

MULPHA INTERNATIONAL BHD_(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the second financial quarter ended 30 June 2013

The figures have not been audited

I(A) CONDENSED CONSOLIDATED PROFIT OR LOSS

	<i>Note</i>	CURRENT QUARTER ENDED 30.06.2013 RM'000	COMPARATIVE QUARTER ENDED 30.06.2012 RM'000	6 MONTHS CUMULATIVE TO 30.06.2013 RM'000	6 MONTHS CUMULATIVE TO 30.06.2012 RM'000
<i>Continuing operations</i>					
Revenue		204,904	123,840	336,230	262,430
Operating expenses		(200,017)	(148,792)	(362,703)	(314,721)
Other operating income		40,404	22,056	59,191	48,079
Profit/(Loss) from operations		<u>45,291</u>	<u>(2,896)</u>	<u>32,718</u>	<u>(4,212)</u>
Finance costs		(16,190)	(10,821)	(33,292)	(33,834)
Share of loss of associates		(110,948)	(313,436)	(94,696)	(281,570)
Share of profit/(loss) of jointly-controlled entities		218	968	3,552	(326)
Loss before tax	<i>B5</i>	<u>(81,629)</u>	<u>(326,185)</u>	<u>(91,718)</u>	<u>(319,942)</u>
Income tax (expense)/benefit	<i>B6</i>	(1,899)	3,774	8,823	(727)
Loss for the period from continuing operations		<u>(83,528)</u>	<u>(322,411)</u>	<u>(82,895)</u>	<u>(320,669)</u>
<i>Discontinued operation</i>					
Profit for the period from discontinued operation		-	-	-	61,980
Loss for the period		<u>(83,528)</u>	<u>(322,411)</u>	<u>(82,895)</u>	<u>(258,689)</u>
Attributable to:					
Owners of the parent		(83,924)	(342,273)	(82,899)	(277,681)
Non-controlling interests		396	19,862	4	18,992
Loss for the period		<u>(83,528)</u>	<u>(322,411)</u>	<u>(82,895)</u>	<u>(258,689)</u>
Loss per share (sen):-	<i>B11</i>				
- Basic/Diluted		<u>(3.85)</u>	<u>(14.89)</u>	<u>(3.80)</u>	<u>(12.08)</u>

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

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I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.06.2013 RM'000	COMPARATIVE QUARTER ENDED 30.06.2012 RM'000	6 MONTHS CUMULATIVE TO 30.06.2013 RM'000	6 MONTHS CUMULATIVE TO 30.06.2012 RM'000
Loss for the period	(83,528)	(322,411)	(82,895)	(258,689)
Foreign currency translation differences for foreign operations	(176,485)	24,653	(157,111)	(4,538)
Fair value movement of available- for-sale financial assets	(1,329)	20	(4,462)	2,068
Share of other comprehensive income of associates	(1,547)	4,672	(1,721)	3,420
Reserves of discontinued operation reclassified to profit or loss	-	-	-	(7,583)
Other comprehensive (expense)/income for the period, net of tax	<u>(179,361)</u>	<u>29,345</u>	<u>(163,294)</u>	<u>(6,633)</u>
Total comprehensive expense for the period	<u>(262,889)</u>	<u>(293,066)</u>	<u>(246,189)</u>	<u>(265,322)</u>
Attributable to :				
Owners of the parent	(263,321)	(313,378)	(246,235)	(284,190)
Non-controlling interests	<u>432</u>	<u>20,312</u>	<u>46</u>	<u>18,868</u>
Total comprehensive expense for the period	<u>(262,889)</u>	<u>(293,066)</u>	<u>(246,189)</u>	<u>(265,322)</u>

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

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.06.2013 RM'000	AS AT 31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A9</i>	994,688	1,096,840
Investment properties		31,557	29,746
Prepaid land lease payments		1,072	1,094
Investment in associates		881,842	1,058,219
Investment in jointly-controlled entities		159,264	175,830
Investment securities		30,915	38,006
Other investment		2,658	2,888
Goodwill		9,118	9,137
Inventories		479,677	506,657
Other non-current assets		5,665	3,774
		<u>2,596,456</u>	<u>2,922,191</u>
Current assets			
Inventories		408,443	404,990
Trade and other receivables		258,679	224,546
Other current assets		14,971	21,521
Investment securities		8,715	9,414
Income tax recoverable		931	1,208
Cash and bank balances		443,952	468,324
		<u>1,135,691</u>	<u>1,130,003</u>
TOTAL ASSETS		<u>3,732,147</u>	<u>4,052,194</u>

