

MULPHA INTERNATIONAL BHD^(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2015

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.09.2015 RM'000	COMPARATIVE QUARTER ENDED 30.09.2014 RM'000	9 MONTHS CUMULATIVE TO 30.09.2015 RM'000	9 MONTHS CUMULATIVE TO 30.09.2014 RM'000
<i>Continuing operations</i>					
Revenue		174,079	296,797	597,278	601,530
Operating expenses		(200,388)	(279,017)	(644,150)	(617,605)
Other operating income		65,855	54,926	184,613	77,694
Profit from operations		39,546	72,706	137,741	61,619
Finance costs		(28,192)	(25,102)	(84,442)	(66,963)
Share of profit of associates		22,876	13,163	30,722	38,701
Share of profit of jointly-controlled entities		239	(17)	627	5,227
Profit before tax	B5	34,469	60,750	84,648	38,584
Income tax benefit/(expense)	B6	2,607	(10,808)	5,140	(14,396)
Profit for the period from continuing operations		37,076	49,942	89,788	24,188
<i>Discontinued operation</i>					
Profit for the period from discontinued operation		-	-	-	29,025
Profit for the period		37,076	49,942	89,788	53,213
Attributable to:					
Owners of the Company		37,076	44,052	91,629	48,971
Non-controlling interests		-	5,890	(1,841)	4,242
Profit for the period		37,076	49,942	89,788	53,213
Earnings per share (sen):-					
- Basic/Diluted	B11	1.95	2.06	4.29	2.30

(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 2014 and the accompanying explanatory notes attached to the interim financial statements)

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PART A1 : QUARTERLY REPORT

I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.09.2015 RM'000	COMPARATIVE QUARTER ENDED 30.09.2014 RM'000	9 MONTHS CUMULATIVE TO 30.09.2015 RM'000	9 MONTHS CUMULATIVE TO 30.09.2014 RM'000
Profit for the period	37,076	49,942	89,788	53,213
Available-for-sale financial assets reclassified to profit or loss	(16,486)	-	(16,486)	-
Foreign currency translation differences for foreign operations	71,532	(116,073)	58,400	(29,711)
Fair value movement of available- for-sale financial assets	133	(10,742)	(10,204)	(646)
Share of other comprehensive income/ (expense) of associates	2,181	(2,194)	7,226	(3,840)
Reclassification to profit or loss on disposal of subsidiaries	-	-	(16,099)	(10,552)
Reclassification to profit or loss on dilution of interest in associates	-	-	(544)	-
Other comprehensive income/(expense) for the period, net of tax	<u>73,846</u>	<u>(129,009)</u>	<u>22,293</u>	<u>(44,749)</u>
Total comprehensive income/(expense) for the period	<u>110,922</u>	<u>(79,067)</u>	<u>112,081</u>	<u>8,464</u>
Attributable to :				
Owners of the Company	110,922	(84,148)	113,922	4,222
Non-controlling interests	-	5,081	(1,841)	4,242
Total comprehensive income/(expense) for the period	<u>110,922</u>	<u>(79,067)</u>	<u>112,081</u>	<u>8,464</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,091,543	1,011,017
Investment properties		415,667	21,962
Investment in associates		1,342,473	1,181,490
Investment in jointly-controlled entities		3,487	2,534
Investment securities		2,884	88,447
Other investments		5,080	5,080
Goodwill		2,722	9,113
Inventories		793,168	813,842
Other non-current assets		15,591	18,469
Deferred tax assets		60,816	53,750
		<u>3,733,431</u>	<u>3,205,704</u>
Current assets			
Inventories		548,250	593,189
Trade and other receivables		227,111	260,710
Other current assets		22,547	18,360
Investment securities		6,379	6,682
Income tax recoverable		11,389	10,633
Cash and cash equivalents		562,691	600,796
		<u>1,378,367</u>	<u>1,490,370</u>
TOTAL ASSETS		<u>5,111,798</u>	<u>4,696,074</u>

