

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

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2013

The figures have not been audited

### I(A) CONDENSED CONSOLIDATED PROFIT OR LOSS

	<i>Note</i>	CURRENT QUARTER ENDED 30.09.2013 RM'000	COMPARATIVE QUARTER ENDED 30.09.2012 RM'000	9 MONTHS CUMULATIVE TO 30.09.2013 RM'000	9 MONTHS CUMULATIVE TO 30.09.2012 RM'000
<b><i>Continuing operations</i></b>					
Revenue		178,665	125,627	514,895	387,897
Operating expenses		(178,523)	(171,024)	(541,226)	(484,764)
Other operating income		13,257	56,377	72,448	104,418
Profit from operations		<u>13,399</u>	<u>10,980</u>	<u>46,117</u>	<u>7,551</u>
Finance costs		(15,288)	(16,401)	(48,580)	(50,235)
Share of profit/(loss) of associates		19,132	18,704	(75,564)	(262,866)
Share of profit/(loss) of jointly-controlled entities		712	(277)	4,264	(603)
Profit/(Loss) before tax	<i>B5</i>	<u>17,955</u>	<u>13,006</u>	<u>(73,763)</u>	<u>(306,153)</u>
Income tax (expense)/benefit	<i>B6</i>	(6,722)	25,173	2,101	24,453
Profit/(Loss) for the period from continuing operations		<u>11,233</u>	<u>38,179</u>	<u>(71,662)</u>	<u>(281,700)</u>
<b><i>Discontinued operation</i></b>					
(Loss)/Profit for the period from discontinued operation		<u>-</u>	<u>(21,197)</u>	<u>-</u>	<u>39,993</u>
Profit/(Loss) for the period		<u>11,233</u>	<u>16,982</u>	<u>(71,662)</u>	<u>(241,707)</u>
Attributable to:					
Owners of the parent		8,668	18,881	(74,231)	(258,800)
Non-controlling interests		<u>2,565</u>	<u>(1,899)</u>	<u>2,569</u>	<u>17,093</u>
Profit/(Loss) for the period		<u>11,233</u>	<u>16,982</u>	<u>(71,662)</u>	<u>(241,707)</u>
Earnings/(Loss) per share (sen):-	<i>B11</i>				
- Basic/Diluted		<u>0.40</u>	<u>0.83</u>	<u>(3.42)</u>	<u>(11.30)</u>

*(The Condensed Consolidated Profit or Loss should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)*

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

## PART A1 : QUARTERLY REPORT

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

	CURRENT QUARTER ENDED 30.09.2013 RM'000	COMPARATIVE QUARTER ENDED 30.09.2012 RM'000	9 MONTHS CUMULATIVE TO 30.09.2013 RM'000	9 MONTHS CUMULATIVE TO 30.09.2012 RM'000
Profit/(Loss) for the period	11,233	16,982	(71,662)	(241,707)
Foreign currency translation differences for foreign operations	49,402	(7,949)	(107,709)	(12,487)
Fair value movement of available- for-sale financial assets	9,175	(265)	4,713	1,803
Share of other comprehensive income of associates	(2,612)	3,827	(4,333)	7,247
Reserves of discontinued operation reclassified to profit or loss	-	-	-	(7,583)
Other comprehensive income/(expense) for the period, net of tax	<u>55,965</u>	<u>(4,387)</u>	<u>(107,329)</u>	<u>(11,020)</u>
<b>Total comprehensive income/(expense) for the period</b>	<u>67,198</u>	<u>12,595</u>	<u>(178,991)</u>	<u>(252,727)</u>
<b>Attributable to :</b>				
Owners of the parent	64,675	15,308	(181,560)	(268,882)
Non-controlling interests	<u>2,523</u>	<u>(2,713)</u>	<u>2,569</u>	<u>16,155</u>
Total comprehensive income/(expense) for the period	<u>67,198</u>	<u>12,595</u>	<u>(178,991)</u>	<u>(252,727)</u>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements )*

