

MULPHA INTERNATIONAL BHD^(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2015

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.12.2015 RM'000	COMPARATIVE QUARTER ENDED 31.12.2014 RM'000	12 MONTHS CUMULATIVE TO 31.12.2015 RM'000	12 MONTHS CUMULATIVE TO 31.12.2014 RM'000
<i>Continuing operations</i>					
Revenue		291,361	357,152	888,639	958,682
Operating expenses		(240,153)	(323,690)	(884,303)	(941,295)
Other operating income		5,237	70,638	189,850	148,332
Profit from operations		56,445	104,100	194,186	165,719
Finance costs		(28,901)	(25,273)	(113,343)	(92,236)
Share of profit/(loss) of associates		39,857	(4,999)	70,579	33,702
Share of profit/(loss) of jointly-controlled entities		8,664	(36)	9,291	5,191
Profit before tax	B5	76,065	73,792	160,713	112,376
Income tax (expense)/benefit	B6	(2,571)	(2,446)	2,569	(16,842)
Profit for the year from continuing operations		73,494	71,346	163,282	95,534
<i>Discontinued operation</i>					
Profit for the year from discontinued operation		-	-	-	29,025
Profit for the year		73,494	71,346	163,282	124,559
Attributable to:					
Owners of the Company		73,494	75,177	165,123	124,148
Non-controlling interests		-	(3,831)	(1,841)	411
Profit for the year		73,494	71,346	163,282	124,559
Earnings per share (sen):-					
- Basic/Diluted	B11	3.44	3.52	7.74	5.82

(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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I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 31.12.2015 RM'000	COMPARATIVE QUARTER ENDED 31.12.2014 RM'000	12 MONTHS CUMULATIVE TO 31.12.2015 RM'000	12 MONTHS CUMULATIVE TO 31.12.2014 RM'000
Profit for the year	73,494	71,346	163,282	124,559
Available-for-sale financial assets reclassified to profit or loss	-	-	(16,486)	-
Foreign currency translation differences for foreign operations	25,615	(17,890)	84,015	(47,601)
Fair value movement of available- for-sale financial assets	(1,728)	8,947	(11,932)	8,301
Share of other comprehensive income/ (expense) of associates	(1,504)	1,073	5,722	(2,767)
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 year, net of tax	<u>22,383</u>	<u>(7,870)</u>	<u>44,676</u>	<u>(52,619)</u>
Total comprehensive income for the year	<u>95,877</u>	<u>63,476</u>	<u>207,958</u>	<u>71,940</u>
Attributable to :				
Owners of the Company	95,877	58,395	209,799	71,529
Non-controlling interests	-	5,081	(1,841)	411
Total comprehensive income for the year	<u>95,877</u>	<u>63,476</u>	<u>207,958</u>	<u>71,940</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 31.12.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,087,824	1,011,017
Investment properties		416,938	21,962
Investment in associates		1,354,347	1,181,490
Investment in jointly-controlled entities		12,798	2,534
Investment securities		1,156	88,447
Other investments		5,080	5,080
Goodwill		2,722	9,113
Inventories		777,513	813,842
Other non-current assets		14,742	18,469
Deferred tax assets		59,756	53,750
		3,732,876	3,205,704
Current assets			
Inventories		593,434	593,189
Trade and other receivables		255,871	260,710
Other current assets		26,658	18,360
Investment securities		2,516	6,682
Income tax recoverable		3,549	10,633
Cash and cash equivalents		539,900	600,796
		1,421,928	1,490,370
TOTAL ASSETS		5,154,804	4,696,074

