

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2012

(The figures have not been audited)

### I(A) CONDENSED CONSOLIDATED INCOME STATEMENT

		CURRENT QUARTER ENDED 30.09.2012 RM'000	COMPARATIVE QUARTER ENDED 30.09.2011 RM'000 (restated)	9 MONTHS CUMULATIVE TO 30.09.2012 RM'000	9 MONTHS CUMULATIVE TO 30.09.2011 RM'000 (restated)
<i>Continuing operations</i>					
Revenue		125,627	158,540	387,897	451,046
Operating expenses		(171,024)	(179,908)	(484,764)	(545,694)
Other operating income		56,377	18,068	104,418	317,413
Profit/(loss) from operations		10,980	(3,300)	7,551	222,765
Finance costs		(16,401)	(21,404)	(50,235)	(66,805)
Share of (loss)/profit of associates		18,704	33,200	(262,866)	73,679
Share of profit/(loss) of jointly-controlled entities		(277)	(883)	(603)	2,561
Profit/(loss) before tax	B5	13,006	7,613	(306,153)	232,200
Income tax expense	B6	25,173	(9,317)	24,453	(61,719)
Profit/(loss) for the period from continuing operations		38,179	(1,704)	(281,700)	170,481
<i>Discontinued operation</i>					
(Loss)/profit for the period from discontinued operation	A13	(21,197)	2,627	39,993	5,564
Profit/(loss) for the period		16,982	923	(241,707)	176,045
Attributable to:					
Owners of the parent		18,881	1,478	(258,800)	178,346
Non-controlling interests		(1,899)	(555)	17,093	(2,301)
Profit/(loss) for the period		16,982	923	(241,707)	176,045
(Loss)/earnings per share (sen):-	B11				
- Basic/Diluted		0.83	0.07	(11.30)	7.62

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

# MULPHA INTERNATIONAL BID (19764-T)

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2012

(The figures have not been audited)

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

	CURRENT QUARTER ENDED 30.09.2012 RM'000	COMPARATIVE QUARTER ENDED 30.09.2011 RM'000 (restated)	9 MONTHS CUMULATIVE TO 30.09.2012 RM'000	9 MONTHS CUMULATIVE TO 30.09.2011 RM'000 (restated)
Profit/(loss) for the period	16,982	923	(241,707)	176,045
Foreign currency translation differences for foreign operations	(7,949)	(71,637)	(12,487)	(13,857)
Fair value movement of available- for-sale financial assets	(265)	(65)	1,803	(7)
Revaluation of land and building	-	1	-	7
Share of other comprehensive income of associates	3,827	3,313	7,247	(917)
Reserves of discontinued operation reclassified to profit or loss	-	-	(7,583)	-
Other comprehensive expense for the period, net of tax	(4,387)	(68,388)	(11,020)	(14,774)
<b>Total comprehensive income/(loss) for the period</b>	<b>12,595</b>	<b>(67,465)</b>	<b>(252,727)</b>	<b>161,271</b>
<b>Attributable to :</b>				
Owners of the parent	15,308	(65,746)	(268,882)	159,791
Non-controlling interests	(2,713)	(1,719)	16,155	1,480
<b>Total comprehensive income/(loss) for the period</b>	<b>12,595</b>	<b>(67,465)</b>	<b>(252,727)</b>	<b>161,271</b>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED	
		AS AT 30.9.2012 RM'000	AS AT 31.12.2011 RM'000 (restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>A10</i>	1,267,478	1,292,101
Investment properties		21,224	21,216
Prepaid land lease payments		1,096	1,148
Investment in associates		1,082,771	1,189,634
Investment in jointly-controlled entities		177,723	195,453
Trade and other receivables		7,434	7,228
Other non-current assets		2,187	179
Investment securities		33,993	31,021
Inventories		610,091	661,962
Goodwill		9,137	9,137
		<b>3,213,134</b>	<b>3,409,079</b>
<b>CURRENT ASSETS</b>			
Inventories		345,177	399,436
Trade and other receivables		219,052	213,743
Other current assets		13,429	19,209
Investment securities		8,422	10,633
Derivative assets		-	44
Income tax recoverable		3,714	949
Cash and bank balances		492,095	298,012
Non-current assets classified as held for sale		-	63,872
Assets of disposal group classified as held for sale		-	166,035
		<b>1,081,889</b>	<b>1,171,933</b>
<b>TOTAL ASSETS</b>		<b>4,295,023</b>	<b>4,581,012</b>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.9.2012 RM'000	AS AT 31.12.2011 RM'000 (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		1,177,957	1,177,957
Share premium		579,863	579,863
Treasury shares	A7	(40,395)	(19,352)
Reserves		443,505	449,319
Retained earnings		558,461	808,946
Reserve of disposal group classified as held for sale		-	8,163
		<b>2,719,391</b>	<b>3,004,896</b>
Non-controlling interests		97,391	98,957
<b>Total equity</b>		<b>2,816,782</b>	<b>3,103,853</b>
Trade and other payables		5,920	5,855
Provision for liabilities		3,807	3,855
Deferred tax liabilities		11,337	73,035
Loans and borrowings	B8	792,250	221,684
		<b>813,314</b>	<b>304,429</b>
<b>Current liabilities</b>			
Trade and other payables		141,568	167,536
Other current liabilities		34,675	7,821
Provision for liabilities		13,213	12,639
Loans and borrowings	B8	466,975	888,746
Derivative liabilities		2,266	-
Income tax payable		6,230	6,513
Liabilities of disposal group classified as held for sale		-	89,475
		<b>664,927</b>	<b>1,172,730</b>
<b>Total liabilities</b>		<b>1,478,241</b>	<b>1,477,159</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,295,023</b>	<b>4,581,012</b>
<b>Net assets per share (RM)</b>		<b>1.20</b>	<b>1.30</b>