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2013 RM'000	AS AT 31.12.2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>A9</i>	1,007,667	1,096,840
Investment properties		12,732	29,746
Prepaid land lease payments		1,077	1,094
Investment in associates		914,940	1,058,219
Investment in jointly-controlled entities		158,924	175,830
Investment securities		42,001	38,006
Other investment		5,032	2,888
Goodwill		9,125	9,137
Inventories		438,856	506,657
Other non-current assets		5,829	3,774
		<b>2,596,183</b>	<b>2,922,191</b>
<b>Current assets</b>			
Inventories		459,453	404,990
Trade and other receivables		282,231	224,546
Other current assets		10,793	21,521
Investment securities		6,261	9,414
Income tax recoverable		1,022	1,208
Cash and bank balances		617,265	468,324
		<b>1,377,025</b>	<b>1,130,003</b>
Non-current assets held for sale		<b>19,290</b>	<b>-</b>
		<b>1,396,315</b>	<b>1,130,003</b>
<b>TOTAL ASSETS</b>		<b>3,992,498</b>	<b>4,052,194</b>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2013 RM'000	AS AT 31.12.2012 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		1,177,957	1,177,957
Share premium		579,863	579,863
Treasury shares	A6	(92,049)	(66,255)
Reserves		347,547	454,855
Retained earnings		266,614	340,866
		2,279,932	2,487,286
Non-controlling interests		44,693	34,926
<b>Total equity</b>		<b>2,324,625</b>	<b>2,522,212</b>
<b>Non-current liabilities</b>			
Trade and other payables		11,239	7,800
Provision for liabilities		3,087	3,389
Deferred tax liabilities		11,925	31,824
Loans and borrowings	B8	774,833	800,043
		801,084	843,056
<b>Current liabilities</b>			
Trade and other payables		125,800	177,602
Other current liabilities		152,023	34,392
Provision for liabilities		12,294	12,758
Loans and borrowings	B8	561,771	451,378
Derivative liabilities		451	2,115
Income tax payable		14,450	8,681
		866,789	686,926
<b>Total liabilities</b>		<b>1,667,873</b>	<b>1,529,982</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,992,498</b>	<b>4,052,194</b>
<b>Net assets per share (RM)</b>		<b>1.07</b>	<b>1.13</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2012 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 CHANGES IN TOTAL EQUITY

	←----- Atributable to Owners of the Parent ----->				-----> <Distributable>				Non-Controlling Interests RM'000	Total RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Reserve of disposal group classified as held for sale RM'000				Retained Earnings RM'000
At 1 January 2013	1,177,957	579,863	-	347,815	110,033	(2,993)	(66,255)	-	340,866	2,487,286	34,926	2,522,212
Total comprehensive expense for the period	-	-	-	(111,565)	-	4,236	-	-	(74,231)	(181,560)	2,569	(178,991)
Transfer within reserves	-	-	-	-	-	21	-	-	(21)	-	-	-
Purchase of treasury shares	-	-	-	-	-	(25,794)	-	-	-	(25,794)	-	(25,794)
Partial disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	7,198	7,198
<b>At 30 September 2013</b>	<b>1,177,957</b>	<b>579,863</b>	<b>-</b>	<b>236,250</b>	<b>110,033</b>	<b>1,264</b>	<b>(92,049)</b>	<b>-</b>	<b>266,614</b>	<b>2,279,932</b>	<b>44,693</b>	<b>2,324,625</b>
At 1 January 2012 (as previously stated)	1,177,957	579,863	6,142	345,035	110,081	(9,086)	(19,352)	8,163	808,851	3,007,654	98,957	3,106,611
Effects of transition to MFRSS	-	-	(2,853)	-	-	-	-	-	95	(2,758)	-	(2,758)
At 1 January 2012 (restated)	1,177,957	579,863	3,289	345,035	110,081	(9,086)	(19,352)	8,163	808,946	3,004,896	98,957	3,103,853
Total comprehensive expense for the period	-	-	-	(6,574)	-	4,075	-	(7,583)	(258,800)	(268,882)	16,155	(252,727)
Purchase of treasury shares	-	-	-	-	-	-	(21,043)	-	-	(21,043)	-	(21,043)
Deferred tax	-	-	-	-	-	-	-	-	4,446	4,446	-	4,446
Transfer within reserves	-	-	(3,289)	-	-	-	-	(580)	3,869	-	-	-
Dissolution of a subsidiary	-	-	-	-	(26)	-	-	-	-	(26)	-	(26)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,721)	(17,721)
<b>At 30 September 2012</b>	<b>1,177,957</b>	<b>579,863</b>	<b>-</b>	<b>338,461</b>	<b>110,055</b>	<b>(5,011)</b>	<b>(40,395)</b>	<b>-</b>	<b>558,461</b>	<b>2,719,391</b>	<b>97,391</b>	<b>2,816,782</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 2012 and the accompanying explanatory notes attached to the interim financial statements )*