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT <u>30.06.2013</u> RM'000	AS AT <u>31.12.2012</u> 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	A6	(80,980)	(66,255)
Reserves		291,519	454,855
Retained earnings		257,967	340,866
		<u>2,226,326</u>	<u>2,487,286</u>
Non-controlling interests		34,972	34,926
Total equity		<u>2,261,298</u>	<u>2,522,212</u>
Non-current liabilities			
Trade and other payables		7,346	7,800
Provision for liabilities		3,073	3,389
Deferred tax liabilities		18,712	31,824
Loans and borrowings	B8	759,114	800,043
		<u>788,245</u>	<u>843,056</u>
Current liabilities			
Trade and other payables		135,971	177,602
Other current liabilities		128,285	34,392
Provision for liabilities		10,647	12,758
Loans and borrowings	B8	396,049	451,378
Derivative liabilities		1,996	2,115
Income tax payable		9,656	8,681
		<u>682,604</u>	<u>686,926</u>
Total liabilities		<u>1,470,849</u>	<u>1,529,982</u>
TOTAL EQUITY AND LIABILITIES		<u>3,732,147</u>	<u>4,052,194</u>
Net assets per share (RM)		<u>1.03</u>	<u>1.13</u>

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

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to Owners of the Parent										Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Share Revaluation Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Reserve of disposal group classified as held for sale RM'000	Retained Earnings RM'000	Total RM'000		Non- Controlling Interests RM'000
At 1 January 2013	1,177,957	579,863	-	347,815	110,033	(2,993)	(66,255)	-	340,866	2,487,286	34,926	2,522,212
Total comprehensive expense for the period	-	-	-	(158,688)	-	(4,648)	-	-	(82,899)	(246,235)	46	(246,189)
Purchase of treasury shares	-	-	-	-	-	-	(14,725)	-	-	(14,725)	-	(14,725)
At 30 June 2013	1,177,957	579,863	-	189,127	110,033	(7,641)	(80,980)	-	257,967	2,226,326	34,972	2,261,298
At 1 January 2012 (as previously stated)	1,177,957	579,863	6,142	345,035	110,081	(9,086)	(19,352)	8,163	808,851	3,007,654	98,957	3,106,611
Effects of transition to MFRSs	-	-	(2,853)	-	-	-	-	-	95	(2,758)	-	(2,758)
At 1 January 2012 (restated)	1,177,957	579,863	3,289	345,035	110,081	(9,086)	(19,352)	8,163	808,946	3,004,896	98,957	3,103,853
Total comprehensive expense for the period	-	-	-	(2,440)	-	3,514	-	(7,583)	(277,681)	(284,190)	18,868	(265,322)
Purchase of treasury shares	-	-	-	-	-	-	(16,346)	-	-	(16,346)	-	(16,346)
Deferred tax	-	-	-	-	-	-	-	-	4,446	4,446	-	4,446
Transfer within reserves	-	-	(3,289)	-	-	-	-	(580)	3,869	-	-	-
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	(20,344)	(20,344)
At 30 June 2012	1,177,957	579,863	-	342,595	110,081	(5,572)	(35,698)	-	539,580	2,708,806	97,481	2,806,287

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

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----6 MONTHS ENDED----->	
	30.06.2013	30.06.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		
- Continuing operations	(91,718)	(319,942)
- Discontinued operation	-	61,980
	(91,718)	(257,962)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	31,263	32,163
Amortisation of prepaid lease payments	49	22
Share of loss of associates	94,696	281,570
Share of (profit)/loss of jointly-controlled entities	(3,552)	326
Provision for staff benefits	7,985	8,341
Interest expense (including discontinued operation)	33,292	34,082
Interest income (including discontinued operation)	(4,133)	(7,319)
Gain on disposal of assets classified as held for sale	-	(6,074)
Gain on sale of discontinued operation	-	(62,310)
Impairment/(reversal) on allowance of doubtful debts	1,797	(4,452)
Writeback of inventories	(304)	(590)
Gain on disposal of investment properties and other investments	(477)	-
Loss on disposal of property, plant and equipment	1,848	16
Dividend income	(1,396)	(1,138)
Bad debts written off	41	-
Fair value adjustment for assets held at fair value through profit or loss	(149)	-
Other non-cash items	(914)	(86)
	68,328	16,589
Operating profit before changes in working capital		
Changes in working capital		
Net change in current assets	(49,084)	99,681
Net change in current liabilities	78,336	(14,873)
	29,252	84,808
Net change in working capital		
Cash generated from operations	97,580	101,397
Interest paid (including discontinued operation)	(33,292)	(34,082)
Interest received (including discontinued operation)	4,133	7,319
Income tax paid	(3,981)	(2,837)
Staff benefits paid	(8,679)	(7,447)
	55,761	64,350
Net cash generated from operating activities		