*(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 2011 and the accompanying explanatory notes attached to the interim financial statements)*

**MULPHA INTERNATIONAL BHD**  
(19764-T)

**PART A1 : QUARTERLY REPORT**

**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

	Attributable to Owners of the Parent				Reserve of disposal group classified as held for sale		<Distributable>		Total Shareholders Equity RM'000	Non-Controlling Interest RM'000	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	Retained Earnings RM'000			
<b>Period ended 30 September 2012</b>											
Balance as 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	98,957	3,106,611
Effects of transition to MFRSs	-	-	(2,853)	-	-	-	-	-	95	-	(2,758)
Balance as at 1 January 2012 (restated)	1,177,957	579,863	3,289	345,035	110,081	(9,086)	(19,352)	8,163	808,946	98,957	3,103,853
Total comprehensive loss for the period	-	-	-	(6,574)	-	4,075	-	(7,583)	(258,800)	16,155	(252,727)
Purchase of treasury shares	-	-	-	-	-	-	(21,043)	-	4,446	-	(21,043)
Deferred tax	-	-	-	-	-	-	-	-	4,446	-	4,446
Transfer within reserves	-	-	(3,289)	-	-	-	-	(580)	3,869	-	-
Dissolution of a subsidiary	-	-	-	-	(26)	-	-	-	-	-	(26)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	-	(17,721)	(17,721)
Balance as at 30 September 2012	1,177,957	579,863	-	338,461	110,055	(5,011)	(40,395)	-	558,461	97,391	2,816,782
<b>Period ended 30 September 2011</b>											
Balance as at 1 January 2011 (as previously stated)	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	-	626,474	97,516	2,917,491
Effects of transition to MFRSs	-	-	(2,911)	-	-	-	-	-	90	-	(2,821)
Balance as at 1 January 2011 (restated)	1,177,957	579,863	3,888	330,237	110,205	(6,118)	(5,442)	-	626,564	97,516	2,914,670
Total comprehensive income for the period	-	-	7	(18,558)	-	(4)	-	-	178,346	1,480	161,271
Purchase of treasury shares	-	-	-	-	-	-	(9,833)	-	-	-	(9,833)
Transfer within reserves	-	-	(26)	-	-	-	-	-	26	-	-
Dividend paid to minority interest	-	-	-	-	-	-	-	-	-	(1,125)	(1,125)
Balance as at 30 September 2011	1,177,957	579,863	3,869	311,679	110,205	(6,122)	(15,275)	-	804,936	97,871	3,064,983

(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 2011 and the accompanying explanatory notes attached to the interim financial statements)