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PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,177,957	1,177,957
Share premium		579,863	579,863
Treasury shares	<i>A6</i>	(92,137)	(92,115)
Reserves		283,125	260,797
Retained earnings		524,305	432,711
		2,473,113	2,359,213
Non-controlling interests		-	44,346
Total equity		2,473,113	2,403,559
Non-current liabilities			
Trade and other payables		12,330	13,491
Provision for liabilities		2,044	2,179
Loans and borrowings	<i>B8</i>	1,290,017	794,648
		1,304,391	810,318
Current liabilities			
Trade and other payables		226,075	272,045
Other current liabilities		3,730	14,801
Provision for liabilities		24,963	20,365
Loans and borrowings	<i>B8</i>	1,072,413	1,163,079
Derivative liabilities		731	4,928
Income tax payable		6,382	6,979
		1,334,294	1,482,197
Total liabilities		2,638,685	2,292,515
TOTAL EQUITY AND LIABILITIES		5,111,798	4,696,074
Net assets per share (RM)		1.16	1.11

(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 2014 and the accompanying explanatory notes attached to the interim financial statements)

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<-----> Attributable to Owners of the Company ----->
 <-----> Non-distributable -----> <Distributable>

	Share Capital RM'000	Share Premium RM'000	Share Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total Controlling Interests RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559
Total comprehensive income/ (expense) for the period	-	-	60,147	(16,099)	(21,755)	-	91,629	113,922	(1,841)	112,081
Purchase of treasury shares	-	-	-	-	-	(22)	-	(22)	-	(22)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(42,505)	(42,505)
Transfer within reserves	-	-	-	35	-	-	(35)	-	-	-
Total transactions with owners of the Company	-	-	-	35	-	(22)	(35)	(22)	(42,505)	(42,527)
At 30 September 2015	1,177,957	579,863	184,393	101,663	(2,931)	(92,137)	524,305	2,473,113	-	2,473,113
At 1 January 2014	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	2,285,411	52,130	2,337,541
Total comprehensive income/ (expense) for the period	-	-	(39,005)	-	(5,744)	-	48,971	4,222	4,242	8,464
Purchase of treasury shares	-	-	-	-	-	(66)	-	(66)	-	(66)
Changes in ownership interest in a subsidiary	-	-	-	2,341	-	-	-	2,341	(2,641)	(300)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(3,745)	(3,745)
Disposal of shares in subsidiaries	-	-	-	-	-	-	(2)	(2)	(1,809)	(1,811)
Total transactions with owners of the Company	-	-	-	2,341	-	(66)	(2)	2,273	(8,195)	(5,922)
At 30 September 2014	1,177,957	579,863	140,977	117,727	9,963	(92,115)	357,534	2,291,906	48,177	2,340,083

(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 2014 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<-----9 MONTHS ENDED----->	
		30.09.2015	30.09.2014
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation			
- Continuing operations		84,648	38,584
- Discontinued operation		-	29,087
		84,648	67,671
Adjustments for non-cash items:			
Bad debts recovered		(8)	(9)
Depreciation of property, plant and equipment (including discontinued operation)		40,482	39,896
Dividend income		(16)	(3,349)
Fair value loss on financial assets at fair value through profit or loss		2,190	(2,155)
Gain on disposal of investment properties		-	(13,922)
Gain on disposal of investment securities and other investments		(4,152)	(172)
(Gain)/loss on disposal of property, plant and equipment		(81)	4
Gain on disposal of subsidiaries	A13(a)	(50,385)	-
Gain on disposal of discontinued operation		-	(28,431)
Gain on partial disposal of associates		(1,411)	-
Gain on dilution of interests in associates		(9,835)	-
Impairment loss on inventories		16	7
Impairment loss on investment securities		(764)	5,896
Interest expense (including discontinued operation)		84,442	67,000
Interest income (including discontinued operation)		(3,095)	(4,224)
Net unrealised foreign exchange gain		(32)	-
Net allowance for/(reversal of) doubtful debts		491	(4,050)
Property, plant and equipment written off		-	12
Provision for staff benefits		10,843	9,140
Provision for liabilities		-	15,150
Reversal of impairment loss on associates		-	(3,000)
Share of profit of associates		(30,722)	(38,701)
Share of profit of jointly-controlled entities		(627)	(5,227)
Operating profit before changes in working capital		121,984	101,536
Changes in working capital			
Inventories		(81,638)	16,515
Receivables		14,451	(41,237)
Other current assets		(8,384)	(947)
Other non-current assets		3,358	210
Financial assets at fair value through profit or loss		-	(91)
Payables		(19,019)	(20,231)
Other non-current liabilities		(2,439)	-
Net change in working capital		(93,671)	(45,781)
Cash generated from operations		28,313	55,755
Interest paid		(84,442)	(67,000)
Interest received		3,095	4,224
Income tax paid		(2,897)	(21,347)
Staff benefits paid		(8,702)	(8,021)
Net cash used in operating activities		(64,633)	(36,389)

