

MULPHA INTERNATIONAL BHD (19764-T)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2009

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009

	CURRENT QUARTER ENDED 30.06.2009	COMPARATIVE QUARTER ENDED 30.06.2008	6 MONTHS CUMULATIVE TO 30.06.2009	6 MONTHS CUMULATIVE TO 30.06.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	191,242	245,331	357,858	512,596
Operating expenses	(174,295)	(236,606)	(365,043)	(505,080)
Other operating income	14,865	31,861	23,581	49,224
Profit from operations	31,812	40,586	16,396	56,740
Finance costs	(15,238)	(22,027)	(29,536)	(40,441)
Share of profit/(loss) of associates	(87,380)	8,031	(74,864)	13,200
Share of profit of jointly-controlled entities	3,813	15,421	6,143	19,452
Profit/(Loss) before tax	(66,993)	42,011	(81,861)	48,951
Taxation	(3,398)	(218)	1,968	(3,749)
Profit/(Loss) for the period	(70,391)	41,793	(79,893)	45,202
Attributable to:				
Equity holders of the parent	(79,841)	38,581	(91,874)	43,194
Minority interests	9,450	3,212	11,981	2,008
Profit/(Loss) for the period	(70,391)	41,793	(79,893)	45,202
Earnings/(Loss) per share (sen):-				
- Basic	(6.78)	3.23	(7.80)	3.62
- Fully diluted	(6.78)	3.23	(7.80)	3.62

(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 2008)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	<i>Note</i>	UNAUDITED AS AT 30.06.2009 RM'000	AUDITED AS AT 31.12.2008 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	<i>A9</i>	1,395,710	1,167,660
Investment properties		21,850	21,545
Prepaid lease payments		14,695	14,716
Investments in associates		743,148	716,544
Investments in jointly-controlled entities		218,703	177,300
Other receivables		72,960	71,786
Available for sale financial assets		2,470	2,394
Other investments		1,160	1,160
Land held for property development		546,488	596,553
Goodwill		16,155	13,589
		3,033,339	2,783,247
CURRENT ASSETS			
Property development costs		373,414	233,336
Inventories		70,673	91,190
Trade and other receivables		229,025	259,815
Financial assets at fair value through profit or loss	<i>B7</i>	26,321	17,406
Tax recoverable		1,282	5,903
Cash and bank balances		253,214	310,832
		953,929	918,482
TOTAL ASSETS		3,987,268	3,701,729

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	<i>Note</i>	UNAUDITED AS AT 30.06.2009 RM'000	AUDITED AS AT 31.12.2008 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		588,978	627,485
Share premium		699,090	797,104
Treasury shares	<i>A6</i>	-	(97,999)
Reserves		360,496	131,676
Retained earnings		416,343	508,189
		<u>2,064,907</u>	<u>1,966,455</u>
Minority interests		176,525	160,751
Total equity		<u>2,241,432</u>	<u>2,127,206</u>
Non-current liabilities			
Bank borrowings	<i>B9a</i>	40,881	803,882
Other borrowings	<i>B9b</i>	147,032	117,606
Deferred tax liabilities		122,927	112,932
Lease and hire purchase payables		14,255	15,204
Other long term liabilities		4,070	3,433
		<u>329,165</u>	<u>1,053,057</u>
Current liabilities			
Trade and other payables		288,286	294,643
Provisions for liabilities		11,853	9,811
Bank borrowings	<i>B9a</i>	1,050,822	207,510
Other borrowings	<i>B9b</i>	56,906	1,769
Tax payable		8,804	7,733
		<u>1,416,671</u>	<u>521,466</u>
Total Liabilities		<u>1,745,836</u>	<u>1,574,523</u>
TOTAL EQUITY AND LIABILITIES		<u>3,987,268</u>	<u>3,701,729</u>
Net assets per share (RM)		<u>1.75</u>	<u>1.67</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2008)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2009

