

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

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2010

The figures have not been audited

### I(A) CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	CURRENT QUARTER ENDED <b>30.09.2010</b> RM'000	COMPARATIVE QUARTER ENDED <b>30.09.2009</b> RM'000	9 MONTHS CUMULATIVE TO <b>30.09.2010</b> RM'000	9 MONTHS CUMULATIVE TO <b>30.09.2009</b> RM'000
<b>Continuing operations</b>					
Revenue		182,132	135,445	519,425	436,009
Operating expenses		(203,936)	(157,021)	(587,890)	(467,875)
Other operating income		34,894	15,753	94,300	31,820
Profit/(Loss) from operations		<u>13,090</u>	<u>(5,823)</u>	<u>25,835</u>	<u>(46)</u>
Finance costs		(24,713)	(21,354)	(67,822)	(50,890)
Share of profit/(loss) of associates		28,036	17,317	61,078	(64,038)
Share of profit of jointly-controlled entities		565	2,984	18,653	9,127
Profit/(Loss) before tax		<u>16,978</u>	<u>(6,876)</u>	<u>37,744</u>	<u>(105,847)</u>
Taxation	<i>B5</i>	<u>3,240</u>	12,319	<u>12,441</u>	15,993
Profit/(Loss) for the period from continuing operations		<b>20,218</b>	5,443	<b>50,185</b>	(89,854)
<b>Discontinued operations</b>					
Profit for the period from discontinued operations		-	20,432	-	35,836
		<u>20,218</u>	<u>25,875</u>	<u>50,185</u>	<u>(54,018)</u>
Attributable to:					
Equity holders of the parent		21,296	20,311	50,693	(71,563)
Minority interests		<u>(1,078)</u>	<u>5,564</u>	<u>(508)</u>	<u>17,545</u>
Profit/(Loss) for the period		<u>20,218</u>	<u>25,875</u>	<u>50,185</u>	<u>(54,018)</u>
Earnings/(Loss) per share (sen):-					
- Basic	<i>B12</i>	1.05	1.59	2.51	(5.60)
- Fully diluted		<u>1.05</u>	<u>1.59</u>	<u>2.51</u>	<u>(5.60)</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009)

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

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2010

The figures have not been audited

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

<i>Note</i>	<b>CURRENT QUARTER ENDED 30.09.2010 RM'000</b>	<b>COMPARATIVE QUARTER ENDED 30.09.2009 RM'000</b>	<b>9 MONTHS CUMULATIVE TO 30.09.2010 RM'000</b>	<b>9 MONTHS CUMULATIVE TO 30.09.2009 RM'000</b>
Profit/(Loss) for the period	<b>20,218</b>	25,875	<b>50,185</b>	(54,018)
Foreign currency translation differences for foreign operations	<b>121,998</b>	99,627	<b>(42,348)</b>	290,921
Fair value movement of available-for-sale financial assets	<b>227</b>	506	<b>3,309</b>	367
Equity component of convertible notes of a subsidiary	-	(489)	<b>(10,014)</b>	(1,304)
Share of other comprehensive income of associates	<b>4,411</b>	(2,084)	<b>4,411</b>	(2,084)
Other comprehensive income for the period, net of tax	<b>126,636</b>	97,560	<b>(44,642)</b>	287,900
<b>Total comprehensive income for the period</b>	<b>146,854</b>	123,435	<b>5,543</b>	233,882
<b>Attributable to :</b>				
Equity holders of the parent	<b>148,421</b>	119,449	<b>6,731</b>	214,122
Minority interests	<b>(1,567)</b>	3,986	<b>(1,188)</b>	19,760
Total comprehensive income for the period	<b>146,854</b>	123,435	<b>5,543</b>	233,882