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>&lt;-----9 MONTHS ENDED-----&gt;</b>	
	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
		(restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation		
- Continuing operations	<b>(306,153)</b>	232,200
- Discontinued operation	<b>40,001</b>	3,182
	<b>(266,152)</b>	235,382
Adjustments for non-cash items:		
Depreciation of property, plant and equipment (including discontinued operation)	48,337	51,689
Amortisation of prepaid lease payments	39	81
Share of loss/(profit) of associates	262,866	(73,679)
Share of loss/(profit) of jointly-controlled entities	603	(2,561)
Provision for staff benefits	12,214	12,802
Interest expense (including discontinued operation)	50,482	68,866
Interest income (including discontinued operation)	(9,301)	(6,819)
Gain on disposal of assets classified as held for sale	(6,074)	(242,496)
Gain on disposal of quoted or unquoted investments	(178)	-
Gain on sale of discontinued operation	(41,229)	-
Net reversal on allowance of doubtful debts	(2,901)	(534)
Writeback of inventories	(1,265)	(8,253)
Dividend income from investment securities	(1,279)	(1,316)
Other non-cash items	(881)	(841)
Operating profit before changes in working capital	<b>45,281</b>	32,321
Changes in working capital		
Net change in current assets	57,582	(94,596)
Net change in current liabilities	1,114	25,676
Net change in working capital	<b>58,696</b>	(68,920)
Cash generated from/(used in) operations	<b>103,977</b>	(36,599)
Interest paid (including discontinued operation)	(50,482)	(68,866)
Interest received (including discontinued operation)	9,301	6,819
Income tax paid	(6,171)	(1,323)
Staff benefits paid	(11,582)	(11,824)
Net cash generated from/(used in) operating activities	<b>45,043</b>	(111,793)

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----9 MONTHS ENDED----->	
	30.09.2012	30.09.2011
	RM'000	RM'000 (restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(31,150)	(109,030)
Proceeds from sale of property, plant and equipment	381	2,030
Net proceeds from disposal of assets classified as held for sale	69,946	332,701
Investment in associate companies	(174,361)	(20,707)
Disposal of discontinued operation, net of cash	101,276	-
Dividend received from associates and jointly-controlled entity	37,484	53,063
Dividend income from investment securities	1,279	1,316
Other investments	1,190	(30,410)
Net cash generated from investing activities	<u>6,045</u>	<u>228,963</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of finance lease liabilities	(2,220)	(11,145)
Purchase of treasury shares by the Company	(21,043)	(9,833)
Net repayment of borrowings	158,123	(160,204)
Dividend paid to a minority shareholder	-	(1,125)
Net cash generated from/(used in) financing activities	<u>134,860</u>	<u>(182,307)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	185,948	(65,137)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	307,535	370,385
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,362)	3,167
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	<u>489,121</u>	<u>308,415</u>
ANALYSED AS:		
CONTINUING OPERATIONS	489,121	295,898
DISCONTINUED OPERATION	-	12,517
	<u>489,121</u>	<u>308,415</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 2011 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 2011.

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 2011, except for the adoption of MFRSs that are effective 1 January 2012. These MFRSs does not have any significant impact on the financial position or results of the Group.

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. Significant Accounting Policies**

Except as described below, the accounting policies applied by the Group in the interim financial report are the same as those applied by the Group in its annual audited financial statements as at and for the year ended 31 December 2011.

**(a) Property, plant and equipment**

In the previous years, the Group has availed itself to the transitional provision when the MASB first adopted International Accounting Standard No.16, Property, plant and equipment in 1998. A long-term leasehold building was revalued in 1983 by the directors and no later valuation has been recorded.

Upon transition to MFRSs, the Group elected to restate the revalued property, plant and equipment to its original cost.

**(b) Prepaid land lease payments**

Under FRSs, the Group measured prepaid land lease payments on operating leasehold land in accordance with the transitional provision in FRS117, Leases. The transitional provision allowed the Group to carry the previously revalued leasehold land at the unamortised revalued amount when the Group first applied FRS 117 in 2006. The transitional provision is not available under MFRS 117.

Upon transition to MFRSs, the revalued prepaid land lease payments were restated to its original cost.