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	-----9 MONTHS ENDED-----	
	30.09.2013	30.09.2012
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation		
- Continuing operations	(73,763)	(306,153)
- Discontinued operation	-	40,001
	(73,763)	(266,152)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	46,232	48,337
Amortisation of prepaid lease payments	84	39
Share of loss of associates	75,564	262,866
Share of (profit)/loss of jointly-controlled entities	(4,264)	603
Provision for staff benefits	11,390	12,214
Interest expense (including discontinued operation)	48,580	50,482
Interest income (including discontinued operation)	(8,266)	(9,301)
Gain on disposal of assets classified as held for sale	-	(6,074)
Gain on disposal of quoted or unquoted investments	-	(178)
Gain on sale of discontinued operation	-	(41,229)
Impairment/(reversal) on allowance of doubtful debts	993	(2,901)
Writeback of inventories	(330)	(1,265)
Gain on disposal of investment properties and other investments	(1,584)	-
(Gain)/loss on disposal of property, plant and equipment	(2,049)	33
Dividend income	(4,145)	(1,279)
Bad debts recovery	(655)	-
Fair value adjustment for assets held at fair value through profit or loss	(665)	-
Gain on partial disposal of a subsidiary	(724)	-
Other non-cash items	-	(914)
Operating profit before changes in working capital	86,398	45,281
Changes in working capital		
Net change in current assets	(48,356)	57,582
Net change in current liabilities	76,203	1,114
Net change in working capital	27,847	58,696
Cash generated from operations	114,245	103,977
Interest paid (including discontinued operation)	(48,580)	(50,482)
Interest received (including discontinued operation)	8,266	9,301
Income tax paid	(11,231)	(6,171)
Staff benefits paid	(11,926)	(11,582)
Net cash generated from operating activities	50,774	45,043

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	-----9 MONTHS ENDED-----	
	30.09.2013	30.09.2012
	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Refurbishment of investment properties	(1,781)	-
Purchase of property, plant and equipment	(11,477)	(31,150)
Net proceeds from sale of property, plant and equipment	2,653	381
Proceeds from sale of investment properties and other investments	920	-
Net proceeds from disposal of assets classified as held for sale	-	69,946
Investment in associate companies	-	(174,361)
Disposal of discontinued operation, net of cash	-	101,276
Dividend received from associates and jointly-controlled entity	19,532	37,484
Dividend income from investment securities	4,145	1,279
Proceeds from partial disposal of a subsidiary	7,845	-
Purchase of investment security	(2,374)	-
Capital repayment from jointly-controlled entities	4,545	-
Other investments	-	1,190
Net cash generated from investing activities	<u>24,008</u>	<u>6,045</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of finance lease liabilities	(3,684)	(2,220)
Purchase of treasury shares by the Company	(25,794)	(21,043)
Placement of pledged deposits	(141,789)	(184,155)
Net drawdown of borrowings	117,852	158,123
Net cash used in financing activities	<u>(53,415)</u>	<u>(49,295)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,367	1,793
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	159,741	171,713
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(15,252)	(4,362)
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	<u>165,856</u>	<u>169,144</u>
	<b>Note A</b>	
<b>Note A</b>		
Included in cash and cash equivalents as at 30 September are the following:		
- Cash and deposits with licensed banks	617,265	492,095
- Bank overdrafts	(2,655)	(2,974)
- Deposits pledged	(448,754)	(319,977)
	<u>165,856</u>	<u>169,144</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 2012 and the accompanying explanatory notes attached to the interim financial statements )*

**PART A**

**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting**

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 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 2012.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2012 except for the adoption of the following:

- Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
  
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
  
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the above is not expected to have any material impact on the financial statements of the Group.