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2010 RM'000	AUDITED AS AT 31.12.2009 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>A9</i>	1,391,156	1,435,848
Investment properties		21,486	21,765
Prepaid lease payments		4,032	8,198
Investments in associates		1,120,313	1,047,494
Investments in jointly-controlled entities		179,419	205,500
Other receivables		25,743	788
Available for sale financial assets		2,019	3,216
Other investments		1,160	1,160
Land held for property development		769,603	782,491
Goodwill		14,759	14,915
		<u>3,529,690</u>	<u>3,521,375</u>
<b>CURRENT ASSETS</b>			
Property development costs		220,989	207,999
Inventories		56,648	59,486
Trade and other receivables		281,201	239,413
Financial assets at fair value through profit or loss	<i>B7</i>	10,969	15,980
Tax recoverable		2,867	2,294
Cash and bank balances		322,524	168,620
		<u>895,198</u>	<u>693,792</u>
<b>TOTAL ASSETS</b>		<u><u>4,424,888</u></u>	<u><u>4,215,167</u></u>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2010 RM'000	AUDITED AS AT 31.12.2009 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		1,177,957	588,978
Share premium		579,863	699,091
Treasury shares	<i>A6</i>	(1,444)	-
Reserves		424,328	468,803
Retained earnings		561,748	500,979
		2,742,452	2,257,851
Minority interests		123,386	48,134
<b>Total equity</b>		<b>2,865,838</b>	<b>2,305,985</b>
<b>Non-current liabilities</b>			
Bank borrowings	<i>B9a</i>	741,223	52,825
Other borrowings	<i>B9b</i>	257,753	114,963
Deferred tax liabilities		91,325	109,790
Lease and hire purchase payables		28,519	30,937
Other long term liabilities		9,177	3,723
		1,127,997	312,238
<b>Current liabilities</b>			
Trade and other payables		229,841	263,013
Provisions for liabilities		12,362	10,591
Bank borrowings	<i>B9a</i>	175,407	1,079,424
Other borrowings	<i>B9b</i>	2,678	235,141
Tax payable		10,765	8,775
		431,053	1,596,944
<b>Total Liabilities</b>		<b>1,559,050</b>	<b>1,909,182</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,424,888</b>	<b>4,215,167</b>
<b>Net assets per share (RM)</b>		<b>1.17</b>	<b>1.92</b>

*(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 2009)*

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
<u>Note</u>	<u>30.09.2010</u>	<u>31.12.2009</u>
	RM'000	RM'000

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	<----- Attributable to Equity Holders of the Parent ----->								Total Shareholders Equity RM'000	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			
<b>At 1 January 2010</b>	588,978	699,091	2,062	290,358	110,205	66,178	500,979	-	2,257,851	48,134	2,305,985
Total comprehensive income for the period	-	-	-	(37,257)	-	(6,705)	50,693	-	6,731	(1,188)	5,543
Issue of ordinary shares	588,979	(119,228)	-	-	-	-	-	-	469,751	-	469,751
Purchase of treasury shares	-	-	-	-	-	-	-	(1,444)	(1,444)	-	(1,444)
Conversion of convertible notes of a subsidiary	-	-	-	-	-	-	-	-	-	73,799	73,799
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(4,677)	(4,677)
Accretion of subsidiaries	-	-	-	-	-	-	9,541	-	9,541	(9,541)	-
Dilution of subsidiaries	-	-	-	-	-	-	-	-	-	16,859	16,859
Transfer within reserves	-	-	(535)	-	-	-	535	-	-	-	-
Deferred taxation	-	-	22	-	-	-	-	-	22	-	22
<b>At 30 September 2010</b>	<b>1,177,957</b>	<b>579,863</b>	<b>1,549</b>	<b>253,101</b>	<b>110,205</b>	<b>59,473</b>	<b>561,748</b>	<b>(1,444)</b>	<b>2,742,452</b>	<b>123,386</b>	<b>2,865,838</b>
<b>At 1 January 2009</b>	627,485	797,104	1,355	(11,504)	74,200	67,625	508,189	(97,999)	1,966,455	160,751	2,127,206
Total comprehensive income for the period	-	-	-	286,613	9	(937)	(71,563)	-	214,122	19,760	233,882
Purchase of treasury shares	-	-	-	-	-	-	-	(15)	(15)	-	(15)
Transfer within reserves	-	-	-	-	(28)	-	28	-	-	-	-
Cancellation of treasury shares	(38,507)	(98,014)	-	-	38,507	-	-	98,014	-	-	-
Disposal of shares in a subsidiary	-	-	-	-	(2,484)	-	2,484	-	-	(132,550)	(132,550)
<b>At 30 September 2009</b>	<b>588,978</b>	<b>699,090</b>	<b>1,355</b>	<b>275,109</b>	<b>110,204</b>	<b>66,688</b>	<b>439,138</b>	<b>-</b>	<b>2,180,562</b>	<b>47,961</b>	<b>2,228,523</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 2009)*