**MULPHA INTERNATIONAL BHD (19764-T)**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012**

**A2. Significant Accounting Policies (Contd.)**

The impact arising from the transition is summarised as follows:

Statement of financial position	FRSs	Effect of transition to MFRSs 01.01.2011	MFRSs	FRSs	Effect of transition to MFRSs 30.09.2011	MFRSs	FRSs	Effect of transition to MFRSs 31.12.2011	MFRSs
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	1,323,334	(969)	1,322,365	1,386,217	(949)	1,385,268	1,293,043	(942)	1,292,101
Prepaid land lease payments	4,004	(2,823)	1,181	3,948	(2,781)	1,167	3,915	(2,767)	1,148
Deferred tax liabilities	77,734	(971)	76,763	137,724	(971)	136,753	73,986	(951)	73,035
Revaluation reserve	6,799	(2,911)	3,888	6,780	(2,911)	3,869	6,142	(2,853)	3,289
Retained earnings	626,474	90	626,564	804,784	152	804,936	808,851	95	808,946

**A3. Audit Report of Preceding Annual Financial Statements**

The audit report of the Group's annual financial statements for the financial year ended 31 December 2011 was not subject to any qualification.

**A4. 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.

**A5. 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 September 2012 except for the following:-

- (i) the disposal of Manta Holdings Company Limited and its subsidiaries by Jumbo Hill Group Limited, a wholly owned subsidiary of the Company, which resulted in a gain of RM62.31 million;
- (ii) an associate company, FKP Property Group ("FKP") on 28 August 2012 announced significant impairment of its retirement investment property portfolio and other investments for its financial year ended 30 June 2012, resulting in the Company taking its share of loss amounted to RM303.76 million in the second financial quarter ended 30 June 2012. FKP, an Australian listed company is only required to release its financial statements on half yearly basis, i.e. for periods ending June and December. For the second half year ended 30 June 2012, FKP made significant impairment losses, therefore the Company could only account for its share of loss in the second financial quarter ended 30 June 2012; and
- (iii) the disposal of Bestari Sepang Sdn Bhd and its subsidiaries by the Company, which resulted in a loss of RM21.08 million;

**A6. 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.

**MULPHA INTERNATIONAL BHD (19764-T)**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012**

**A7. Changes in Debt And Equity Securities**

During the financial period ended 30 September 2012, the Company has bought back 49,942,000 ordinary shares of RM0.50 each at average cost of RM0.42 per share. As at 30 September 2012, 94,331,200 ordinary shares of RM0.50 each were retained as treasury shares.

**A8. Dividend Paid**

There was no dividend paid during the current financial quarter.

**A9. Segment Information**

Segment analysis for the period ended 30 September 2012 is set out below:

	Revenue			Profit/(Loss) Before Tax		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	<u>Operations</u>	<u>Operations</u>		<u>Operations</u>	<u>Operations</u>	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Business Segment</b>						
Property	55,263	160	55,423	6,123	(898)	5,225
Hospitality	331,493	-	331,493	15,709	-	15,709
General Trading	-	4,814	4,814	-	(83)	(83)
Investment and others	1,141	-	1,141	(14,281)	41,229	26,948
	<u>387,897</u>	<u>4,974</u>	<u>392,871</u>	<u>7,551</u>	<u>40,248</u>	<u>47,799</u>
Finance costs				(50,235)	(247)	(50,482)
Share of results of associates/ jointly-controlled entities				(263,469)	-	(263,469)
	<u>387,897</u>	<u>4,974</u>	<u>392,871</u>	<u>(306,153)</u>	<u>40,001</u>	<u>(266,152)</u>

**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 property, plant and equipment as at 30 September 2012 amounted to RM2.08 million.

**A12. Material Events Subsequent To The Reporting Date**

There were no material events subsequent to 30 September 2012 to be disclosed other than disclosed in note B7.