**A1. Basis of Preparation (Contd)**

AVEO Group Limited (formerly known as FKP Property Group) ("AVEO"), an Australian-listed associate with its financial year ending in June, releases its financial statements on half-yearly basis i.e. for the periods ending June and December. In accounting for the Group's share of results in AVEO for the quarters ending March and September, the Group relies on the full year profit guidance issued by AVEO adjusted to its quarterly components. AVEO's profit guidance do not include any non-operational exceptional items. Accordingly, the Group's share of results in AVEO for March and September quarters are based on AVEO's profit guidance while for June and December periods are based on AVEO's public released results.

**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 2012 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 period ended 30 September 2013.

**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 financial period.

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

During the financial period ended 30 September 2013, the Company has bought back 63,264,200 ordinary shares of RM0.50 each at average cost of RM0.41 per share. As at 30 September 2013, 222,049,800 ordinary shares of RM0.50 each were retained as treasury shares.

**A7. Dividend Paid**

There was no dividend paid during the current financial quarter.

**MULPHA INTERNATIONAL BHD (19764-T)**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013**

**A8. Segment Information**

Segment analysis for continuing operations for the period ended 30 September 2013 and 2012 are set out below:

<b>Business Segment</b>	<b>Revenue</b>		<b>Profit/(Loss) Before Tax</b>	
	<b>9 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property	227,986	55,263	71,859	6,123
Hospitality	286,909	331,493	(29,307)	15,709
Investment and others	-	1,141	3,565	(14,281)
	<b>514,895</b>	<b>387,897</b>	<b>46,117</b>	<b>7,551</b>
Finance costs	-	-	(48,580)	(50,235)
Share of results of associates/ jointly-controlled entities	-	-	(71,300)	(263,469)
	<b>514,895</b>	<b>387,897</b>	<b>(73,763)</b>	<b>(306,153)</b>

**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 Sept 2013 are as below:

	<b>RM'000</b>
(a) Approved and contracted for	1,894
(b) Approved but not contracted for	<u>100,614</u>

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

There were no material events subsequent to 30 September 2013 to be disclosed other than those disclosed in note B7.

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

Mulpha Land Berhad, a subsidiary of the Company had on 4 June 2013 acquired 2 ordinary shares of RM1 each of Mayfair Ventures Sdn Bhd ("MVSB"), representing the total issued and paid-up share capital of MVSB for a total consideration of RM2. MVSB is presently dormant and its intended principal activity is property development.

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

(a) Changes in the contingent liabilities since 31 December 2012 are as follows:-

	<b>Decrease</b>
	<b>RM'000</b>
Guarantees given to third parties	<u>(16,230)</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**

**(a) Current Year-to-date vs. Previous Year-to-date**

The Group's revenue has increased significantly by RM127.00 million or 32% to RM514.90 million for the 9-month period ended 30 September 2013 when compared to RM387.90 million in the previous corresponding period. The Group registered an operating profit of RM46.12 million, a significant improvement of RM38.57 million from an operating profit of RM7.55 million posted in the previous corresponding period. The Group's good performance was mainly attributed to better performance in our property segment. The Group reported a pre-tax loss of RM73.76 million during the current financial period under review which is 76% lower when compared to pre-tax loss of RM306.15 million posted in the previous corresponding period. The current pre-tax loss was mainly impacted by the Group's share of loss in an associate, AVEO Group Limited (formerly known as FKP Property Group) ("AVEO") which amounted to RM103.41 million, mainly due to non-operating items primarily the impairment of its development assets.

The property division recorded a revenue of RM227.99 million and a pre-tax profit of RM71.86 million for the period ended 30 September 2013 as compared to a revenue of RM55.26 million and a pre-tax profit of RM6.12 million for the corresponding period ended 30 September 2012. The better performance recorded in property division in the current period was mainly attributed to higher sales from the Group's Leisure Farm project in Malaysia, Sanctuary Cove project and Hayman Development in Australia. The better performance in the current period was moderated by a one-off gain on disposal of land in Section 16, Selangor recognised in the previous corresponding period.