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>&lt;-----9 MONTHS ENDED-----&gt;</b>	
	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation		
- Continuing operations	37,744	(105,847)
- Discontinued operations	-	38,061
Adjustments for non-cash items	21,541	112,247
Operating profit before changes in working capital	<b>59,285</b>	<b>44,461</b>
Changes in working capital		
Net change in current assets	(56,233)	4,573
Net change in current liabilities	(20,769)	(35,752)
Net change in working capital	<b>(77,002)</b>	<b>(31,179)</b>
Cash (used in)/generated from operations	(17,717)	13,282
Interest paid (including discontinued operations)	(67,822)	(50,890)
Interest received (including discontinued operations)	7,014	12,113
Income tax (paid)/refund	(3,141)	6,108
Staff benefits paid	(10,360)	(12,063)
Net cash used in operating activities	<b>(92,026)</b>	<b>(31,450)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Refurbishment of investment properties	(28)	(592)
Purchase of property, plant and equipment	(45,529)	(120,973)
Proceeds from sale of property, plant and equipment	10,702	1,022
Deposit for property, plant and equipment	-	50,185
Investment in associate companies	(18,119)	(257,539)
Purchase of available for sale financial assets	-	64,687
Other investments	53,398	10,021
Net cash generated from/(used in) investing activities	<b>424</b>	<b>(253,189)</b>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----9 MONTHS ENDED----->	
	<u>30.09.2010</u>	<u>30.09.2009</u>
	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposits uplifted	17,752	13,245
Payment of finance lease liabilities	(19,754)	(8,102)
Rights issue proceeds (net of expenses)	469,751	-
IPO proceeds received by a subsidiary (net of expenses)	19,083	-
Purchase of treasury shares by the Company	(1,444)	(15)
Net (repayment)/drawdown of borrowings	(178,031)	102,113
Other receivables (net)	(19,279)	-
Net cash generated from financing activities	<u>288,078</u>	<u>107,241</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	196,476	(177,398)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	140,877	267,828
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(27,960)	24,423
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	<u>309,393</u>	<u>114,853</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 2009)*

**PART A**

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

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2009.

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 2009, except for the adoption of new/revised FRSs that are effective 1 January 2010. These new/revised FRSs does not have any significant impact on the financial position or results of the Group except for change in disclosure format.

**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 2009 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 2010.

**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**

On 25 March 2010, the Company completed its rights issue exercise with the listing of 1,177,956,579 rights shares on the Main Market of Bursa Malaysia Securities Berhad. The number of ordinary shares in issue after the completion of the rights issue is therefore 2,355,913,158 ordinary shares of RM0.50 each.

A total of 348,603,195 warrants were issued by the Company in conjunction with a rights issue exercise completed in year 2000. Each warrant is convertible into one new ordinary share of RM0.50 each at the exercise price of RM1.50 per share. The warrants are valid for a period of ten years and shall expire on 26 July 2010. Pursuant to the completion of the rights issue exercise on 25 March 2010, an additional 57,790,946 warrants were issued to warrant holders and the exercise price of the Company's warrants was adjusted to RM1.29 per share with no revision in the above expiry date. To-date, none of the warrants has been exercised and all the warrants have expired on 26 July 2010.



**MULPHA INTERNATIONAL BHD (19764-T)**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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**A6. Changes in Debt And Equity Securities (Contd.)**

During the financial period ended 30 September 2010, the Company has bought back 3,615,000 ordinary shares of RM0.50 each at average cost of RM0.40 per share. The shares bought back have been retained as treasury shares.

**A7. Dividend Paid**

There was no dividend paid during the current financial quarter.

**A8. Segment Information**

Segment analysis for the period ended 30 September 2010 is set out below:

	<b>Revenue</b> RM'000	<b>Profit Before Tax</b> RM'000
<b>Business Segment</b>		
Property	139,366	4,357
Hospitality	337,435	8,083
General Trading	42,162	2,858
Investment and others	462	10,537
External Sales	<u>519,425</u>	<u>25,835</u>
Finance cost		(67,822)
Share of results of associates/ jointly controlled entities		79,731
	<u><u>519,425</u></u>	<u><u>37,744</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 September 2010 amounted to RM44.72 million.

**A11. Material Events Subsequent To The Balance Sheet Date**

There are no material events subsequent to 30 September 2010 to be disclosed.

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

Hotel Indochine (Hanoi), an indirect 70% owned inactive subsidiary of the Company, was disposed off during the financial period 30 September 2010.

The Group had also, during the financial period 30 September 2010, commenced members' voluntary winding-up proceedings for three dormant/inactive indirect subsidiaries of the Company i.e. Asas Struktur Sdn Bhd, Mega Pascal EC Sdn Bhd and Pintar Citra Sdn Bhd.