	----- Attributable to Equity Holders of the Parent ----->								Total Shareholders Equity RM'000	Minority Interest RM'000	Total Equity RM'000
	----- Non-distributable ----->				<Distributable>						
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Retained Profit RM'000	Treasury shares RM'000			
At 1 January 2009	627,485	797,104	1,355	(11,504)	74,200	67,625	508,189	(97,999)	1,966,455	160,751	2,127,206
Net profit/(loss) for the period	-	-	-	-	-	-	(91,874)	-	(91,874)	11,981	(79,893)
Available-for-sale financial assets:											
Fair value movement	-	-	-	-	-	(139)	-	-	(139)	-	(139)
Purchase of treasury shares	-	-	-	-	-	-	-	(15)	(15)	-	(15)
Movement in subsidiaries' net assets and group reserve	-	-	-	191,286	9	-	-	-	191,295	3,793	195,088
Convertible Notes - equity component	-	-	-	-	-	(815)	-	-	(815)	-	(815)
Transfer within reserves	-	-	-	-	(28)	-	28	-	-	-	-
Cancellation of treasury shares	(38,507)	(98,014)	-	-	38,507	-	-	98,014	-	-	-
At 30 June 2009	588,978	699,090	1,355	179,782	112,688	66,671	416,343	-	2,064,907	176,525	2,241,432
At 1 January 2008	627,485	797,104	1,415	209,819	80,870	101,901	621,868	(54,641)	2,385,821	152,991	2,538,812
Net profit for the period	-	-	-	-	-	-	43,194	-	43,194	2,008	45,202
Available-for-sale financial assets:											
Fair value movement	-	-	-	-	-	(56,059)	-	-	(56,059)	-	(56,059)
Purchase of treasury shares	-	-	-	-	-	-	-	(34,174)	(34,174)	-	(34,174)
Movement in subsidiaries' net assets and group reserve	-	-	-	114,874	-	-	-	-	114,874	(6,211)	108,663
Convertible Notes - equity component	-	-	-	-	-	(892)	-	-	(892)	-	(892)
At 30 June 2008	627,485	797,104	1,415	324,693	80,870	44,950	665,062	(88,815)	2,452,764	148,788	2,601,552

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2008)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009

	<-----6 MONTHS ENDED----->	
	30.06.2009	30.06.2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(81,861)	48,951
Adjustments for non-cash items	84,857	53,964
Operating profit before changes in working capital	2,996	102,915
Changes in working capital		
Net change in current assets	(4,600)	(33,767)
Net change in current liabilities	(29,525)	5,137
Net change in working capital	(34,125)	(28,630)
Cash generated from/(used in) operations	(31,129)	74,285
Interest paid	(29,536)	(40,441)
Interest received	7,777	11,324
Income tax refund/(paid)	4,335	(293)
Staff benefits paid	(7,431)	(7,493)
Net cash generated from/(used in) operating activities	(55,984)	37,382
CASH FLOWS FROM INVESTING ACTIVITIES		
Refurbishment of investment properties	(497)	(2,830)
Purchase of property, plant and equipment	(76,184)	(42,616)
Proceeds from sale of property, plant and equipment	614	1,995
Refund/(Payment) of deposit for property, plant and equipment	47,058	(39,142)
Purchase of available for sale financial assets	-	(130,544)
Other investments	9,558	9,200
Net cash used in investing activities	(19,451)	(203,937)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009

	<-----6 MONTHS ENDED----->	
	30.06.2009	30.06.2008
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits uplifted	13,901	5,876
Payment of finance lease liabilities	(5,166)	(4,645)
Purchase and cancellation of treasury shares by the Company	(15)	(34,174)
Purchase and cancellation of treasury shares by a subsidiary	(10,551)	-
Net drawdown of borrowings	4,635	172,303
Other receivables	(1,095)	-
Dividend paid to minority interest	-	(1,640)
Net cash generated from financing activities	1,709	137,720
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,726)	(28,835)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	267,828	354,514
FOREIGN CURRENCY DIFFERENCES ON OPENING CASH AND CASH EQUIVALENTS	34,136	16,832
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	228,238	342,511

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 2008)

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 Standard 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 2008.

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 2008.

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 2008 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

An associate company, FKP Property Group ("FKP") announced significant assets impairment during the current quarter. As a result, the Group share of loss in FKP for the period ended 30 June 2009 amounted to RM92.9 million. Other than the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current period ended 30 June 2009.

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 period.

A6. Changes in Debt And Equity Securities

During the financial period ended 30 June 2009, the Company bought back 32,000 ordinary shares of RM0.50 each at an average cost of RM0.45 per share. The shares bought back have been retained as treasury shares. On 22 May 2009, the Board of Directors resolved to cancel all the treasury shares of the Company comprising of 77,015,000 ordinary shares of RM0.50 each. Following the cancellation, the Company's issued and paid-up share capital decreased from RM627,485,790 to RM588,978,290.

MULPHA INTERNATIONAL BHD (19764-T)
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2009

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the period ended 30 June 2009 is set out below:

	Revenue RM'000	Profit/(Loss) Before Tax RM'000
Business Segment		
Property	170,321	8,067
Hospitality	91,569	4,929
Manufacturing	57,294	10,620
General Trading	38,367	5,277
Investment	-	(3,441)
Others	307	(9,056)
External Sales	<u>357,858</u>	<u>16,396</u>
Finance cost		(29,536)
Share of results of associates/ jointly controlled entities		(68,721)
	<u><u>357,858</u></u>	<u><u>(81,861)</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 2009 amounted to RM44.2 million.