The hospitality division recorded a revenue of RM286.91 million and a pre-tax loss of RM29.31 million for the period ended 30 September 2013 as compared to a revenue of RM331.49 million and a pre-tax profit of RM15.71 million for the corresponding period ended 30 September 2012. The weaker performance from the hospitality division was mainly attributed to deconsolidation of Sanctuary Cove Golf and Country Club Holdings Limited Group ("SCGC") in 4th quarter of 2012 as well as lower revenue generated from Hayman Island Resort and InterContinental Sanctuary Cove Hotel, both located in Australia due to weaker market conditions of the 5-star luxury hotels segment in Australia during the current period and additional insurance recoveries received in previous year corresponding quarter in relation to closure of Hayman Island in year 2012.

The investment division recorded a pre-tax profit of RM3.56 million in the current financial period as compared to pre-tax loss of RM14.28 million in the previous corresponding period. The better performance in the current period was mainly due to a higher gain on derivatives and favourable foreign exchange rate movement on the Group's loans and deposits which were denominated in Australian dollar and US dollar respectively.

**(b) Current Year Quarter vs. Previous Year's Corresponding Quarter**

The Group recorded a revenue of RM178.67 million and a pre-tax profit of RM17.96 million for the 3rd quarter of 2013 as compared to a revenue of RM125.63 million and a pre-tax loss of RM13.01 million for the previous year's corresponding quarter.

The property division recorded a revenue of RM82.83 million and a pre-tax profit of RM43.66 million for the 3rd quarter of 2013 as compared to a revenue of RM14.44 million and a pre-tax loss of RM3.59 million for the previous year's corresponding quarter. The better performance recorded in the property division during the current year quarter was mainly attributed to higher sales from the Group's Leisure Farm project in Iskandar Malaysia, Johor, the project in Taman Bukit Puncor, Penang and the Bangsar Enclave project in Kuala Lumpur.

**B1. Review of performance (Contd)**

**(b) Current Year Quarter vs. Previous Year's Corresponding Quarter (Contd)**

The hospitality division recorded a revenue of RM95.83 million and a pre-tax loss of RM13.85 million for the 3rd quarter of 2013 as compared to a revenue of RM111.14 million and a pre-tax profit of RM25.75 million for the previous year's corresponding quarter. The weaker performance from the hospitality division was attributed mainly to deconsolidation of SCGC in 4th quarter 2012 and the weaker market conditions for 5 star hotels in Australia in this current year quarter, as well as insurance recoveries received in previous year's corresponding quarter as mentioned above.

The investment division recorded a RM16.41 million pre-tax loss in the current year 3rd quarter as compared to RM11.18 million pre-tax loss in the previous year's corresponding quarter. The weaker performance was mainly due to unfavourable foreign exchange loss in relation to derivatives transactions.

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

The Group recorded a revenue of RM178.67 million and an operating profit of RM13.40 million for the 3rd quarter of 2013 as compared to a revenue of RM204.90 million and an operating profit of RM45.29 million for the 2nd quarter of 2013. The weaker performance in the current quarter was mainly due to a weaker performance in its hospitality segment. Despite a lower revenue, the Group recorded a better performance in pre-tax profit of RM17.96 million for 3rd quarter 2013 as compared to pre-tax loss of RM81.63 million for the preceding quarter mainly due to share of loss in AVEO primarily attributable to impairment loss suffered in 2nd quarter 2013.

The property division recorded a revenue of RM82.83 million and a pre-tax profit of RM43.66 million for the 3rd quarter of 2013 as compared to a revenue of RM112.85 million and pre-tax profit of RM35.00 million in the 2nd quarter of 2013. Despite the decrease in revenue, the property division recorded better performance in pre-tax profit mainly due to a better product mix, mainly from the Group's Leisure Farm project in Iskandar Malaysia, Johor which enjoyed higher profit margin in bungalow lots sales in the current quarter.

The hospitality division recorded a revenue of RM95.83 million and a pre-tax loss of RM13.85 million for the 3rd quarter of 2013 as compared to a revenue of RM92.05 million and pre-tax loss of RM10.06 million for the 2nd quarter of 2013. The marginal increase in revenue was mainly due to higher occupancy rate in the hotels in Australia. The pre-tax loss was higher as compared to the previous quarter mainly due to lower average room rates which resulted from the weaker market conditions of 5 star hotels in Australia.