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<-----9 MONTHS ENDED----->	
		30.09.2015	30.09.2014
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-controlling interest		-	(300)
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	5,537
Additional investment in associates		-	(115,883)
Additional investment in a jointly-controlled entity		-	(3,669)
Proportionate consolidation of a jointly-controlled operation, net of cash and cash equivalents acquired		1,985	-
Dividend received from associates and jointly-controlled entity		30,457	26,409
Dividend received from other investments		16	3,349
Purchase of property, plant and equipment		(29,626)	(192,409)
Purchase of an investment property		(366,149)	-
Proceeds from partial disposal of associates		3,890	-
Proceeds from disposal of property, plant and equipment		294	354
Proceeds from disposal of investment securities and other investments		65,506	35,901
Proceeds from disposal of discontinued operation, net of cash and cash equivalents disposed of		-	29,795
Disposal of subsidiaries, net of cash and cash equivalents disposed of	A13(a)	(9,306)	-
Refurbishment of investment properties		(27)	(205)
Net cash used in investing activities		<u>(302,960)</u>	<u>(211,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to non-controlling interests		-	(3,745)
Payment of finance lease liabilities		(133)	(6,076)
Purchase of treasury shares by the Company		(22)	(66)
Withdrawal of pledged cash and deposits		59,594	5,472
Net drawdown of borrowings		328,497	218,415
Net cash generated from financing activities		<u>387,936</u>	<u>214,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,343	(33,510)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		106,452	134,941
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,953	(13,661)
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	Note A	<u>128,748</u>	<u>87,770</u>
Note A			
Included in cash and cash equivalents as at 30 September are the following:			
- Cash and deposits with licensed banks		562,690	614,634
- Bank overdrafts		(1,353)	(9,282)
- Cash and deposits pledged		(432,588)	(517,582)
		<u>128,749</u>	<u>87,770</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 2014 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 2014.

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 2014 except for the adoption of the following:

- 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)

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

Aveo Group (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 2014 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 quarter ended 30 September 2015.

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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

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 2015, the Company has bought back 60,000 ordinary shares of RM0.50 each at average cost of RM0.37 per share. As at 30 September 2015, 222,259,800 ordinary shares of RM0.50 each were retained as treasury shares.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the period ended 30 September 2015 and 2014 are set out below:

<u>Revenue</u>	9 months ended 30.09.2015			9 months ended 30.09.2014		
	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segment						
Property	260,816	-	260,816	338,334	-	338,334
Hospitality	318,184	-	318,184	261,452	2,697	264,149
Investment and others	18,278	-	18,278	1,744	-	1,744
	<u>597,278</u>	<u>-</u>	<u>597,278</u>	<u>601,530</u>	<u>2,697</u>	<u>604,227</u>
<u>Profit/(Loss) Before Tax</u>						
Property	59,218	-	59,218	116,075	-	116,075
Hospitality	(10,360)	-	(10,360)	(49,747)	656	(49,091)
Investment and others	88,883	-	88,883	(4,709)	28,431	23,722
	<u>137,741</u>	<u>-</u>	<u>137,741</u>	<u>61,619</u>	<u>29,087</u>	<u>90,706</u>
Finance costs	(84,442)	-	(84,442)	(66,963)	-	(66,963)
Share of results of associates/ jointly-controlled entities	31,349	-	31,349	43,928	-	43,928
	<u>84,648</u>	<u>-</u>	<u>84,648</u>	<u>38,584</u>	<u>29,087</u>	<u>67,671</u>