**A13. Changes in The Composition Of the Group**

**(a) Disposal of Manta Holdings Company Limited ("Manta")**

Jumbo Hill Group Limited ("JHGL"), a wholly owned subsidiary of the Company had on 14 February 2012 entered into a sale and purchase agreement with Eagle Legend International Holdings Limited to dispose of 150,000,000 shares of HK\$0.01 each held by JHGL, representing 75% of the entire issued share capital of Manta Holdings Company Limited ("Manta") for a cash consideration of HKD285 million (approximately RM111.154 million). Manta is a public company incorporated in the Cayman Islands on 11 March 2010. Its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 19 July 2010. Manta is an investment holding company. The principal activities of Manta's subsidiaries are the rental and trading of tower cranes, trading of construction equipment and provision of maintenance service for tower cranes in Hong Kong, Macau, Singapore and Vietnam. The above proposed disposal was completed on 23 February 2012.

**(b) Disposal of Bestari Sepang Sdn Bhd**

The Company had on 7 September 2012 entered into a sale and purchase agreement with Mula Holdings Sdn Bhd ("Purchaser") to dispose of 2,000,000 shares of RM1 each of Bestari Sepang Sdn Bhd ("BSSB"), a wholly owned subsidiary of the Company for a cash consideration RM1.0 million ("Purchase Price"). As part of this transaction, the Company has also simultaneously entered into a settlement agreement with the Purchaser whereby the Purchaser shall pay a settlement sum of RM104.0 million on or before 15 December 2012 as full and final settlement of the advances that the Company had previously made to the BSSB and its subsidiaries, failing which an additional payments will apply until the final settlement date of 15 December 2013.

BSSB is an investment holding company. Its wholly owned subsidiary, Spanstead Sdn. Bhd., holds a 65% equity interest in Seri Ehsan (Sepang) Sdn. Bhd., which in turn is the registered owner of land located within Mukim of Tanjung 12, District of Kuala Langat, Selangor Darul Ehsan, covering an area of 939.04 acres. The above proposed disposal was completed on 7 September 2012.

An analysis of the results of both discontinued operations of the above and the gain on disposal is as follows:-

**(i) Results of discontinued operations**

	Period to disposal date RM'000	9 Months Ended 30.09.2011 RM'000
Revenue	4,974	42,834
Operating expenses	(6,045)	(40,464)
Other operating income	90	2,874
Loss from operations	(981)	5,244
Finance costs	(247)	(2,061)
Loss/(profit) before tax	(1,228)	3,183
Income tax expense/(benefit)	(8)	2,381
Gain on sale of discontinued operations	41,229	-
Profit for the period from discontinued operations	39,993	5,564

A13. Changes in The Composition Of the Group (Contd.)

	Period to disposal date RM'000	9 Months Ended 30.09.2011 RM'000
(ii) The following items have been included in arriving at profit/(loss) before tax from discontinued operation:-		
Interest income	(2)	(16)
Rental income	(57)	(57)
Interest expense	247	2,061
Depreciation and amortisation	1,148	9,551
Foreign exchange loss/(gain)	170	(152)

A14. Changes in Contingent Liabilities or Contingent Assets

(a) Changes in the contingent liabilities since 31 December 2011 are as follows:-

	Increase RM'000
Guarantees given to third parties	<u>93,284</u>

The increase was mainly due to an indemnity jointly and severally provided by the Company and its subsidiary, Jumbo Hill Group Ltd ("JHGL") to Eagle Legend International Holdings Limited ("Eagle"), being the purchaser of Manta Holdings Company Limited ("Manta") as disclosed in note A13. Under the indemnity, the Company and JHGL agreed to indemnify Eagle from any losses incurred pursuant to any guarantee given by Manta in favour of financial institutions for credit facilities granted to its subsidiaries prior to the time the nominees of the Eagle are appointed to the Board of Manta.

(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**

**BI. Review of performance for continuing operations**

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

The Group recorded a revenue of RM387.90 million and a pre-tax loss of RM306.15 million for the period ended 30 September 2012 as compared to a revenue of RM451.05 million and a pre-tax profit of RM232.20 million for the corresponding period ended 30 September 2011. The current period results were significantly impacted by the Group's share of loss in an associate, FKP Property Group ("FKP") amounted to RM297.11 million. This was mainly due to significant non-operating items included the write-down in the fair value of the retirement portfolio and other investments arising from the adoption of revised valuation assumptions given market condition in the 2nd quarter of 2012. The strong performance of the previous period ended 30 September 2011 was mainly due to the gain on disposal of Hilton Melbourne Airport Hotel amounting to RM242.50 million which was completed in March 2011.