The investment division reported a pre-tax loss of RM16.41 million for the 3rd quarter of 2013 as compared to a pre-tax profit of RM20.35 million for the 2nd quarter of 2013. The better performance in the preceding quarter was mainly due to favourable foreign exchange gains as mentioned above.

**B3. Prospects**

We remain optimistic of the long term future of the Group. The Group is well positioned to take advantage of opportunities for future growth opportunities based on its strong balance sheet and prime assets located across Australia and Malaysia including Iskandar Malaysia in Johor.

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

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

**MULPHA INTERNATIONAL BHD (19764-T)**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013**

**B5. Profit/(Loss) Before Tax**

	3rd Quarter Ended		9 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at loss before tax from continuing operations:-				
Interest income	(4,133)	(1,982)	(8,266)	(9,299)
Dividend income	(2,749)	(141)	(4,145)	(1,279)
Rental income	(6,713)	(8,824)	(21,303)	(25,492)
Interest expense	15,288	16,401	48,580	50,235
Depreciation and amortisation	15,004	16,182	46,316	47,228
(Reversal)/Impairment on allowance of doubtful debts	(804)	1,551	993	(2,901)
Write back of inventories	(26)	(675)	(330)	(1,265)
Gain on disposal of assets classified as held for sale	-	-	-	(6,074)
Bad debt recovery	(696)	-	(655)	-
Gain on disposal of investment properties and other investments	(1,140)	(178)	(1,584)	(178)
(Gain)/loss on disposal of property, plant and equipment	(201)	33	(2,049)	33
Fair value adjustment for assets held at fair value through profit or loss	(516)	-	(665)	-
Gain on partial disposal of a subsidiary	(724)	-	(724)	-
Loss/(gain) on foreign exchange	7,653	4,281	(17,525)	(683)
Gain on derivatives	(1,052)	(321)	(7,829)	(2,835)

**B6. Income tax expense/(benefit)**

	3rd Quarter Ended		9 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
- Malaysia	12,439	1,122	16,090	3,247
Deferred tax				
- Malaysia	(3,874)	(12)	(8,525)	518
- Foreign	(2,570)	(26,288)	(10,783)	(28,082)
	(6,444)	(26,300)	(19,308)	(27,564)
Under/(over) provision of taxation in prior years	727	5	1,117	(136)
	6,722	(25,173)	(2,101)	(24,453)

**B7. Status of Corporate Proposals**

- (i) On 5 June 2013, Mayfair Ventures Sdn Bhd, a wholly-owned subsidiary of Mulpha Land Berhad ("MLB"), which in turn a subsidiary of the Company, is proposing to acquire two (2) adjacent parcels of leasehold land held under PN 30649, Lot 212 and PN 30650, Lot 213 respectively, both within Mukim Bandar Damansara, Daerah Petaling, Negeri Selangor, from Tropicana Golf & Country Resort Berhad, a wholly-owned subsidiary of Tropicana Corporation Berhad (formerly known as Dijaya Corporation Berhad), for a total cash consideration of RM116,123,925.42.

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

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

- (ii) On 29 July 2013, MLB announced the following proposals:-
- (a) MLB has proposed to dispose of a parcel of freehold land held under Geran 449268, Lot 137699, Mukim Pulai, Daerah Johor Bahru, Negeri Johor, to Leisure Farm Equestrian Sdn Bhd ("LFESB"), a wholly-owned subsidiary of Leisure Farm Corporation Sdn Bhd, which in turn is wholly-owned by the Company, for a consideration of RM14,915,000.
- (b) Indahview Sdn Bhd, a wholly-owned subsidiary of MLB, has proposed to dispose of a parcel of freehold land held under Geran 333611, Lot 49255, Mukim Pulai, Daerah Johor Bahru, Negeri Johor, to LFESB for a consideration of RM4,750,000.
- (c) MLB has entered into a conditional share sale agreement with Mulpha Group Services Sdn Bhd ("MGS"), a wholly-owned subsidiary of the Company, to acquire 3,196,588 ordinary shares of RM1.00 each in Mulpha Properties (M) Sdn Bhd ("MPM"), representing 100% of the issued and paid-up share capital of MPM ("Proposed MPM Acquisition"), for a cash consideration of RM47,072,424 or 23% of the gross sale value (whichever is higher) for an intended development of high-rise serviced residences on a parcel of land measuring 86,865 square feet in Section 13, Jalan Semangat of Petaling Jaya, which shall be satisfied on a deferred payment basis in the form of a bullet payment at the end of the third year from the completion of the Proposed MPM Acquisition.
- (d) MLB has proposed a bonus issue of 136,981,500 new ordinary shares of RM0.10 each in MLB ("Bonus Shares") on the basis of three (3) Bonus Shares for every two (2) existing shares of MLB held on an entitlement date to be determined later.