A9. Related Party Disclosures

Below are the significant related party transactions, which were carried out on terms and conditions negotiated amongst the related parties:

	3rd Quarter Ended		9 Months Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Agency fee expense	127	388	347	984
Dividend income	253	18,114	8,524	25,331
Director fees received	63	64	187	194
Interest expense	-	-	240	-
Project management fee expense	-	-	20	-
Sale proceeds from disposal of land	-	-	-	44,700
Rental income	485	192	956	949
Rental expense	180	180	540	540
Share service income	71	541	587	1,791
B. Other related parties				
Non-controlling interests of a subsidiary				
- Interest expense	-	25	29	75
A company related to a director				
- Director fees income	63	-	63	-
- Rental income	47	-	47	-
- Sale proceeds from disposal of investment securities	54,674	-	54,674	-
- Share service income	930	-	930	-
- Trip fee income	418	-	3,276	-
- Other expense	6	-	62	-
A company related to a person connected to a director				
- Interest expense	-	98	50	291
- Other expense	-	160	-	160
- Rental income	159	-	740	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

A10. Valuation Of Property, Plant And Equipment

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

A11. Capital Commitments

Capital commitments for the purchase of investment property, property, plant and equipment as at 30 September 2015 are as below:

	RM'000
(a) Approved and contracted for	76,425
(b) Approved but not contracted for	<u>75</u>

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 September 2015 to be disclosed.

A13. Changes in The Composition Of the Group

(a) Disposal of subsidiaries

The Company entered into a call option agreement ("Call Option Agreement") on 17 May 2012 with Teladan Kuasa Sdn Bhd ("Option Holder") to grant the Option Holder the right to require the Company to sell to the Option Holder up to 75 million ordinary shares in Mulpha Land Berhad (now known as Thriven Global Berhad) ("MLB") (adjusted after the bonus issue exercise of MLB) at an adjusted option price of RM0.47 per share ("Call Option"). The Option Holder paid the Company a non-refundable cash consideration of RM2 million upon execution of the Call Option Agreement. As at 31 December 2014, MLB was a 61.93% owned subsidiary of the Company.

The Option Holder is entitled to exercise the Call Option at any time during the period commencing from the date falling three (3) months after the date of the Call Option Agreement and ending on the day immediately preceding the third anniversary of the Call Option Agreement.

On 6 March 2015, the Option Holder exercised the entire Call Option. The sale and transfer of the 75 million ordinary shares by the Company to the Option Holder was completed on 9 March 2015. Upon completion, the Company owns 29.08% of MLB and MLB became an associate company of the Company.

A13. Changes in The Composition Of the Group (Cont'd)

(a) Disposal of subsidiaries (Cont'd)

Effects on the financial position of the Group:

	2015
	RM'000
Property, plant & equipment	1,173
Investment properties	2,984
Inventories	222,883
Cash and cash equivalents	46,502
Receivables	4,383
Tax recoverable	1,127
Payables	(57,266)
Bank borrowings	(151,973)
Deferred tax liabilities	2,502
Net assets disposed of	72,315
Attributable goodwill	6,409
Realisation of reserves	(16,099)
Minority interest	(42,506)
	<u>20,119</u>
Transfer to investment in associates	(33,308)
Gain on disposal of subsidiaries	50,385
Consideration received after transaction cost, satisfied in cash	37,196
Cash and cash equivalents disposed of	(46,502)
Net cash outflow on disposal	<u>(9,306)</u>

(b) Acquisition of a subsidiary

Mulpha Australia Limited ("MAL"), a wholly-owned subsidiary of the Company, has on 5 May 2015, acquired 800,101 ordinary shares, representing 100% of the total issued and paid-up share capital of MAL Hayman Pty Ltd ("MALH") from Aveo Group Limited for a total consideration of A\$1.00. As a result of the acquisition, MALH has become an indirect wholly-owned subsidiary of the Company.