The property division recorded a revenue of RM55.26 million and a pre-tax profit of RM6.12 million for the period ended 30 September 2012 as compared to a revenue of RM138.69 million and a pre-tax loss of RM8.32 million for the corresponding period ended 30 September 2011. The decrease in revenue from the property division was mainly attributed to lower sales from its property developments in Australia and Malaysia. Despite of the decrease in revenue, the property division recorded a higher pre-tax profit than the corresponding period was mainly due to gain on disposal of land in Section 16 which was completed in March 2012 and lower operating expenses in Sanctuary Cove development in Australia as a result of better cost management in the current financial period.

The hospitality division recorded a revenue of RM331.49 million and a pre-tax profit of RM15.71 million for the period ended 30 September 2012 as compared to a revenue of RM311.29 million and a pre-tax profit of RM11.21 million for the corresponding period ended 30 September 2011. The increase in revenue from hospitality division was mainly attributed to higher revenue from its Hayman Island resort in Australia in view of longer operation months in the current period. The Hayman Island resort was closed from March 2011 and reopened in August 2011 due to repair works carried out as a result of the cyclones in Queensland. The higher pre-tax profit in current financial period was in line with the better performance from its hotel operation, in addition to insurance recoveries received in this quarter in relation to the closure of Hayman Island in prior year.

The investment division recorded a pre-tax profit of RM14.28 million in the current financial period as compared to RM219.87 million pre-tax profit in the corresponding period. The higher pre-tax profit in the corresponding period was contributed largely by the gain on disposal of Hilton Melbourne Airport Hotel.

**(b) Current Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a revenue of RM125.63 million and a pre-tax profit of RM13.01 million for the 3rd quarter ended 30 September 2012 as compared to a revenue of RM158.54 million and a pre-tax profit of RM7.61 million for the previous year corresponding quarter.

The property division recorded a revenue of RM14.44 million and a pre-tax loss of RM3.59 million for the 3rd quarter ended 30 September 2012 as compared to a revenue of RM50.58 million and a pre-tax loss of RM3.81 million for the previous year corresponding quarter. The decrease in revenue was mainly attributed to lower revenues from its property developments in Australia and Malaysia. Despite of the decrease in revenue, the property division pre-tax loss was marginally lower due mainly to lower operating expenses in Sanctuary Cove development in Australia as a result of its better cost management in the current financial quarter.

**B1. Review of performance (Contd.)**

**(b) Current Year Quarter vs. Previous Year Corresponding Quarter (Contd.)**

The hospitality division recorded a revenue of RM111.14 million and a pre-tax profit of RM25.75 million for the 3rd quarter ended 30 September 2012 as compared to a revenue of RM107.55 million and a pre-tax profit of RM7.70 million for the previous year corresponding quarter. The increase in revenue from hospitality division was attributed mainly to higher revenue from its Hayman Island resort in Australia. As mentioned above, the resort was closed from March 2011 and reopened in August 2011 due to repair works carried out as a result of cyclones in Queensland. Higher pre-tax profit is in line with the increase in revenue in hospitality division and insurance recoveries received in current year 3rd quarter in relation to the closure of Hayman Island resort in prior year.

The investment division recorded of RM11.18 million pre-tax loss in the current 3rd quarter as compared to RM7.19 million pre-tax loss in the previous year corresponding quarter mainly due to unrealised loss on foreign exchange rates impact.

**B2. Comparisons With Preceding Quarter's Results for continuing operations**

The Group recorded a pre-tax profit of RM13.01 million for the 3rd quarter of 2012 ("3Q 2012") as compared to a pre-tax loss of RM319.16 million for the 2nd quarter of 2012 ("2Q 2012"). The substantial loss in 2Q 2012 were mainly due to the Group's equity share of loss of an associate's results namely FKP Property Group which were primarily attributable to impairment losses made.

The property division recorded a revenue of RM14.44 million and a pre-tax loss of RM3.59 million in 3Q 2012 as compared a revenue of RM19.61 million and pre-tax profit of RM4.37 million in 2Q 2012. The decrease in revenue and pre-tax profit was attributed mainly to the lower sales generated from Sanctuary Cove development in Australia.