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PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.12.2015 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	A6	(92,137)	(92,115)
Reserves		305,608	260,797
Retained earnings		597,699	432,711
		2,568,990	2,359,213
Non-controlling interests		-	44,346
Total equity		2,568,990	2,403,559
Non-current liabilities			
Trade and other payables		13,431	13,491
Provision for liabilities		2,225	2,179
Loans and borrowings	B8	932,341	794,648
		947,997	810,318
Current liabilities			
Trade and other payables		286,744	272,045
Other current liabilities		6,604	14,801
Provision for liabilities		23,426	20,365
Loans and borrowings	B8	1,314,683	1,163,079
Derivative liabilities		-	4,928
Income tax payable		6,360	6,979
		1,637,817	1,482,197
Total liabilities		2,585,814	2,292,515
TOTAL EQUITY AND LIABILITIES		5,154,804	4,696,074
Net assets per share (RM)		1.20	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		Non-Controlling Interests		Total Equity	
	Share Capital	Share Premium	Share Exchange Reserve	Capital Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total Controlling Interests	Total Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 year	-	-	85,386	(16,099)	(24,611)	-	165,123	209,799	(1,841)	207,958
Purchase of treasury shares	-	-	-	-	-	(22)	-	(22)	-	(22)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(42,505)	(42,505)
Transfer within reserves	-	-	-	135	-	-	(135)	-	-	-
Total transactions with owners of the Company	-	-	-	135	-	(22)	(135)	(22)	(42,505)	(42,527)
At 31 December 2015	1,177,957	579,863	209,632	101,763	(5,787)	(92,137)	597,699	2,568,990	-	2,568,990
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 year	-	-	(55,756)	-	3,117	-	124,148	71,529	411	71,940
Purchase of treasury shares	-	-	-	-	-	(66)	-	(66)	-	(66)
Changes in ownership interest in a subsidiary	-	-	-	2,341	-	-	-	2,341	(2,641)	(300)
Dividend	-	-	-	-	-	-	-	-	(3,745)	(3,745)
Disposal of discontinued operation	-	-	-	-	-	-	(2)	(2)	(1,809)	(1,811)
Total transactions with owners of the Company	-	-	-	2,341	-	(66)	(2)	2,273	(8,195)	(5,922)
At 31 December 2014	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559

(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	<---12 MONTHS ENDED-->	
		31.12.2015	31.12.2014
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation			
- Continuing operations		160,713	112,376
- Discontinued operation		-	29,087
		<u>160,713</u>	<u>141,463</u>
Adjustments for non-cash items:			
Bad debts recovered		(14)	(18)
Bad debts written off		398	3
Depreciation of property, plant and equipment (including discontinued operation)		55,399	54,333
Dividend income		(19)	(2,719)
Fair value loss/(gain) on financial assets at fair value through profit or loss		1,993	(2,249)
Fair value adjustment of investment properties		-	(1,357)
Gain on disposal of investment properties and assets classified as held for sales		-	(13,922)
Gain on disposal of investment securities and other investments		(3,779)	(945)
Gain on disposal of property, plant and equipment		(28)	(1,166)
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/(Reversal of impairment) loss on trade and other receivables		962	(5,171)
Interest expense (including discontinued operation)		113,343	92,273
Interest income (including discontinued operation)		(4,191)	(5,795)
Negative goodwill arising from acquisition of a subsidiary		-	(36,463)
Net unrealised foreign exchange gain		(1,803)	150
Property, plant and equipment written off		1,625	9,920
Provision for staff benefits		14,921	12,269
Provision for foreseeable loss on inventories		1,242	-
(Reversal of impairment)/Impairment loss on investment securities		(710)	11,005
Reversal of impairment loss on associates		-	(3,000)
Reversal of impairment loss on property, plant and equipment		-	(5,214)
(Reversal of impairment)/Impairment loss on inventories		(551)	7,568
Share of profit of associates		(70,579)	(33,702)
Share of profit of jointly-controlled entities		(9,291)	(5,191)
Operating profit before changes in working capital		<u>198,000</u>	<u>183,641</u>
Changes in working capital			
Inventories		(110,746)	(180,121)
Receivables		(8,827)	(21,607)
Other current assets		(8,298)	16,119
Other non-current assets		4,225	(13,014)
Financial assets at fair value through profit or loss		3,277	(184)
Payables		33,301	32,236
Other non-current liabilities		(1,386)	2,224
Net change in working capital		<u>(88,454)</u>	<u>(164,347)</u>
Cash generated from operations		109,546	19,294
Interest paid		(113,343)	(92,273)
Interest received		4,191	5,795
Income tax paid		3,623	(21,694)
Staff benefits paid		(14,071)	(10,531)
Net cash used in operating activities		<u>(10,054)</u>	<u>(99,409)</u>