(c) Incorporation of a subsidiary

Mulpha Australia Limited, a wholly-owned subsidiary of the Company, had on 3 August 2015, incorporated a limited company known as Norwest Flexi Pty Ltd ("NFPL"). NFPL is a company incorporated in Australia with a paid-up share capital of A\$2.00. As a result of the incorporation, NFPL has become an indirect wholly-owned subsidiary of the Company.

A14. Changes in Contingent Liabilities or Contingent Assets

There are no contingent assets and liabilities 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 Quarter vs. Previous Year Corresponding Quarter

The Group recorded revenue of RM174.08 million and pre-tax profit of RM34.47 million for the 3rd quarter of 2015 compared to revenue of RM296.78 million and pre-tax profit of RM60.75 million in the previous corresponding quarter. The weaker performance was mainly attributable to a poorer performance in the property division, partially offset by a better performance in the hospitality and investment divisions as explained below.

The property division registered revenue of RM50.28 million and pre-tax profit of RM12.05 million for the 3rd quarter of 2015 as compared to revenue of RM191.23 million and pre-tax profit of RM61.96 million in the previous year's corresponding quarter. The weaker performance was mainly attributed to lower sales in Group's Leisure Farm development in Johor and deconsolidation of Mulpha Land Berhad (now known as Thriven Global Berhad) as explained in Note A13(a).

The hospitality division (excluding discontinued operations) recorded revenue of RM115.51 million and pre-tax loss of RM0.88 million for the 3rd quarter of 2015 compared with revenue of RM104.77 million and pre-tax loss of RM16.08 million for the previous year's corresponding quarter. The better performance in the 3rd quarter of 2015 was mainly attributed to an improved occupancy rate in the One&Only Hayman Island in Australia.

The investments and other activities division recorded pre-tax profit of RM28.38 million for the 3rd quarter of 2015 as compared to pre-tax profit of RM26.83 million in the previous year's corresponding quarter. The better performance in the 3rd quarter of 2015 was mainly attributed to a higher foreign exchange gain relating to the Group's cash and deposits denominated in US Dollar and a gain on disposal of investment securities of RM4.15 million.

(b) Current Year-to-date vs. Previous Year-to-date

The Group reported revenue of RM597.28 million and pre-tax profit of RM84.65 million for the 9-month period ended 30 September 2015 as compared to revenue (excluding discontinued operations) of RM601.53 million and pre-tax profit (excluding discontinued operations) of RM38.58 million in the corresponding period last year. Despite the Group's marginal drop in revenue of 1%, the Group's pre-tax profit (excluding discontinued operations) recorded a substantial improvement of 119%. This was mainly attributed to:

(a) higher contribution in the investment and others division of RM93.59 million as explained below; and

(b) better performance in the hospitality division by RM39.39 million as explained below.

These improvements were partially offset by a weaker performance in the property division which was lower by RM56.86 million, higher finance cost of RM17.48 million due to higher drawdown of loans and borrowings and a lower share of associates' profit by RM7.98 million.

The property division recorded revenue of RM260.82 million and pre-tax profit of RM59.22 million for the 9-month period ended 30 September 2015 as compared to revenue of RM338.33 million and pre-tax profit of RM116.08 million for the corresponding period last year. The weaker performance was attributed to lower sales in the Group's Leisure Farm development in Johor and deconsolidation of Mulpha Land Berhad (now known as Thriven Global Berhad) as explained in Note A13(a). This was mitigated by better revenue generated from its Sanctuary Cove development located in Queensland, Australia as well as full recognition of results from Mulpha Norwest Pty Limited ("Mulpha Norwest") which is principally involved in property development projects in Sydney, Australia. Mulpha Norwest, previously a jointly-controlled entity, became a wholly-owned subsidiary of the Group in May 2014.

B1. Review of performance (Cont'd)

(b) Current Year-to-date vs. Previous Year-to-date (Cont'd)

The hospitality division recorded revenue of RM318.18 million and pre-tax loss of RM10.36 million for the 9-month period ended 30 September 2015 as compared to revenue (excluding discontinued operations) of RM261.45 million and pre-tax loss (excluding discontinued operations) of RM49.75 million for the corresponding period last year. The better performance in the current period was mainly due to the One&Only Hayman Island in Australia resuming operations after its temporary closure for most of the corresponding period last year to undertake an extensive refurbishment and rebranding program.