A11. Material Events Subsequent To The Balance Sheet Date

There are no material events subsequent to 30 June 2009 to be disclosed.

A12. Changes In The Composition Of the Group

Manta Professional Services Limited ("MPSL"), an indirect 88% owned subsidiary of the Company, was deregistered and dissolved on 13 February 2009. MPSL was dissolved as it was inactive.

LF Polo Management Pte Ltd ("LFPM"), an indirect 100% owned subsidiary of the Company, was struck-off on 15 April 2009. The Company had arranged for LFPM to be struck-off as LFPM was inactive.

In July, Mulpha International Bhd purchased Rosetec Investments Limited, a shelf company incorporated in British Virgin Islands at a consideration of USD1,860 (approximately RM6,500).

The Company has on 14 August 2009 incorporated Mulpha SPV Limited as an offshore company limited by shares in Labuan at a cost of USD2,000 (approximately RM7,000).

A13. Changes In Contingent Liabilities or Contingent Assets

(a) Changes in the contingent liabilities since 31 December 2008 are as follows:-

	Increase/(Decrease) RM'000
Guarantees given to third parties	2,752
Machineries buy back option	(3,310)
	<u>(558)</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

For the six months period ended 30 June 2009, the Group recorded a revenue of RM357.9 million and a loss after tax of RM79.9 million as compared to a revenue of RM512.6 million and a profit after tax of RM45.2 million for the corresponding period ended 30 June 2008. The weaker performance for the current period was mainly due to lower contribution from the Group's property and hotel operations in Australia and its equity share of loss of an associate's results which were primarily attributable to impairment losses.

B2. Comparisons With Preceding Quarter's Results

The Group recorded a loss after tax of RM70.4 million for the 2nd quarter of 2009 as compared to a loss after tax of RM9.5 million for the 1st quarter of 2009. The weaker results of the current quarter were mainly due to the Group's equity share of loss of an associate's results which were primarily attributable to impairment losses. This was partly mitigated by improvement in contribution from the Group's property operations in the current quarter.

B3. Current Year Prospects

Given the difficult global economic conditions, the Group's prospects for the remainder of 2009 are expected to be challenging.

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	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
- Malaysian	515	(138)	1,021	(116)
- Foreign	1,319	1,173	1,706	2,396
	<u>1,834</u>	<u>1,035</u>	<u>2,727</u>	<u>2,280</u>
Deferred tax				
- Malaysian	(44)	(664)	(50)	(1,307)
- Foreign	1,290	(153)	(4,935)	4,587
	<u>1,246</u>	<u>(817)</u>	<u>(4,985)</u>	<u>3,280</u>
Under/(over) provision of taxation in prior years	318	-	290	(1,811)
	<u>3,398</u>	<u>218</u>	<u>(1,968)</u>	<u>3,749</u>

SECOND FINANCIAL QUARTER ENDED 30 JUNE 2009

B6. Profit on Sale of Unquoted Investments or Properties

There was no material sale of unquoted investments and properties (not in the ordinary course of business of the Group) for the period ended 30 June 2009.

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:-

	2nd Quarter Ended 30.6.2009 RM'000	Cumulative Period Ended 30.06.2009 RM'000
Total purchases at cost	<u>23,947</u>	<u>27,830</u>
Total disposal (at disposal value)	<u>14,102</u>	<u>14,115</u>
Total loss on disposal	<u>(8,798)</u>	<u>(9,001)</u>

(b) Investments in quoted securities as at 30 June 2009 by the Group in the ordinary course of business are as follows:-

	RM'000
Total investment at cost	<u>54,480</u>
Total investment at market value	<u>26,321</u>

B8. Status of Corporate Proposals

(a) Increase holding in FKP Property Group ("FKP") Securities

Prior to the the FKP rights issue of 2.3 new FKP securities for every one existing FKP security held at AUD0.40 per security, the Mulpha International Bhd ("MIB") Group held 80,119,102 FKP securities equivalent to a 22.74% interest in FKP. In July 2009, the MIB Group has subscribed fully to its entitlement of the FKP rights issue of 184,273,935 new FKP securities and sub-underwritten 26,824,619 new FKP securities, resulting in the MIB Group holding a total of 291,217,656 FKP securities, representing 25.08% interest in the enlarged FKP total issued securities.

The MIB Group interest of 25.08% in FKP exceeds the trigger point of 20% for a mandatory general offer ("MGO") as provided for under the Australian Corporations Act 2001. Approval has been obtained from the relevant authorities for MIB Group to hold the 25.08% interest without undertaking a MGO. Approval has also been obtained from the Foreign Investment Review Board of Australia for the MIB Group to acquire up to 83% interest in FKP.

B8. Status of Corporate Proposals (contd.)

