Share of profit of jointly- controlled entities	4,905	4,905	3,443	3,443
Profit before taxation	(13,936)	(13,517)	224,919	225,094
Taxation	10,328	10,328	(50,013)	(50,013)
Profit for the period	(3,608)	(3,189)	174,906	175,081
Attributable to:				
Equity holders of the parent	(2,181)	(1,888)	176,705	176,827
Minority Interests	(1,427)	(1,301)	(1,799)	(1,746)
	(3,608)	(3,189)	174,906	175,081



**A2. Audit Report of Preceding Annual Financial Statements**

The audit report of the Group's annual financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

**A3. Seasonal or Cyclicity of Operations**

Except for the hotel division whose performance is influenced by the festive and holiday periods, the other businesses of the Group are generally not subject to seasonal or cyclical fluctuations.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current period ended 30 June 2011 except for the disposal of a hotel, Hilton Melbourne Airport Hotel by an Australian subsidiary which resulted in a profit of AUD76.74 million (RM242.50 million).

**A5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current year.

**A6. Changes in Debt And Equity Securities**

As at 30 June 2011, the Company has bought back 17,062,900 ordinary shares of RM0.50 each at average cost of RM0.50 per share. The shares bought back have been retained as treasury shares.

**A7. Dividend Paid**

There was no dividend paid during the current financial quarter.

**A8. Segment Information**

Segment analysis for the period ended 30 June 2011 is set out below:

<b>Business Segment</b>	<b>Revenue RM'000</b>	<b>Profit Before Tax RM'000</b>
Property	88,109	(2,313)
Hospitality	203,743	3,514
General Trading	28,623	(6)
Investment and others	654	226,656
External Sales	<u>321,129</u>	<u>227,851</u>
Finance costs		(46,679)
Share of results of associates/ jointly-controlled entities		43,922
	<u><u>321,129</u></u>	<u><u>225,094</u></u>

**A9. Valuation Of Property, Plant And Equipment**

The carrying value of the property, plant and equipment is stated at cost less depreciation and impairment losses.

**A10. Capital Commitments**

Capital commitments for the purchase of property, plant and equipment as at 30 June 2011 amounted to RM16.31 million.

**A11. Material Events Subsequent To The Reporting Date**

There are no material events subsequent to 30 June 2011 to be disclosed.

**A12. Changes in The Composition Of the Group**

There are no changes in the composition of the Group during the financial period ended 30 June 2011.

**A13. Changes in Contingent Liabilities or Contingent Assets**

(a) Changes in the contingent liabilities since 31 December 2010 are as follows:-

	Increase RM'000
Guarantees given to third parties	<u>267</u>

(b) There are no contingent assets as at the date of this report.

**PART B**

**Explanatory Notes Pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of performance**

The Group recorded a revenue of RM321.13 million and a pre-tax profit of RM225.09 million for the period ended 30 June 2011 as compared to a revenue of RM335.40 million and pre-tax profit of RM20.58 million for the corresponding period ended 30 June 2010. The stronger performance for the current period was contributed substantially by the gain on disposal of Hilton Melbourne Airport Hotel amounting to RM242.50 million.

**B2. Comparisons With Preceding Quarter's Results**

The Group recorded a pre-tax loss of RM13.52 million for the 2nd quarter of 2011 as compared to the pre-tax profit of RM238.61 million for the 1st quarter of 2011. The better results of the previous quarter was mainly due to the gain on disposal of Hilton Melbourne Airport Hotel amounting to RM242.50 million.

**B3. Current Year Prospects**

This is expected to be a challenging year for the Group in spite of the substantial gain realised from the disposal of Hilton Melbourne Airport Hotel.

**B4. Variance from Profit Forecast or Profit Guarantee**

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

**B5. Taxation**

	2nd Quarter Ended		6 Months Period Ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
- Malaysian	917	1,776	2,168	2,489
Deferred tax				
- Malaysian	(24)	(30)	(28)	(44)
- Foreign	(11,202)	(5,351)	50,232	(11,641)
	<u>(11,226)</u>	<u>(5,381)</u>	<u>50,204</u>	<u>(11,685)</u>
Over provision of				
taxation in prior years	(19)	(76)	(2,359)	(5)
	<u>(10,328)</u>	<u>(3,681)</u>	<u>50,013</u>	<u>(9,201)</u>

**B6. Profit on Sale of Unquoted Investments or Properties**

There were no material sale of unquoted investments and properties (not in the ordinary course of business of the Group) for the period ended 30 June 2011 except for the disposal of a hotel property, Hilton Melbourne Airport Hotel, by an Australian subsidiary which resulted in a profit of RM242.50 million.