The investments and other activities division reported pre-tax profit of RM88.88 million for the 9-month period ended 30 September 2015 as compared to a pre-tax loss (excluding discontinued operations) of RM4.71 million in the corresponding period last year. The stronger performance in the current period was mainly attributed to a gain on disposal of subsidiaries of RM50.39 million, a gain on dilution of interest in associates of RM9.84 million and a favourable foreign exchange rate movement in the Group's cash and deposits which were denominated in US Dollar.

B2. Comparisons With Preceding Quarter's Results

The Group recorded revenue of RM174.08 million and pre-tax profit of RM34.47 million for the 3rd quarter of 2015 compared with revenue of RM259.37 million and pre-tax profit of RM12.30 million for the 2nd quarter of 2015. The Group reported a weaker performance in revenue mainly attributable to a lower contribution from the property division. Despite the Group's lower revenue, the Group achieved a higher pre-tax profit in the preceding quarter mainly due to a better investment segment as explained below.

The property division registered revenue of RM50.28 million and pre-tax profit of RM12.05 million for the 2nd quarter of 2015 as compared to revenue of RM154.37 million and pre-tax profit of RM36.80 million for the 2nd quarter of 2015. The weaker performance in the current quarter was mainly attributed to lower sales generated by the Sanctuary Cove development located in Queensland and the Mulpha Norwest development in Sydney.

The hospitality division recorded revenue of RM115.51 million and pre-tax loss of RM0.88 million for the 3rd quarter of 2015 as compared to revenue of RM98.36 million and pre-tax loss of RM14.03 million for the 2nd quarter of 2015. The better performance in the current quarter was mainly due to seasonal factors.

The Group's investments and other activities division reported pre-tax profit of RM28.38 million for the 3rd quarter of 2015 as compared to pre-tax profit of RM5.53 million for the 2nd quarter of 2015. The stronger performance in the current quarter was mainly due to higher foreign exchange gain relating to the Group's cash and deposits denominated in US Dollar and a gain on disposal of investment securities of RM4.15 million.

B3. Prospects

We remain optimistic that the Group is well positioned for future growth opportunities based on its strong and geographically diversified property portfolio located in Malaysia, Australia and the United Kingdom. Barring any unforeseen circumstances, the Group's performance for the financial year ending 2015 is expected to be satisfactory.

B4. Variance from Profit Forecast or Profit Guarantee

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

MULPHA INTERNATIONAL BHD
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B5. Profit Before Tax

	3rd Quarter Ended		9 Months Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at profit before tax from continuing operations:-				
Bad debt recovered	(6)	(9)	(8)	(9)
Depreciation of property, plant and equipment	13,928	14,334	40,482	39,390
Dividend income	(11)	(2,116)	(16)	(3,349)
Fair value loss on financial assets at fair value through profit or loss	730	(2,286)	2,190	(2,155)
Foreign exchange (gain)/loss				
- Realised	(40,190)	(31,685)	(71,229)	(13,378)
- Unrealised	90	-	(32)	-
Gain on dilution of interests in associates	-	-	(9,835)	-
Gain on disposal of investment properties	-	(13,829)	-	(13,922)
Gain on disposal of investment securities and other investment	(4,152)	-	(4,152)	(172)
Gain on disposal of subsidiaries	-	-	(50,385)	-
Gain on disposal of discontinued operation	-	-	-	(28,431)
Gain on partial disposal of associates	-	-	(1,411)	-
(Gain)/Loss on on disposal of property, plant and equipment	-	(198)	(81)	4
Interest income	(746)	(1,375)	(3,095)	(4,221)
Interest expense	28,192	25,102	84,442	66,963
(Reversal)/Impairment on investment securities	(9)	15,150	(764)	5,896
Impairment loss on inventories	2	-	16	7
Net allowance for/(reversal of) doubtful debts	123	(3,794)	491	(4,050)
Loss/(Gain) on derivatives	1,124	(1,048)	4,698	(1,429)
Property, plant and equipment written off	-	12	-	12
Reversal of impairment loss of associates	-	(3,000)	-	(3,000)
Rental income	(12,586)	(7,062)	(28,131)	(19,087)