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---12 MONTHS ENDED-->	
		31.12.2015	31.12.2014
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	(348)
Additional investment in associates		-	(115,883)
Additional investment in a jointly-controlled entity		(210)	-
Proportionate consolidation of a jointly-controlled operation, net of cash and cash equivalents acquired		1,985	-
Dividend received from associates and jointly-controlled entity		38,486	25,780
Dividend received from other investments		19	2,719
Purchase of property, plant and equipment		(39,373)	(111,086)
Purchase of investment securities and other investment		-	(1,627)
Purchase of an investment property		(366,149)	-
Proceeds from partial disposal of associates		3,890	-
Proceeds from disposal of property, plant and equipment		323	2,206
Proceeds from disposal of assets classified as held for sale		-	32,719
Proceeds from disposal of investment properties		-	400
Proceeds from disposal of investment securities and other investments		65,506	4,259
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)	(549)
Net cash used in investing activities		<u>(304,856)</u>	<u>(131,615)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interest		-	(300)
Dividend paid to non-controlling interests		-	(3,745)
Payment of finance lease liabilities		(195)	(6,312)
Purchase of treasury shares by the Company		(22)	(66)
Uplift of pledged cash and deposits		108,327	30,872
Net drawdown of borrowings		243,614	212,259
Net cash generated from financing activities		<u>351,724</u>	<u>232,708</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,814	1,684
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		106,452	134,941
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		11,357	(30,173)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	Note A	<u>154,623</u>	<u>106,452</u>
Note A			
Included in cash and cash equivalents as at 31 December are the following:			
- Cash and deposits with licensed banks		539,900	600,796
- Bank overdrafts		(1,422)	(2,162)
- Cash and deposits pledged		(383,855)	(492,182)
		<u>154,623</u>	<u>106,452</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 31 December 2015.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 year ended 31 December 2015, the Company has bought back 60,000 ordinary shares of RM0.50 each at average cost of RM0.37 per share. As at 31 December 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 year ended 31 December 2015 and 2014 are set out below:

Revenue	12 months ended 31.12.2015			12 months ended 31.12.2014		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segment						
Property	407,106	-	407,106	569,144	-	569,144
Hospitality	459,468	-	459,468	386,964	2,697	389,661
Investment and others	22,065	-	22,065	2,574	-	2,574
	<u>888,639</u>	<u>-</u>	<u>888,639</u>	<u>958,682</u>	<u>2,697</u>	<u>961,379</u>
Profit/(Loss) Before Tax						
Property	152,313	-	152,313	256,901	-	256,901
Hospitality	(14,047)	-	(14,047)	(82,339)	656	(81,683)
Investment and others	55,920	-	55,920	(8,843)	28,431	19,588
	<u>194,186</u>	<u>-</u>	<u>194,186</u>	<u>165,719</u>	<u>29,087</u>	<u>194,806</u>
Finance costs	(113,343)	-	(113,343)	(92,236)	-	(92,236)
Share of results of associates/ jointly-controlled entities	79,870	-	79,870	38,893	-	38,893
	<u>160,713</u>	<u>-</u>	<u>160,713</u>	<u>112,376</u>	<u>29,087</u>	<u>141,463</u>

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2015

A9. Related Party Disclosures

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

	4th Quarter Ended		12 Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Agency fee (refunded)/expense	(1,674)	274	(1,327)	1,258
Dividend income	27,261	973	35,785	26,304
Director fees received	67	63	254	257
Interest expense	-	1,239	240	1,239
Management fee	266	-	266	-
Project management fee expense	-	1,965	20	1,965
Sale proceeds from disposal of inventories	-	33,417	-	78,117
Rental income	419	661	1,375	1,610
Rental expense	189	180	729	720
Share service income	33	445	620	2,236
Rendering of services	1,097	-	1,097	-
B. Other related parties				
Non-controlling interests of a subsidiary				
- Interest expense	-	25	29	100
A company related to a director				
- Director fees income	49	-	112	-
- Rental income	82	-	129	-
- Sale proceeds from disposal of investment securities	-	-	54,674	-
- Share service income	320	-	1,250	-
- Rendering of services	4,664	-	7,940	-
- Other expense	148	-	210	-
A company related to a person connected to a director				
- Interest expense	-	99	50	390
- Rental income	(53)	-	687	-
A company related to a director				
- Legal fee	-	14	-	174

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 31 December 2015 are as below:

	RM'000
(a) Approved and contracted for	76,767
(b) Approved but not contracted for	<u>9,658</u>

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 December 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	<u>72,315</u>
Attributable goodwill	6,409
Realisation of reserves	(16,099)
Minority interest	<u>(42,506)</u>
	20,119
Transfer to investment in associates	(33,308)
Gain on disposal of subsidiaries	<u>50,385</u>
Consideration received after transaction cost, satisfied in cash	37,196
Cash and cash equivalents disposed of	<u>(46,502)</u>
Net cash outflow on disposal	<u>(9,306)</u>

(b) Acquisition of a subsidiary

- (i) 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.
- (ii) Leisure Farm Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, has on 16 February 2016, acquired 2 ordinary shares of RM1 each, representing 100% of the total issued and paid-up share capital of JV Axis Sdn Bhd ("JVASB") for a total consideration of RM2. As a result of the acquisition, JVASB has become an indirect wholly-owned subsidiary of the Company.

(c) Incorporation of subsidiaries

- (i) Mulpha Australia Limited ("MAL"), 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.
- (ii) MAL, a wholly-owned subsidiary of MIB, had on 9 October 2015, incorporated a limited company known as Mulpha Funds Management Pty Ltd ("MFM"). As a result of the incorporation, MFM has become an indirect wholly-owned subsidiary of MIB. MFM is a company incorporated in Australia with a paid-up share capital of A\$10.00. MFM is currently dormant.

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 RM291.36 million and pre-tax profit of RM76.06 million for the 4th quarter of 2015 compared to revenue of RM357.15 million and pre-tax profit of RM73.79 million in the previous corresponding quarter. The weaker performance was mainly attributable to a poorer performance in the property and investment divisions, partially offset by a better performance in the hospitality division and share of associates' profits.

The property division registered revenue of RM146.29 million and pre-tax profit of RM93.10 million for the 4th quarter of 2015 as compared to revenue of RM230.81 million and pre-tax profit of RM140.83 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 the Mulpha Norwest development located in Sydney, Australia as well as the 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 RM141.28 million and pre-tax loss of RM3.69 million for the 4th quarter of 2015 compared with revenue of RM125.51 million and pre-tax loss of RM32.59 million in the previous year's corresponding quarter. The better performance in the 4th quarter of 2015 was mainly driven by higher occupancy in the One&Only Hayman Resort in Australia.

The investments and other activities division recorded pre-tax loss of RM32.96 million for the 4th quarter of 2015 as compared to pre-tax loss of RM4.13 million in the previous year's corresponding quarter. The weaker performance in the 4th quarter of 2015 was mainly attributed to a higher foreign exchange loss relating to the Group's cash and deposits denominated in US Dollar.

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

The Group reported revenue of RM888.64 million and pre-tax profit of RM160.71 million for the financial year ended 31 December 2015 as compared to revenue (excluding discontinued operations) of RM958.68 million and pre-tax profit (excluding discontinued operations) of RM112.38 million in the previous financial year. Despite the Group's drop in revenue of 7%, the Group's pre-tax profit (excluding discontinued operations) recorded a stronger result of 43% which was mainly attributed to:

- (a) higher contribution in the investment and others division of RM64.76 million as explained below;
- (b) better performance in the hospitality division by RM68.29 million as explained below; and
- (c) higher share of associates' profit by RM36.88 million.

These improvements were partially offset by a weaker performance in the property division of RM104.59 million and higher finance cost of RM21.11 million arising from increase in loans and borrowings.

The property division recorded revenue of RM407.11 million and pre-tax profit of RM152.31 million for the financial year ended 31 December 2015 as compared to revenue of RM569.14 million and pre-tax profit of RM256.90 million in the previous financial year. The weaker performance was attributed to lower sales in the Group's Leisure Farm development in Johor and Mulpha Norwest development located in Sydney, Australia as well as deconsolidation of Mulpha Land Berhad (now known as Thriven Global Berhad) as explained in Note A13(a).

B1. Review of performance (Cont'd)

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

The hospitality division recorded revenue of RM459.47 million and pre-tax loss of RM14.05 million for the financial year ended 31 December 2015 as compared to revenue (excluding discontinued operations) of RM386.96 million and pre-tax loss (excluding discontinued operations) of RM82.34 million in the previous financial year. The better performance in the current year was mainly due to the One&Only Hayman Resort in Australia showing a full year as compared to half year operations in previous financial year as the resort was temporary closed to undertake refurbishment and rebranding program.