The above proposals are not inter-conditional upon one another and subject to the following approvals being obtained:-

- (a) The shareholders of MLB at an extraordinary general meeting to be convened;
- (b) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities; and
- (c) Any other relevant authorities (if applicable).

**B7. Status of Corporate Proposals (Contd)**

(iii) On 30 August 2013, Mulpha Land Berhad ("MLB") has proposed to undertake a joint venture with MJC Development Sdn Bhd ("MJC"), a wholly-owned subsidiary of Mudajaya Corporation Berhad ("MCB"), which in turn is a wholly-owned subsidiary of Mudajaya Group Berhad ("MGB"), in respect of Mayfair Ventures Sdn Bhd ("MVSB"), a wholly-owned subsidiary of MLB, whereby MLB and MJC will subscribe for 51% and 49% of the enlarged issued and paid-up share capital of MVSB respectively. The said proposed joint venture is subject to the following approvals being obtained:-

- (a) The shareholders of MLB at an extraordinary general meeting to be convened; and
- (b) Any other relevant authorities (if applicable).

**B8. Group Loans and Borrowings**

The details of the loans and borrowings as at 30 September 2013 are as follows:-

	RM'000	RM'000
Short term - Secured	548,924	
- Unsecured	12,847	561,771
Long term - Secured		774,833
		1,336,604

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

			RM'000 equivalent
Australian Dollar	AUD '000	273,402	828,408
US Dollar	USD '000	60,150	196,089
Japanese Yen	JPY '000	7,276,400	242,304

**B9. 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.

**B10. Dividend**

The Board of Directors does not recommend any dividend for the current financial period ended 30 September 2013.

**B11. Loss Per Share**

The basic loss 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.

	9 Months Ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
<b>(a) <u>Continuing operations</u></b>		
Loss for the period	(71,662)	(281,700)
Non-controlling interests	<u>(2,569)</u>	<u>(17,093)</u>
Loss attributable to equity holders of the parent	<u>(74,231)</u>	<u>(298,793)</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	2,197,128	2,311,524
Effect of share buy back	<u>(28,041)</u>	<u>(21,970)</u>
Weighted average number of ordinary shares at 30 September	<u>2,169,087</u>	<u>2,289,554</u>
Basic loss per share (sen)	<u>(3.42)</u>	<u>(13.05)</u>
<b>(b) <u>Discontinued operation</u></b>		
Profit for the period	-	39,993
Non-controlling interests	<u>-</u>	<u>-</u>
Profit attributable to equity holders of the parent	<u>-</u>	<u>39,993</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	-	2,311,524
Effect of share buy back	<u>-</u>	<u>(21,970)</u>
Weighted average number of ordinary shares at 30 September	<u>-</u>	<u>2,289,554</u>
Basic earnings per share (sen)	<u>-</u>	<u>1.75</u>
<b>(c) Total basic loss per share (sen)</b>	<u>(3.42)</u>	<u>(11.30)</u>

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

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	745,602	769,832
- Unrealised	(10,192)	(36,215)
(ii) Associates		
- Realised	207,422	188,548
- Unrealised	-	22
- Breakdown unavailable *	(588,493)	(482,118)
(iii) Jointly-controlled entities		
- Realised	23,925	32,000
- Unrealised	5,376	1,006
	<u>383,640</u>	<u>473,075</u>
Less: Consolidated Adjustments	<u>(117,026)</u>	<u>(132,209)</u>
Total group retained earnings as per consolidated accounts	<u>266,614</u>	<u>340,866</u>

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