**B7. Purchase and Disposal of Quoted Securities**

(a) Purchase/disposal of quoted securities by the Group in the ordinary course of business are as follows:-

	<b>2nd Quarter Ended 30.6.2011 RM'000</b>	<b>6 Months Period Ended 30.6.2011 RM'000</b>
Total purchases at cost	-	-
Total disposal (at disposal value)	689	689
Total gain on disposal	15	15

(b) Investments in quoted securities as at 30 June 2011 by the Group in the ordinary course of business are as follows:-

	<b>RM'000</b>
Total investment at cost	12,336
Total investment at market value	3,460

**B8. Status of Corporate Proposals**

**(i) Renounceable two-call rights issue**

On 25 March 2010, the Company had completed its rights issue exercise with the listing of 1,177,956,579 rights shares on the Main Market of Bursa Malaysia Securities Berhad.

The rights issue exercise has raised gross proceeds of RM471.183 million, which has been utilised as at 30 June 2011 in the following manner:-

Purpose	Proposed	Actual	Intended Timeframe for Utilisation	Deviation		Explanations
	Utilisation	Utilisation		Amount	%	
	RM'000	RM'000		RM'000		
(i) Defray estimated expenses relating to Rights Issue Exercise	1,000	1,431	April 2010	431	43.10%	See Note 1
(ii) Repayment of bank borrowings of the Group	123,000	304,483	June 2010	181,483	>100%	See Notes 2 & 3
(iii) Working capital of the Group	347,183	141,023	March 2012	N/A		

**B8. Status of Corporate Proposals (Contd.)**

**(i) Renounceable two-call rights issue (Contd.)**

Note:

- 1 Disbursement expenses exceeded estimated cost.
- 2 As announced by the Company on 26 March 2010 and 29 March 2010, in addition to the RM123 million of the rights issue proceeds earmarked for repayment of the Group bank borrowing, an additional amount of RM70 million was utilised to settle a revolving credit facility of the Company resulting in an interest saving of approximately RM1.3 million per annum. The said RM70 million repayment was reallocated from the RM347.183 million of the rights issue proceeds earmarked for Group working capital. Accordingly the allocation for Group working capital is reduced to RM277.183 million.
- 3 The Company had on 30 April 2010 announced that an amount of RM111.483 million from the rights issue proceeds has been utilized to fully settle an overseas revolving loan of HKD270 million (equivalent to RM111.483 million) of a wholly-owned subsidiary of the Company. The said RM111.483 million was reallocated from the RM347.183 million of the rights issue proceeds earmarked for Group working capital. Accordingly the allocation for Group working capital is reduced to RM165.7 million.

**(ii) Proposed Rights Issue by Mulpha Land Berhad**

On 4 May 2011, a subsidiary of the Company, Mulpha Land Berhad ("MLB") announced the following proposals:-

- (a) a renounceable rights issue of 456,605,000 rights shares and 273,963,000 free warrants at an indicative issue price of RM0.22 per rights share on the basis of five (5) rights shares and three (3) warrants for every one (1) existing share held in MLB at an entitlement date to be determined by the Board of Directors of MLB and announced later by MLB;
- (b) an increase in authorised share capital of MLB from RM120,000,000 comprising 200,000,000 ordinary shares of RM0.10 each ("Ordinary Shares") and 100,000,000 preference shares of RM1.00 each ("Preference Shares") to RM200,000,000 comprising 1,000,000,000 Ordinary Shares and 100,000,000 Preference Shares; and
- (c) amendments to the memorandum and articles of association of MLB to effect the proposed increase in the authorised share capital.

MLB has procured an unconditional and irrevocable undertaking from the Company ("MIB"), being its major shareholder, to fully subscribe to MIB's own entitlement under the above proposed rights issue as well as an unconditional and irrevocable undertaking from the Company to fully subscribe for all the rights shares not subscribed by the other entitled shareholders and/or their renounee(s).