The hospitality division recorded a revenue of RM111.14 million and a pre-tax profit of RM25.75 million in 3Q 2012 as compared a revenue of RM103.64 million and pre-tax loss of RM7.98 million in 2Q 2012. The increase in revenue was attributed mainly to higher travelling season in Australia in this quarter, resulting in higher revenue generated from Intercontinental Sydney hotel and Hayman Island resort. The increase in pre-tax profit was in line with the higher revenue generated and there were insurance recoveries received in current year 3rd quarter in relation to the closure of Hayman Island resort in prior year.

The investment division reported pre-tax loss of RM11.18 million in the 3Q 2012 as compared to a pre-tax profit of RM1.18 million in 2Q 2012 mainly due to unrealised loss on foreign exchange rates impact.

**B3. Prospects**

In view of the global economic outlook remaining volatile and uncertain, the Group's prospects for the remainder of 2012 are expected to be challenging.

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

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

**MULPHA INTERNATIONAL BHD**  
**THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012**

**B5. Profit/(Loss) Before Tax**

	3rd Quarter Ended		9 Months Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at profit/(loss) before tax from continuing operations:-				
Interest income	(1,982)	(1,770)	(9,299)	(6,803)
Dividend income	(141)	(26)	(1,279)	(1,316)
Rental income	(8,824)	(5,703)	(25,492)	(20,649)
Interest expense	16,400	21,404	50,235	66,805
Depreciation and amortisation	16,182	14,674	47,228	42,219
Net impairment/(reversal) on allowance of doubtful debts	1,551	(130)	(2,901)	(534)
Write back of inventories	(675)	(8,253)	(1,265)	(8,253)
Gain on disposal of quoted or unquoted investments or properties	(178)	1,652	(6,252)	(242,496)
Foreign exchange loss/(gain)	4,281	2,487	(683)	(5,788)
Gain on derivatives	(321)	-	(2,835)	-

**B6. Income tax (benefit)/expense**

	3rd Quarter Ended		9 Months Ended	
	30.9.2012	30.09.2011	30.9.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Current year income tax				
- Malaysia	1,122	54	3,247	2,222
Deferred tax				
- Malaysia	(12)	(32)	518	(59)
- Foreign	(26,288)	10,786	(28,082)	61,017
	(26,300)	10,754	(27,564)	60,958
Overprovision of taxation in prior years	5	(1,491)	(136)	(1,461)
Income tax expense from continuing operations	(25,173)	9,317	(24,453)	61,719
Income tax benefit attributable to discontinued operation	1	8	8	(2,381)
	(25,172)	9,325	(24,445)	59,338

**B7. Status of Corporate Proposals**

**(i) Proposed Rights Issue by Mulpha Land Berhad**

On 4 May 2011, a subsidiary of Mulpha International Bhd ("MIB" or "the Company"), Mulpha Land Berhad ("MLB") announced the following proposals:-

- (a) a renounceable rights issue of 456,605,000 rights shares and 273,963,000 free warrants at an indicative issue price of RM0.22 per rights share on the basis of five (5) rights shares and three (3) warrants for every one (1) existing share held in MLB at an entitlement date to be determined by the Board of Directors of MLB and announced later by MLB;
- (b) an increase in authorised share capital of MLB from RM120,000,000 comprising 200,000,000 ordinary shares of RM0.10 each ("Ordinary Shares") and 100,000,000 preference shares of RM1.00 each ("Preference Shares") to RM200,000,000 comprising 1,000,000,000 Ordinary Shares and 100,000,000 Preference Shares; and
- (c) amendments to the memorandum and articles of association of MLB to effect the proposed increase in the authorised share capital.

MLB has procured an unconditional and irrevocable undertaking from the Company, being its major shareholder, to fully subscribe to MIB's own entitlement under the above proposed rights issue as well as an unconditional and irrevocable undertaking from the Company to fully subscribe for all the rights shares not subscribed by the other entitled shareholders and/or their renouncee(s).

The above proposals were approved by MLB's shareholders at an Extraordinary General Meeting held on 23 June 2011.

MLB had on 30 September 2011 obtained the approval of Bursa Malaysia Securities Berhad ("BMSB") for the extension of time of six (6) months from 19 November 2011 to 19 May 2012 to implement the above mentioned proposed rights issue.