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

(a) Changes in the contingent liabilities since 31 December 2009 are as follows:-

	Decrease RM'000
Guarantees given to third parties	11,361
Machineries buy back option	3,179
	<u>14,540</u>

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

**MULPHA INTERNATIONAL BHD**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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**PART B**

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

**B1. Review of performance**

The Group recorded a revenue of RM519.43 million and a profit after tax of RM50.19 million for the 9 months period ended 30 September 2010 as compared to a revenue of RM436.01 million and a loss after tax of RM89.85 million for the corresponding period ended 30 September 2009. The stronger performance for the current period was mainly contributed by improved share of profits from the Group's associates namely FKP Property Group and Mudajaya Group Berhad. The better performance in the current period also included the recognition of gain on dilution of interest in an associate, Mudajaya Group Berhad, amounting to RM29.85 million in the first quarter of 2010.

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

The Group recorded a profit after tax of RM20.22 million for the 3rd quarter of 2010 as compared to the loss after tax of RM19.19 million for the 2nd quarter of 2010. The better results of the current quarter was mainly due to the improved share of profits from the Group's associates.

**B3. Current Year Prospects**

Barring any unforeseen circumstances, the Group's prospects for the year 2010 are expected to be satisfactory.

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

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

**B5. Taxation**

	<b>3rd Quarter Ended</b>		<b>9 Months Period Ended</b>	
	<b>30.09.2010</b>	<b>30.09.2009</b>	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current year income tax				
- Malaysian	2,876	1,068	5,365	2,090
Deferred tax				
- Malaysian	(58)	(558)	(102)	(608)
- Foreign	(5,770)	(12,912)	(17,411)	(17,848)
	<u>(5,828)</u>	<u>(13,470)</u>	<u>(17,513)</u>	<u>(18,456)</u>
Under/(over) provision of taxation in prior years	(288)	83	(293)	373
	<u>(3,240)</u>	<u>(12,319)</u>	<u>(12,441)</u>	<u>(15,993)</u>

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

There were no material sale of unquoted investments and properties (not in the ordinary course of business of the Group) for the period ended 30 September 2010.

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

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

	<b>3rd Quarter Ended 30.09.2010 RM'000</b>	<b>9 Months Period Ended 30.09.2010 RM'000</b>
Total purchases at cost	<u>-</u>	<u>-</u>
Total disposal (at disposal value)	<u>1,301</u>	<u>2,704</u>
Total gain/(loss) on disposal	<u>202</u>	<u>(324)</u>

(b) Investments in quoted securities as at 30 September 2010 by the Group in the ordinary course of business are as follows:-

	<b>RM'000</b>
Total investment at cost	<u>26,013</u>
Total investment at market value	<u>10,969</u>

**B8. Status of Corporate Proposals**

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

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

The rights issue exercise has raised gross proceeds of RM471.183 million, which has been utilised as at 30 September 2010 in the following manner:-

# Purpose



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

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

Note:

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

**(ii) Proposed listing of Manta Holdings Company Limited**

On 9 April 2010, the Company ("Mulpha") announced that it has applied to The Stock Exchange Of Hong Kong Limited ("SEHK") to list the following group of companies on the Main Board of SEHK:-

- (a) Manta Engineering And Equipment Company Limited ("Manta Engineering"), Manta Equipment Rental Company Limited ("Manta Rental") and Manta Equipment Services Limited ("Manta Services"). These companies were approximately 88% owned by Manta Far East Sdn Bhd ("Manta Far East"), approximately 12% owned by Pan Ocean International Limited ("Pan Ocean") and one (1) share owned by Mulpha Trading Sdn Bhd ("Mulpha Trading"). Manta Far East is a wholly-owned subsidiary of Mulpha Trading, which in turn is a wholly-owned subsidiary of Mulpha; and
- (b) Manta Equipment (S) Pte Ltd ("Manta Singapore"). Manta Singapore was 88% owned by Mulpha Trading and 12% owned by Pan Ocean.

An indirect wholly owned subsidiary of Mulpha, Manta Holdings Company Limited ("MHCL"), will be the listed investment holding company to hold the shares in the above subsidiaries.

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

**(ii) Proposed listing of Manta Holdings Company Limited (Contd.)**

In conjunction with the proposed listing, MHCL will undertake a public issue of 50,000,000 new MHCL shares ("Issue Shares"), representing 25% of the enlarged issued and paid-up share capital of MHCL. 5,000,000 Issue Shares will be made available for application by the public in Hong Kong through a balloting process and 45,000,000 Issue Shares will be by way of placement to professional, institutional and other investors ("Proposed Public Issue").

Upon completion of the Proposed Public Issue, MHCL will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of HKD2,000,000 comprising of 200,000,000 MHCL Shares on the Main Board of SEHK.

MHCL was successful listed on 19 July 2010.