B6. Income tax (benefit)/expense

	3rd Quarter Ended		9 Months Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
Malaysian - current period	112	3,498	368	6,993
- underprovision in prior year	49	267	49	48
	161	3,765	417	7,041
Deferred tax				
Origination and reversal of temporary differences	(2,768)	7,043	(5,344)	7,355
Overprovision in prior year	-	-	(213)	-
	(2,768)	7,043	(5,557)	7,355

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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

B6. Income tax (benefit)/expense (Cont'd)

	3rd Quarter Ended		9 Months Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Income tax (benefit)/expense from continuing operations	(2,607)	10,808	(5,140)	14,396
Income tax expenses attributable to discontinued operation	-	-	-	62
Income tax (benefit)/expense	<u>(2,607)</u>	<u>10,808</u>	<u>(5,140)</u>	<u>14,458</u>

The effective tax rate of the Group for the financial period ended 30 September 2015 under review is lower than the statutory rate of 25% mainly due to differential tax rates in other countries and certain income not subject to taxation. This was alleviated by certain expenses which are not deductible and certain deferred tax assets not recognised.

B7. Status of Corporate Proposals

(a) Purchase of an investment property

On 18 December 2014, Norwest City Pty Limited, an indirect wholly-owned subsidiary of the Company entered into a Contract for the Sale of Land with Norwest Marketown Pty Limited as trustee for Norwest Lakeside Unit Trust ("Vendor") for the proposed acquisition of Norwest Marketown and certain surrounding lands located at Norwest Boulevard, Baulkham Hills NSW, Australia from the Vendor for a total purchase consideration of AUD120 million (equivalent to RM349.2 million). The said acquisition was completed on 27 February 2015.

(b) Proposed renounceable two-call rights issue

On 9 November 2015, the Company ("Mulpha") proposed to undertake the following:-

- (i) a renounceable two (2)-call rights issue of 1,066,826,679 new ordinary shares of RM0.50 each in Mulpha ("Mulpha Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held on an entitlement date to be determined later, at an indicative issue price of RM0.50 per Rights Share, of which the indicative first call of RM0.25 per Rights Share is payable in cash on application and the indicative second call of RM0.25 per Rights Share is to be capitalised from the share premium of the Company ("Proposed Rights Issue"); and
- (ii) an exemption to Yong Pit Chin, Mount Glory Investments Limited and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all the remaining Mulpha Shares not already held by them upon completion of the Proposed Rights Issue under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("Proposed Exemption").

Based on the indicative First Call of RM0.25 per Rights Share, the total gross proceeds that is expected to be raised from the Proposed Rights Issue and the intended manner of utilisation are set out as follows:-

	<u>Timeframe for utilisation</u>	<u>RM'000</u>
Repayment of borrowings	Within 6 months	200,000
Development expenditure and general working capital	Within 24 months	65,626
Estimated expenses in relation to the Proposals	Upon completion	1,080
		<u>266,706</u>

B7. Status of Corporate Proposals (Cont'd)

(b) Proposed renounceable two-call rights issue (Cont'd)

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

- (a) the approval of the Securities Commission for the proposed exemption to Yong Pit Chin, Mount Glory Investments Limited and the 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;
- (d) any other relevant authority or party, if required.

The Proposals are inter-conditional upon each other. However, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 September 2015 are as follows:-

	RM'000	RM'000
Short term - Secured	1,071,091	
- Unsecured	<u>1,322</u>	1,072,413
Long term - Secured		<u>1,290,017</u>
		<u>2,362,430</u>

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	481,401	1,501,972
Japanese Yen	JPY '000	3,029,861	112,105
US Dollar	USD '000	<u>150,000</u>	<u>666,000</u>

B9. Material Litigation

In September 2012, Mulpha International Bhd ("MIB") disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn. Bhd. ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn Bhd ("Mula"). As part of this transaction, MIB also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that MIB had previously made to Bestari and its subsidiaries, failing which, additional payments per month will apply until the final settlement date of 15 December 2013 ("final settlement date").