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----6 MONTHS ENDED----->	
	30.06.2013	30.06.2012
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Refurbishment of investment properties	(1,284)	(7)
Purchase of property, plant and equipment	(10,640)	(21,107)
Net proceeds from sale of property, plant and equipment	(2,050)	330
Proceeds from sale of investment properties and other investments	920	-
Net proceeds from disposal of assets classified as held for sale	-	69,946
Investment in associate companies	-	(13,164)
Disposal of discontinued operation, net of cash	-	99,276
Dividend received from associates and jointly-controlled entity	8,887	22,704
Dividend income	1,396	1,138
Net cash (used in)/generated from investing activities	<u>(2,771)</u>	<u>159,116</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(1,706)	(1,081)
Purchase of treasury shares by the Company	(14,725)	(16,346)
Uplift of pledged deposits	7,857	4,487
Net repayment of borrowings	(50,613)	(216,340)
Net cash used in financing activities	<u>(59,187)</u>	<u>(229,280)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,197)	(5,814)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	159,741	171,713
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(12,222)	(4,592)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	<u>141,322</u>	<u>161,307</u>
	Note A	
Note A		
Included in cash and cash equivalents as at 30 June are the following:		
- Cash and deposits with licensed banks	443,951	296,066
- Bank overdrafts	(3,521)	(3,424)
- Deposits pledged	(299,108)	(131,335)
	<u>141,322</u>	<u>161,307</u>

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

PART A

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2012.

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

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

- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*

- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

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

A1. Basis of Preparation (Contd)

FKP Property Group ("FKP"), 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 FKP for the quarters ending March and September, the Group relies on the full year profit guidance issued by FKP adjusted to its quarterly components. FKP's profit guidance do not include any non-operational exceptional items. Accordingly, the Group's share of results in FKP for March and September quarters are based on FKP's profit guidance while for June and December periods are based on FKP's public released results.

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

A3. Seasonal or Cyclicity of Operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period ended 30 June 2013.

A5. Changes in Estimates

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

A6. Changes in Debt And Equity Securities

During the financial period ended 30 June 2013, the Company has bought back 37,786,100 ordinary shares of RM0.50 each at average cost of RM0.39 per share. As at 30 June 2013, 196,571,700 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 continuing operations for the period ended 30 June 2013 and 2012 are set out below:

	Revenue		Loss Before Tax	
	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000
Business Segment				
Property	136,035	40,978	28,199	4,397
Hospitality	200,195	220,356	(15,457)	(5,506)
Investment and others	-	1,096	19,976	(3,103)
	<u>336,230</u>	<u>262,430</u>	<u>32,718</u>	<u>(4,212)</u>
Finance costs	-	-	(33,292)	(33,834)
Share of results of associates/ jointly-controlled entities	-	-	(91,144)	(281,896)
	<u>336,230</u>	<u>262,430</u>	<u>(91,718)</u>	<u>(319,942)</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 2013 are as below:

	<u>30.6.2013</u> RM'000
(a) Approved and contracted for	2,009
(b) Approved but not contracted for	<u>467</u>

A11. Material Events Subsequent To The Reporting Date

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

A12. Changes in The Composition Of the Group

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

A13. Changes in Contingent Liabilities or Contingent Assets

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

	Decrease RM'000
Guarantees given to third parties	<u>9,285</u>

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

PART B

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

B1. Review of performance

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

The Group's revenue has increased by RM73.80 million or 28% to RM336.23 million for the 6-month period ended 30 June 2013 when compared to RM262.43 million in the previous corresponding period. The Group registered an operating profit of RM32.72 million, a significant improvement of RM36.93 million from an operating loss of RM4.21 million posted in the previous corresponding period. The Group's good performance was mainly attributed to better performance in our property segment. The Group reported a pre-tax loss of RM91.72 million during the current financial period under review which is 71.33 % lower when compared to pre-tax loss of RM319.94 million posted in the previous corresponding period. The current pre-tax loss was mainly impacted by the Group's share of loss in an associate, FKP Property Group ("FKP") which amounted to RM113.85 million, mainly due to non-operating items primarily the impairment of its development assets.