On 22 March 2012, BMSB had approved a further extension of time from 19 May 2012 to 19 November 2012 to implement the abovementioned proposal.

On 18 October 2012, MLB has made a withdrawal of the extension of time applied to Bursa Malaysia Securities Berhad on 19 September 2012 and has decided not to proceed with the above mentioned proposal.

**(ii) Grant of Call Options over Shares of Mulpha Land Berhad**

On 17 May 2012, Mulpha International Bhd ("MIB" or "the Company") announced that the Company has entered into a call option agreement ("Call Option Agreement") with Teladan Kuasa Sdn Bhd ("Option Holder") to grant the Option Holder the right to require MIB to sell to the Option Holder up to 30,000,000 ordinary shares of RM0.10 each ("Option Shares") in Mulpha Land Berhad ("MLB") at an exercise price of RM1.16 cash per Option Share ("Call Option"). The Option Holder has paid MIB a cash consideration of RM2,000,000 upon execution of the Call Option Agreement. MLB is a 70.54% owned subsidiary of MIB.

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 3rd anniversary of the Call Option Agreement.



**B7. Status of Corporate Proposals (Contd.)**

**(iii) Increase holding in FKP Property Group ("FKP") Securities**

Prior to the the FKP rights issue of six new FKP securities for every seven existing FKP security held at AUD0.20 per security, the Mulpha International Bhd ("Mulpha") Group held 317,846,566 FKP securities equivalent to a 26.22% interest in FKP. In September 2012, the Mulpha Group has subscribed fully to its entitlement of the FKP rights issue of 272,439,914 new FKP securities, resulting in the Mulpha Group holding a total of 590,286,480 FKP securities, representing 26.22% interest in the enlarged FKP total issued securities.

**B8. Group Loans and Borrowings**

The details of the loans and borrowings as at 30 September 2012 are as follows:-

	<b>RM'000</b>
Short term - Secured	466,975
Long term - Secured	792,250
	<u>1,259,225</u>

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

			<b>RM'000 equivalent</b>
Australian Dollar	AUD '000	260,963	835,083
US Dollar	USD '000	55,262	169,656

**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 September 2012.

**B11. 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.

	9 Months Ended	
	30.09.2012	30.09.2011
	RM'000	RM'000 (restated)
<b>(a) Continuing operations</b>		
Profit/(loss) for the period	(281,700)	170,481
Non-controlling interests	(17,093)	2,292
Profit/(loss) attributable to equity holders of the parent	<u>(298,793)</u>	<u>172,773</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	2,311,524	2,344,857
Effect of share buy back	(21,970)	(4,688)
Weighted average number of ordinary shares at 30 June	<u>2,289,554</u>	<u>2,340,169</u>
Basic earnings/(loss) per share (sen)	<u>(13.05)</u>	<u>7.38</u>
<b>(b) Discontinued operations</b>		
Profit for the period	39,993	5,564
Non-controlling interests	-	9
Profit attributable to equity holders of the parent	<u>39,993</u>	<u>5,573</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January (net of treasury shares)	2,311,524	2,344,857
Effect of share buy back	(21,970)	(2,788)
Weighted average number of ordinary shares at 30 June	<u>2,289,554</u>	<u>2,342,069</u>
Basic earnings per share (sen)	<u>1.75</u>	<u>0.24</u>
<b>(c) Total basic earnings/(loss) per share (sen)</b>	<u>(11.30)</u>	<u>7.62</u>

There are no potential dilution effects on ordinary shares of the Company for the current financial period. Accordingly, the diluted earnings/(loss) 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 30.09.2012 RM'000	As at 31.12.2011 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	1,278,690	941,610
- Unrealised	(31,054)	(33,157)
(ii) Associates		
- Realised	172,723	143,779
- Unrealised	1,451	387
- Breakdown unavailable *	(446,448)	(120,737)
(iii) Jointly-controlled entities		
- Realised	33,427	49,711
- Unrealised	1,003	1,353
	<u>1,009,792</u>	<u>982,946</u>
Less: Consolidated Adjustments	(443,710)	(174,000)
Total group retained earnings as per consolidated accounts	<u>566,082</u>	<u>808,946</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.