B9. Material Litigation (Cont'd)

Mula failed to pay the Settlement Sum and all other amounts due to MIB under the terms of the Settlement Agreement on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and MIB's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that MIB had previously advanced to Bestari Sepang Sdn Bhd, Spanstead Sdn Bhd and Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan") (collectively "Bestari Group") was reinstated, and MIB holds the titles to the land belonging to Seri Ehsan ("the Land") as security for the Full Outstanding Amount and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount coupled with Mula's refusal to accept the automatic termination of the Settlement Agreement and attempt to sell the Land in breach of MIB's security interests, MIB filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, the following declarations:-

- a) the Settlement Agreement is automatically terminated on 15 December 2013;
- b) the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group;
- c) the Power of Attorney is valid, binding and subsisting; and
- d) Mula and/or Seri Ehsan and their agents have no right to deal with the Land.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015, contending, amongst others, that the terms in the Settlement Agreement were varied by reason of a collateral agreement between the parties which resulted in the Settlement Agreement continuing to be valid and binding until the sale of the Land is completed. Their counterclaim is:-

- a) that the Settlement Agreement continued to be valid and binding until the sale of the Land is completed;
- b) for an injunction to compel MIB to withdraw all encumbrances from the Land; and
- c) for damages to be assessed.

Mula and Bestari Group also included Mulpha Ventures Sdn Bhd (a wholly-owned subsidiary of MIB and a licensed moneylending company) ("MVSB") as a party to the counterclaim, whereby they counterclaimed for a declaration that a loan of RM42.2 million plus interest granted by MVSB to Bestari is also to be repaid out of the proceeds of the sale of the Land.

Thereafter, MIB filed its Reply and Defence to Counterclaim on 18 February 2015. The trial has been fixed on 15 to 18 February 2016.

The outcome of this litigation is not expected to have any material financial and operational impact on MIB Group as the net receivables in MIB's accounts of RM103 million is below 5% of the net assets of MIB Group. Furthermore, the net receivables are secured by the Land. MIB is pursuing the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 and if successful, MIB expects to be able to recover substantially more than the net receivables of RM103 million. The net receivables recognized in MIB's accounts have been reduced to RM103 million, mainly due to past impairments and the loss incurred upon disposal of Bestari Sepang Sdn Bhd.

MIB's solicitors have advised that MIB has a strong case based on contemporaneous documentary evidence and the express terms of the documents with Mula and Bestari Group. Accordingly, it will be forcefully argued that the counterclaim filed by Mula and Bestari Group is without merit.

B10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter.

B11. 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 financial period, excluding treasury shares held by the Company as set out below:

	9 Months Ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
(a) <u>Continuing operations</u>		
Profit for the period	89,788	24,188
Non-controlling interests	1,841	(3,971)
Profit attributable to equity holders of the parent	<u>91,629</u>	<u>20,217</u>
 Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,133,713	2,133,863
Effect of share buy back	(33)	(66)
Weighted average number of ordinary shares at 30 September	<u>2,133,680</u>	<u>2,133,797</u>
 Basic earnings per share (sen)	<u>4.29</u>	<u>0.95</u>
(b) <u>Discontinued operation</u>		
Profit for the period	-	29,025
Non-controlling interests	-	(271)
Profit attributable to equity holders of the parent	<u>-</u>	<u>28,754</u>
 Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	2,133,713	2,133,863
Effect of share buy back	(33)	(66)
Weighted average number of ordinary shares at 30 September	<u>2,133,680</u>	<u>2,133,797</u>
 Basic earnings per share (sen)	<u>-</u>	<u>1.35</u>
(c) Total basic earnings per share (sen)	<u>4.29</u>	<u>2.30</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 financial 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.

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	988,899	905,511
- Unrealised	53,541	52,883
(ii) Associates		
- Realised	176,188	181,982
- Unrealised	2,623	485
- Breakdown unavailable *	(567,219)	(571,139)
	<u>654,032</u>	<u>569,722</u>
Less: Consolidated Adjustments	(129,727)	(137,011)
Total group retained earnings as per consolidated accounts	<u>524,305</u>	<u>432,711</u>

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