The property division recorded a revenue of RM136.03 million and a pre-tax profit of RM28.20 million for the period ended 30 June 2013 as compared to a revenue of RM40.98 million and a pre-tax profit of RM4.40 million for the corresponding period ended 30 June 2012. The better performance recorded in property division in the current period was mainly attributed to higher sales from the Group's Sanctuary Cove project and Hayman Development in Australia. The better performance in the current period was moderated by a one-off gain on disposal of land in Section 16, Selangor recognised in the previous corresponding period.

The hospitality division recorded a revenue of RM200.20 million and a pre-tax loss of RM15.46 million for the period ended 30 June 2013 as compared to a revenue of RM220.36 million and a pre-tax loss of RM5.51 million for the corresponding period ended 30 June 2012. The weaker performance from the hospitality division was mainly attributed to lower revenue generated from its Hayman Island Resort and InterContinental Sanctuary Cove Hotel, both located in Australia due to weaker market conditions of the 5-star luxury hotels segment in Australia during the current period.

The investment division recorded a pre-tax profit of RM19.98 million in the current financial period as compared to pre-tax loss of RM3.10 million in the previous corresponding period. The better performance in the current period was mainly due to a higher gain on derivatives and favourable foreign exchange rate movement on the Group's loans and deposits which were denominated in Australian dollar and US dollar respectively.

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

The Group recorded a revenue of RM204.90 million and a pre-tax loss of RM81.63 million for the 2nd quarter of 2013 as compared to a revenue of RM123.84 million and a pre-tax loss of RM326.18 million for the previous year's corresponding quarter. The weaker results of the Group in the previous year's corresponding quarter was mainly due to higher share of loss in FKP as mentioned above.

The property division recorded a revenue of RM103.73 million and a pre-tax profit of RM35 million for the 2nd quarter of 2013 as compared to a revenue of RM19.11 million and a pre-tax profit of RM3.90 million for the previous year's corresponding quarter. The better performance recorded in the property division during the current period was mainly attributed to higher sales from the Group's Sanctuary Cove and Hayman Development in Australia, Nibong Tebal project in Penang and Leisure Farm project in Iskandar Malaysia, Johor.

The hospitality division recorded a revenue of RM101.17 million and a pre-tax loss of RM10.06 million for the 2nd quarter of 2013 as compared to a revenue of RM103.64 million and a pre-tax loss of RM7.98 million for the previous year's corresponding quarter. The drop in revenue from the hospitality division was attributed mainly to the weaker market conditions for 5 star hotels in Australia in this current quarter.

B1. Review of performance (Contd)

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

The investment division recorded a RM20.35 million pre-tax profit in the current 2nd quarter as compared to RM1.19 million pre-tax profit in the previous year's corresponding quarter. The better performance in the current quarter was mainly due to favourable foreign exchange gains on loans and deposits as mentioned above.

B2. Comparisons With Preceding Quarter's Results

The Group recorded a revenue of RM204.90 million and an operating profit of RM45.29 million for the 2nd quarter of 2013 as compared to a revenue of RM131.33 million and an operating loss of RM12.57 million for the 1st quarter of 2013. The increase in revenue and operating profit of RM73.57 million and RM57.86 million respectively in the current quarter was mainly due to a better performance in its property segment. However, there was an increase in pre-tax loss by RM71.54 million mainly due to its share of loss in an associate in the current quarter as mentioned above.

The property division recorded a revenue of RM103.73 million and a pre-tax profit of RM35.00 million for the 2nd quarter of 2013 as compared to a revenue of RM32.31 million and pre-tax loss of RM6.80 million in the 1st quarter of 2013. The better performance recorded in the property division during the current period was mainly attributed to higher sales generated from the Group's Hayman Development in Australia, Nibong Tebal project in Penang and Leisure Farm project in Iskandar Malaysia, Johor.

The hospitality division recorded a revenue of RM101.17 million and a pre-tax loss of RM10.06 million for the 2nd quarter of 2013 as compared to a revenue of RM99.02 million and pre-tax loss of RM5.40 million in the 1st quarter of 2013. The slight increase in revenue was mainly due to higher occupancy rate in the InterContinental Sydney Hotel in Australia. The pre-tax loss was higher as compared to the previous quarter, mainly due to lower average room rates which resulted from the weaker market conditions of 5 star hotels in Australia.