The proposed rights issue shall raise gross proceeds for MLB of approximately RM100.5 million based on the indicative issue price of RM0.22 per rights share.

**B8. Status of Corporate Proposals (Contd.)**

**(ii) Proposed Right Issue by Mulpha Land Berhad (Contd.)**

MLB is proposing to implement the proposed rights issue to allow the MLB Group to raise the requisite funds to finance future business investments and/or projects which may include, *inter alia*, acquisition of development lands, property development projects and/or companies. The proposed rights issue will also increase MLB's shareholders' funds and strengthen the MLB Group's financial position to provide the Group with a better platform to accelerate its property development activities as well as to remain competitive in the property development market. Moving forward, MLB intends to develop and expand its presence in the property sector, both locally and overseas. The increase in shareholders' funds and equity base of the MLB Group will also allow the Group to tap on sizable debt financing in the future for future capital requirements.

The above proposals were approved by MLB's shareholders at an Extraordinary General Meeting held on 23 June 2011.

**(iii) Proposed Dividend Reinvestment Plan**

On 10 May 2011, the Company announced a Dividend Reinvestment Plan ("DRP") that provides shareholders the option to elect to reinvest the dividend in new shares of the Company. This is part of the Company's capital management programme aimed to enhance shareholder value while strengthening the Company's capital position via the reinvestment of the dividend by shareholders.

The proposed DRP was approved by the Company's shareholders at an Extraordinary General Meeting held on 27 June 2011.

**B9. Group Loans and Borrowings**

(a) The details of the loans and borrowings as at 30 June 2011 are as follows:-

	<b>RM'000</b>	<b>RM'000</b>
Short term - Secured	348,686	
- Unsecured	<u>417</u>	349,103
Long term - Secured		<u>745,175</u>
		<u><u>1,094,278</u></u>

Included in the above group loans and borrowings are the following loans and borrowings raised by subsidiaries and denominated in foreign currencies:

		'000	<b>RM'000 equivalent</b>
Australian Dollar	AUD	254,235	823,724
Singapore Dollar	SGD	14,625	35,976
Hong Kong Dollar	HKD	15,333	5,963
US Dollar	USD	53,121	<u>160,957</u>
			<u><u>1,026,620</u></u>

**B10. Material Litigation**

As at the date of this report, there was no pending material litigation which could adversely affect the financial position of the Group.

**B11. Dividend**

The Board of Directors does not recommend any dividend for the current financial period ended 30 June 2011.

**B12. Earnings Per Share**

The basic earnings per share of the Group has been computed by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	<b>Period Ended</b>	<b>Period Ended</b>
	<b>30.06.2011</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>
<b><u>Continuing operations</u></b>		
Profit for the period	175,081	29,785
Minority interest	1,746	(515)
Profit attributable to equity holders of the parent	<u>176,827</u>	<u>29,270</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	2,344,857	1,177,957
Effect of share buy back	(2,788)	(193)
Effect of ordinary rights shares issued on 25 March 2010	-	660,748
Weighted average number of ordinary shares at 30 June	<u>2,342,069</u>	<u>1,838,512</u>
Basic earnings per share (sen)	<u>7.55</u>	<u>1.59</u>

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

**PART C**

**Disclosure of Realised and Unrealised Profits or Losses**

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

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

	<b>As at</b> <b>30.06.2011</b> <b>RM'000</b>
Total retained earnings/(accumulated losses):	
(i) Company and subsidiaries	
- Realised	1,010,795
- Unrealised	(97,353)
(ii) Associates	
- Realised	127,729
- Unrealised	2,496
- Breakdown unavailable *	(110,905)
(iii) Jointly-controlled entities	
- Realised	28,769
- Unrealised	1,565
	<u>963,096</u>
Less: Consolidated Adjustments	<u>(159,771)</u>
Total group retained earnings as per consolidated accounts	<u><u>803,325</u></u>

\*There is no separate disclosure shown between the realised and unrealised profit/losses components for the Group's associates, FKP Property Group and Rotol Singapore Ltd. The rationale being that such classification is not governed by the reporting requirements of the said associates.

By Order Of The Board

KOH HUAT LAI  
Company Secretary  
Petaling Jaya  
25 August 2011