(b) Proposed renounceable two-call rights issue

Mulpha International Bhd ("Mulpha") is proposing to undertake a renounceable two-call rights issue of up to 1,526,559,774 new ordinary shares of RM0.50 each ("Shares") in Mulpha ("Rights Shares") at an indicative issue price of RM0.50 per Rights Share on the basis of one Rights Share for every one existing Share held in Mulpha at an entitlement date to be determined later ("Proposed Rights Issue"). The maximum number of 1,526,559,774 Rights Shares was arrived at after taking into account the following:-

- i) issued and paid-up share capital of Mulpha as at 14 August 2009 of RM588,978,289.50 comprising 1,177,956,579 Shares; and
- ii) Mulpha's outstanding warrants 2000/2010 with an exercise price of RM1.50 of 348,603,195 as at 14 August 2009.

The indicative issue price of RM0.50 per Rights Share will be payable in two calls. The first call of RM0.30 per Rights Share will be payable in full on application in cash. The second call of RM0.20 per Rights Share will be capitalised from the Company's share premium account.

The Proposed Rights Issue, based on 1,177,956,579 Rights Shares, is expected to raise gross proceeds of approximately RM353.39 million, which shall be utilised in the following manner:-

	RM'000
Repayment of bank borrowings of the Group	123,000
Working capital of the Group	229,387
Defray estimated expenses relating to Proposed Rights Issue	<u>1,000</u>
	<u>353,387</u>

The Proposed Rights Issue are conditional upon the following being obtained:-

- (a) the approval of the Securities Commission for the proposed exemption to Magic Unicorn Limited, Mount Glory Investments Limited, Yong Pit Chin and persons acting in concert with them from the obligation to extend a mandatory take-over offer for the remaining shares in Mulpha not already owned by them after the Proposed Rights Issue ("Proposed Exemption");
- (b) the approval from Bursa Securities Malaysia Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities;
- (c) the approval of the shareholders of Mulpha at an extraordinary general meeting to be convened for :-
 - (i) the Proposed Rights Issue;
 - (ii) the proposed increase in the Company's authorised share capital from RM1,000,000,000 comprising 2,000,000,000 Shares to RM2,000,000,000 comprising 4,000,000,000 Shares in order to accommodate the issuance of the Rights Share as well as the new Shares arising from the exercise of the Company's outstanding Warrants 2000/2010 and/or future corporate exercises of the Company; and
 - (iii) the proposed amendments to the memorandum and articles of association of the Company for the proposed increase in authorised share capital.
- (d) the approval of the non-interested shareholders of Mulpha for the Proposed Exemption at an extraordinary general meeting to be convened.

B9. Group Borrowings and Debt Securities

(a) The details of the bank borrowings as at 30 June 2009 are as follows:-

	RM'000	RM'000	
Short term - Secured	1,050,186		
- Unsecured	<u>636</u>	1,050,822	
Long term - Secured		<u>40,881</u>	
		<u><u>1,091,703</u></u>	
		'000	RM'000 equivalent

Included in the above Group borrowings are the following bank borrowings raised by foreign subsidiaries and denominated in foreign currencies:

Australian Dollar	AUD	295,109	844,011
Pound Sterling	GBP	2,118	12,414
Hong Kong Dollar	HKD	157,683	71,856
Singapore Dollar	SGD	1,072	2,606
US Dollar	USD	4,191	14,794
			<u><u>945,681</u></u>

An Australian subsidiary has a borrowing of AUD292.4 million (RM836.3 million) that will mature in June 2010. The subsidiary has commenced negotiation with the consortium of banks to renew the facility.

(b) Other borrowings comprise of the following :-

	RM'000	RM'000
Short term -		
Secured : Bonds	2,222	
Unsecured : Revolving Loan	<u>54,684</u>	56,906
Long term -		
Secured : Bonds	107,993	
Unsecured : Convertible Notes	<u>39,039</u>	<u>147,032</u>
		<u><u>203,938</u></u>

B10. Material Litigation

As at the date of this report, there was no pending material litigation which would 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 2009.

B12. Earnings/(Loss) Per Share

The basic earnings/(loss) per share for the period ended 30 June 2009 is computed by dividing the loss of RM91,874,000 (2008: profit of RM43,194,000) attributable to equity holders of the parent by the weighted average number of 1,177,959,246 (2008: 1,194,142,529) ordinary shares in issue during the period, excluding treasury shares held by the Company.

The effects on the basic earnings/(loss) per share for the current financial period arising from the assumed conversion of the warrants are anti-dilutive. Accordingly, the diluted earnings/(loss) per share for the current period is presented as equal to basic earnings/(loss) per share.

By Order Of The Board

NG SENG NAM
Company Secretary

Petaling Jaya
21 August 2009