The investment division reported a pre-tax profit of RM20.35 million for the 2nd quarter of 2013 as compared to a pre-tax loss of RM 0.38 million in the 1st quarter of 2013. The better performance in the current quarter was mainly due to favourable foreign exchange gains as mentioned above.

B3. Prospects

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

B4. Variance from Profit Forecast or Profit Guarantee

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

MULPHA INTERNATIONAL BHD (19764-T)
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2013

B5. Loss Before Tax

	2nd Quarter Ended		6 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at loss before tax from continuing operations:-				
Interest income	(2,196)	(2,021)	(4,133)	(7,319)
Dividend income	(1,101)	(484)	(1,396)	(1,138)
Rental income	(6,110)	(8,648)	(14,590)	(16,668)
Interest expense	16,191	11,069	33,292	34,082
Depreciation and amortisation	15,315	16,943	31,312	32,185
Impairment/(reversal) on allowance of doubtful debts	1,797	(4,452)	1,797	(4,452)
Write back of inventories	(304)	(590)	(304)	(590)
Gain on disposal of assets classified as held for sale	-	-	-	(6,074)
Bad debt written off	41	-	41	-
Gain on disposal of investment properties and other investments	(396)	-	(477)	-
Loss on disposal of property, plant and equipment	1,848	16	1,848	16
Fair value adjustment for assets held at fair value through profit or loss	-	-	(149)	-
Foreign exchange gain	(23,269)	(8,670)	(25,178)	(9,992)
Gain on derivatives	(3,977)	(1,955)	(6,777)	(2,514)

B6. Income tax expense/(benefit)

	2nd Quarter Ended		6 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
- Malaysia	2,601	929	3,651	2,132
Deferred tax				
- Malaysia	(808)	537	(4,651)	530
- Foreign	(440)	(5180)	(8,213)	(1,794)
	(1,248)	(4643)	(12,864)	(1,264)
Under/(over) provision of taxation in prior years	546	(60)	390	(141)
Income tax expense/(benefit)	1,899	(3774)	(8,823)	727

B7. Status of Corporate Proposals

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

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

The proposed acquisition is subject to the approval of MLB's shareholders at an extraordinary general meeting to be convened.

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

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

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

B8. Group Loans and Borrowings

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

	RM'000	RM'000
Short term - Secured	383,228	
- Unsecured	<u>12,821</u>	396,049
Long term - Secured		759,114
		<u>1,155,163</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	269,695	792,903
US Dollar	USD '000	58,910	187,334
Japanese Yen	JPY '000	2,869,785	<u>92,407</u>

B9. Material Litigation

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

B10. Dividend

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

B11. Loss Per Share

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

	6 Months Ended	
	30.06.2013	30.06.2012
	RM'000	RM'000
(a) <u>Continuing operations</u>		
Loss for the period	(82,895)	(320,669)
Non-controlling interests	(4)	(18,992)
Loss attributable to equity holders of the parent	<u>(82,899)</u>	<u>(339,661)</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	2,197,128	2,311,524
Effect of share buy back	(17,667)	(13,025)
Weighted average number of ordinary shares at 30 June	<u>2,179,461</u>	<u>2,298,499</u>
Basic loss per share (sen)	<u>(3.80)</u>	<u>(14.78)</u>
(b) <u>Discontinued operation</u>		
Profit for the period	-	61,980
Non-controlling interests	-	-
Profit attributable to equity holders of the parent	<u>-</u>	<u>61,980</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	-	2,311,524
Effect of share buy back	-	(13,025)
Weighted average number of ordinary shares at 30 June	<u>-</u>	<u>2,298,499</u>
Basic earnings per share (sen)	<u>-</u>	<u>2.70</u>
(c) Total basic loss per share (sen)	<u>(3.80)</u>	<u>(12.08)</u>

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

PART C

Disclosure of Realised and Unrealised Profits or Losses

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

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

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	767,456	769,832
- Unrealised	(18,581)	(36,215)
(ii) Associates		
- Realised	205,141	188,548
- Unrealised	-	22
- Breakdown unavailable *	(596,393)	(482,118)
(iii) Jointly-controlled entities		
- Realised	25,600	32,000
- Unrealised	5,216	1,006
	<u>388,439</u>	<u>473,075</u>
Less: Consolidated Adjustments	(130,472)	(132,209)
Total group retained earnings as per consolidated accounts	<u>257,967</u>	<u>340,866</u>

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