The investments and other activities division reported pre-tax profit of RM55.92 million for the financial year ended 31 December 2015 as compared to a pre-tax loss (excluding discontinued operations) of RM8.84 million in the previous financial year. The stronger performance in the current period was mainly attributed to a gain on disposal of subsidiaries of RM50.39 million as explained in A13(a), 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 RM291.36 million and pre-tax profit of RM76.06 million for the 4th quarter of 2015 compared with revenue of RM174.08 million and pre-tax profit of RM34.47 million for the 3rd quarter of 2015. The Group reported a stronger performance in revenue mainly attributable to a higher contribution from the property division and share of associates' profits, partially offset by a weaker performance from investment as explained below.

The property division registered revenue of RM146.29 million and pre-tax profit of RM93.10 million for the 4th quarter of 2015 as compared to revenue of RM50.28 million and pre-tax profit of RM12.05 million for the 3rd quarter of 2015. The stronger performance in the current quarter was mainly driven by higher sales generated by the Sanctuary Cove development located in Queensland and the Mulpha Norwest development in Sydney.

The hospitality division recorded revenue of RM141.28 million and pre-tax loss of RM3.69 million for the 4th quarter of 2015 as compared to revenue of RM115.51 million and pre-tax loss of RM0.88 million for the 3rd quarter of 2015. The higher revenue in the current quarter was mainly due to seasonal factors, whilst the higher pre-tax loss was mainly attributable to higher variable cost incurred in the peak season.

The Group's investments and other activities division reported pre-tax loss of RM32.96 million for the 4th quarter of 2015 as compared to pre-tax profit of RM28.38 million for the 3rd quarter of 2015. The weaker performance in the current quarter was mainly due to lower foreign exchange gain relating to the Group's cash and deposits denominated in US Dollar.

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 2016 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.

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B5. Profit Before Tax

	4th Quarter Ended		12 Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	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)	(14)	(18)
Bad debt written off	389	3	389	3
Depreciation of property, plant and equipment	14,917	14,436	55,399	53,826
Dividend income	(3)	630	(19)	(2,719)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(197)	(94)	1,993	(2,249)
Fair value adjustment for investment properties	-	(1,357)	-	(1,357)
Foreign exchange loss/(gain)				
- Realised	12,125	(17,133)	(59,104)	(30,511)
- Unrealised	(1,771)	150	(1,803)	150
Gain on dilution of interests in associates	-	-	(9,835)	-
Gain on disposal of investment properties and assets classified as held for sales	-	-	-	(13,922)
Gain on disposal of subsidiaries	-	-	(50,385)	-
Gain on disposal of discontinued operation	-	-	-	(28,431)
Gain on partial disposal of associates	-	-	(1,411)	-
Loss/(Gain) on on disposal of property, plant and equipment	53	(1,170)	(28)	(1,166)
Loss/(Gain) on disposal of investment securities and other investment	373	(773)	(3,779)	(945)
Interest income	(1,096)	(1,571)	(4,191)	(5,792)
Interest expense	28,901	25,273	113,343	92,236
Impairment/(Reversal of impairment) loss on investment securities	54	5,109	(710)	11,005
Impairment/(Reversal of impairment) loss on trade and other receivables	471	(1,121)	962	(5,171)
Negative goodwill arising from acquisition of a subsidiary	-	(36,463)	-	(36,463)
Loss on derivatives	358	2,654	5,056	1,225
Property, plant and equipment written off	1,625	9,908	1,625	9,920
Provision for foreseeable loss on inventories	1,242	-	1,242	-
Rental income	(9,515)	(6,558)	(37,646)	(25,645)
(Reversal of impairment)/Impairment loss on inventories	(567)	7,561	(551)	7,568
Reversal of impairment loss on associates	-	-	-	(3,000)
Reversal of impairment loss on property, plant and equipment	-	(5,214)	-	(5,214)

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B6. Income tax expense/(benefit)