**(iii) Proposed par value reduction of Mulpha Land Berhad**

On 10 May 2010, Mulpha Land Berhad ("MLB"), a subsidiary of the Company announced the following proposals:-

- (a) a reduction of its issued and paid-up share capital via the cancellation of RM0.90 of the par value of each existing ordinary share of RM1.00 each in MLB ("Proposed Par Value Reduction"); and
- (b) amendments to MLB's Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction ("Proposed M&A Amendments").

(colletively referred to as the "Proposals")

The credit arising from the Proposed Par Value Reduction will be utilised to fully set-off against the accumulated losses of MLB and the remaining balance will be credited to the capital reserve of MLB.

The market price of MLB shares have been trading below its par value of RM1.00 per share for some time which is not conducive for MLB to embark on any fund raising exercise and/or corporate exercises involving issuance of new shares. Accordingly, the Proposed Par Value Reduction will provide MLB with greater flexibility to raise funds to implement future corporate proposals which entail issuance of new shares. In addition, the Proposed Par Value Reduction provides an opportunity for MLB to strengthen its financial position by eliminating the accumulated losses of MLB.

The Proposed M&A Amendments is to facilitate the implementation of the Proposed Par Value Reduction to reflect the new par value of the ordinary shares of MLB.

The Proposals were subject to the following approvals:-

- (a) approval by MLB's shareholders at an Extraordinary General Meeting which was obtained on 16 June 2010; and
- (b) consent by the High Court of Malaya for the Proposed Par Value Reduction which was obtained on 23 July 2010.

Consequently, the Proposals have been successfully completed on 1 September 2010.

**MULPHA INTERNATIONAL BHD**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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**MULPHA INTERNATIONAL BHD**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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**B9. Group Borrowings and Debt Securities**

(a) The details of the bank borrowings as at 30 September 2010 are as follows:-

	<b>RM'000</b>	<b>RM'000</b>
Short term - Secured	172,922	
- Unsecured	<u>2,485</u>	175,407
Long term - Secured		<u>741,223</u>
		<u><u>916,630</u></u>

(b) Other borrowings comprise of the following :-

	<b>RM'000</b>
Short term -	
Secured : Bonds	2,678
Long term -	
Secured : Bonds	257,753
	<u><u>260,431</u></u>

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

		<b>'000</b>	<b>RM'000 equivalent</b>
Australian Dollar	AUD	326,997	977,721
Singapore Dollar	SGD	2,455	5,746
US Dollar	USD	50,631	<u>156,449</u>
			<u><u>1,139,916</u></u>

**B10. Material Litigation**

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

**B11. Dividend**

The Board of Directors does not recommend any dividend for the current financial period ended 30 September 2010.

**MULPHA INTERNATIONAL BHD**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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**B12. Earnings/(Loss) Per Share**

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

	<b>Period Ended</b>	<b>Period Ended</b>
	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b><u>(a) Continuing operations</u></b>		
Profit/(loss) for the period	50,185	(89,854)
Minority interest	<u>508</u>	<u>(3,196)</u>
Profit/(loss) attributable to equity holders of the parent	<u><u>50,693</u></u>	<u><u>(93,050)</u></u>
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 January	1,177,957	1,177,989
Effect of share buy back	(1,095)	(30)
Effect of ordinary rights shares issued on 25 March 2010	<u>842,783</u>	<u>100,968</u>
Weighted average number of ordinary shares at 30 June	<u><u>2,019,645</u></u>	<u><u>1,278,927</u></u>
Basic earnings/(loss) per share (sen)	<u><u>2.51</u></u>	<u><u>(7.28)</u></u>
<b><u>(b) Discontinued operations</u></b>		
Profit for the period	-	35,836
Minority interest	<u>-</u>	<u>(14,349)</u>
Profit attributable to equity holders of the parent	<u><u>-</u></u>	<u><u>21,487</u></u>
Weighted average number of ordinary shares in issue ('000)	<u><u>2,019,645</u></u>	<u><u>1,278,927</u></u>
Basic earnings per share (sen)	<u><u>-</u></u>	<u><u>1.68</u></u>
<b>(c) Total basic earnings/(loss) per share (sen)</b>	<u><u>2.51</u></u>	<u><u>(5.60)</u></u>

There are no potential dilution effects on ordinary shares of the Company for the current financial period as the warrants outstanding and exercisable for conversion to ordinary shares has expired on 26 July 2010. Accordingly, the diluted earnings per share for the current period is equal to basic earnings per share.

By Order Of The Board

NG SENG NAM  
 Company Secretary

**MULPHA INTERNATIONAL BHD**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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Petaling Jaya  
23 November 2010