	4th Quarter Ended		12 Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
Malaysian - current year	1,301	84	1,669	7,077
- (over)/under provision in prior year	(4)	353	45	401
	<u>1,297</u>	<u>437</u>	<u>1,714</u>	<u>7,478</u>
Deferred tax				
Origination and reversal of temporary differences	(13,641)	3,330	(18,985)	10,685
Under/(over) provision in prior year	14,915	(1,321)	14,702	(1,321)
	<u>1,274</u>	<u>2,009</u>	<u>(4,283)</u>	<u>9,364</u>
Income tax expense/(benefit) from continuing operations	2,571	2,446	(2,569)	16,842
Income tax expenses attributable to discontinued operation	-	-	-	62
Income tax expense/(benefit)	<u>2,571</u>	<u>2,446</u>	<u>(2,569)</u>	<u>16,904</u>

The effective tax rate of the Group for the financial year ended 31 December 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:-

B7. Status of Corporate Proposals (Cont'd)

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

	<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>

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

- (i) the approval of the Securities Commission ("SC") 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");
- (ii) the approval of the shareholders of Mulpha at an extraordinary general meeting ("EGM") which was obtained on 12 February 2016;
- (iii) 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. The approval from the Bursa Securities was obtained on 28 December 2015; and
- (iv) 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.

(c) Investment in a jointly-controlled entity and disposal of development lands

Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of the Company has on 16 February 2016, entered into a joint venture cum shareholders' agreement ("JVA") with UEM Land Berhad ("UEML"), a wholly-owned subsidiary of UEM Sunrise Berhad ("UEMS") and JV Axis Sdn Bhd ("JVASB"), the intended joint venture company for the proposed collaboration between LFC and UEML.

Both LFC and UEML wish to work together as strategic joint development partners to jointly develop and optimise the value of 38 parcels of freehold lands located in Gerbang Nusajaya and near the Leisure Farm Resort within Mukim Pulau, District of Johor Bahru, Johor.

On the even date, LFC also entered into a master agreement ("Master Agreement") with Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both being indirect wholly-owned subsidiaries of UEMS, and JVASB to record the agreed framework and parameters for the disposal of the JV Lands by LFC, NSSB and NRSB ("Landowners") to JVASB and subject to terms and conditions in the JVA and Master Agreement.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 31 December 2015 are as follows:-

	<u>RM'000</u>	<u>RM'000</u>
Short term - Secured	1,308,044	
- Unsecured	<u>6,639</u>	1,314,683
Long term - Secured		<u>932,341</u>
		<u>2,247,024</u>

B8. Group Loans and Borrowings (Cont'd)

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	448,236	1,402,978
Japanese Yen	JPY '000	3,037,201	108,124
US Dollar	USD '000	150,000	<u>643,500</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").

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 commenced on 15 February 2016 until 17 February 2016 with MIB's witnesses giving evidence in Court. The Judge then vacated the Trial date on 18 February 2016 and the Trial will continue on new dates to be fixed by the Court.

B9. Material Litigation (Cont'd)

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:

	12 Months Ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
(a) <u>Continuing operations</u>		
Profit for the year	163,282	95,534
Non-controlling interests	1,841	(140)
Profit attributable to equity holders of the parent	<u>165,123</u>	<u>95,394</u>
 Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,133,713	2,355,913
Effect of share buy back	(40)	(222,137)
Weighted average number of ordinary shares at 31 December	<u>2,133,673</u>	<u>2,133,776</u>
 Basic earnings per share (sen)	<u>7.74</u>	<u>4.47</u>
 (b) <u>Discontinued operation</u>		
Profit for the year	-	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	2,355,913
Effect of share buy back	(40)	(222,137)
Weighted average number of ordinary shares at 31 December	<u>2,133,673</u>	<u>2,133,776</u>
 Basic earnings per share (sen)	<u>-</u>	<u>1.35</u>
 (c) Total basic earnings per share (sen)	<u>7.74</u>	<u>5.82</u>

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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	1,002,256	905,511
- Unrealised	64,192	52,883
(ii) Associates		
- Realised	180,468	181,982
- Unrealised	2,623	485
- Breakdown unavailable *	(554,247)	(571,139)
	<u>695,292</u>	<u>569,722</u>
Less: Consolidated Adjustments	<u>(97,593)</u>	<u>(137,011)</u>
Total group retained earnings as per consolidated accounts	<u>597,699</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.