

MULPHA INTERNATIONAL BHD^(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the first financial quarter ended 31 March 2016

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.03.2016 RM'000	COMPARATIVE QUARTER ENDED 31.03.2015 RM'000	3 MONTHS CUMULATIVE TO 31.03.2016 RM'000	3 MONTHS CUMULATIVE TO 31.03.2015 RM'000
<i>Continuing operations</i>					
Revenue		202,442	163,829	202,442	163,829
Operating expenses		(227,829)	(183,132)	(227,829)	(183,132)
Other operating income		30,331	89,198	30,331	89,198
Profit from operations		<u>4,944</u>	<u>69,895</u>	<u>4,944</u>	<u>69,895</u>
Finance costs		(28,701)	(28,744)	(28,701)	(28,744)
Share of profit/(loss) of associates		16,910	(3,275)	16,910	(3,275)
Share of profit of jointly-controlled entities		84	-	84	-
(Loss)/Profit before tax	B5	<u>(6,763)</u>	<u>37,876</u>	<u>(6,763)</u>	<u>37,876</u>
Income tax benefit	B6	<u>2,940</u>	<u>1,514</u>	<u>2,940</u>	<u>1,514</u>
(Loss)/Profit for the period		<u>(3,823)</u>	<u>39,390</u>	<u>(3,823)</u>	<u>39,390</u>
Attributable to:					
Owners of the Company		(3,823)	41,231	(3,823)	41,231
Non-controlling interests		-	(1,841)	-	(1,841)
(Loss)/Profit for the period		<u>(3,823)</u>	<u>39,390</u>	<u>(3,823)</u>	<u>39,390</u>
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	B11	<u>(0.18)</u>	<u>1.93</u>	<u>(0.18)</u>	<u>1.93</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 2015 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 <u>31.03.2016</u> RM'000	COMPARATIVE QUARTER ENDED <u>31.03.2015</u> RM'000	3 MONTHS CUMULATIVE TO <u>31.03.2016</u> RM'000	3 MONTHS CUMULATIVE TO <u>31.03.2015</u> RM'000
(Loss)/Profit for the period	(3,823)	39,390	(3,823)	39,390
Foreign currency translation differences for foreign operations	(55,626)	(37,093)	(55,626)	(37,093)
Fair value movement of available-for-sale financial assets	-	(14,259)	-	(14,259)
Share of other comprehensive (expense)/ income of associates	(619)	2,769	(619)	2,769
Reclassification to profit or loss on:				
- disposal of a subsidiary	-	(16,099)	-	(16,099)
- dilution of interest in an associate	(1,301)	-	(1,301)	-
Other comprehensive expense for the period, net of tax	<u>(57,546)</u>	<u>(64,682)</u>	<u>(57,546)</u>	<u>(64,682)</u>
Total comprehensive expense for the period	<u>(61,369)</u>	<u>(25,292)</u>	<u>(61,369)</u>	<u>(25,292)</u>
Attributable to:				
Owners of the Company	(61,369)	(30,373)	(61,369)	(23,451)
Non-controlling interests	-	5,081	-	(1,841)
Total comprehensive expense for the period	<u>(61,369)</u>	<u>(25,292)</u>	<u>(61,369)</u>	<u>(25,292)</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 2015 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 31.03.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,034,793	1,087,824
Investment properties		464,072	416,938
Investment in associates		1,322,698	1,354,347
Investment in jointly-controlled entities		12,115	12,798
Investment securities		1,066	1,156
Other investments		5,080	5,080
Goodwill		2,713	2,722
Inventories		646,802	645,560
Other non-current assets		13,626	14,742
Deferred tax assets		58,200	59,756
		3,561,165	3,600,923
Current assets			
Inventories		738,572	725,387
Trade and other receivables		221,458	233,570
Other current assets		28,739	26,658
Investment securities		2,013	2,516
Income tax recoverable		3,596	3,549
Cash and cash equivalents		385,352	539,900
		1,379,730	1,531,580
TOTAL ASSETS		4,940,895	5,132,503

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.03.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,177,957	1,177,957
Share premium		579,863	579,863
Treasury shares	<i>A6</i>	(92,137)	(92,137)
Reserves		248,062	305,608
Retained earnings		593,876	597,699
Total equity		2,507,621	2,568,990
Non-current liabilities			
Trade and other payables		13,776	13,431
Provision for liabilities		1,961	2,225
Loans and borrowings	<i>B8</i>	962,420	932,341
		978,157	947,997
Current liabilities			
Trade and other payables		236,357	264,443
Other current liabilities		823	6,604
Provision for liabilities		23,491	23,426
Loans and borrowings	<i>B8</i>	1,187,580	1,314,683
Derivative liabilities		508	-
Income tax payable		6,358	6,360
		1,455,117	1,615,516
Total liabilities		2,433,274	2,563,513
TOTAL EQUITY AND LIABILITIES		4,940,895	5,132,503
Net assets per share (RM)		1.18	1.20

(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 2015 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-distributable ----->			
	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non-distributable RM'000	Total RM'000
At 1 January 2016	1,177,957	579,863	209,632	101,763	(5,787)	(92,137)	597,699	2,568,990	-	2,568,990
Total comprehensive expense for the period, representing total transactions with owners of the Company	-	-	(57,546)	-	-	-	(3,823)	(61,369)	-	(61,369)
At 31 March 2016	1,177,957	579,863	152,086	101,763	(5,787)	(92,137)	593,876	2,507,621	-	2,507,621
At 1 January 2015	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559
Total comprehensive income/ (expense) for the period	-	-	(36,659)	(16,099)	(11,924)	-	41,231	(23,451)	(1,841)	(25,292)
Purchase of treasury shares	-	-	-	-	-	(19)	-	(19)	-	(19)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(42,505)	(42,505)
Transfer within reserves	-	-	-	17	-	-	(17)	-	-	-
Total transactions with owners of the Company	-	-	-	17	-	(19)	(17)	(19)	(42,505)	(42,524)
At 31 March 2015	1,177,957	579,863	87,587	101,645	6,900	(92,134)	473,925	2,335,743	-	2,335,743

(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 2015 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---3 MONTHS ENDED-->	
		31.03.2016	31.03.2015
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(6,763)	37,876
Adjustments for non-cash items:			
Bad debts recovered		(6)	-
Depreciation of property, plant and equipment		14,321	13,081
Dividend income		(8)	(764)
Fair value loss on financial assets at fair value through profit or loss		294	1,248
Gain on disposal of property, plant and equipment		-	(84)
Gain on disposal of subsidiaries		-	(50,385)
Gain on dilution of interests in an associate		(15,879)	-
Impairment loss on inventories		-	10
Impairment loss on investment securities		70	53
Impairment loss on trade and other receivables		139	123
Interest expense		28,701	28,744
Interest income		(779)	(1,304)
Net unrealised foreign exchange loss		123	4
Property, plant and equipment written off		51	-
Provision for staff benefits		3,521	3,192
Share of (profit)/loss of associates		(16,910)	3,275
Share of profit of jointly-controlled entities		(84)	-
Operating profit before changes in working capital		<u>6,791</u>	<u>35,069</u>
Changes in working capital			
Inventories		(56,404)	(8,785)
Receivables		(4,635)	(27,156)
Other current assets		(2,080)	(1,946)
Other non-current assets		(3,289)	920
Payables		1,699	(15,596)
Other non-current liabilities		989	(4,183)
Net change in working capital		<u>(63,720)</u>	<u>(56,746)</u>
Cash generated from operations		(56,929)	(21,677)
Interest paid		(28,701)	(28,744)
Interest received		779	1,304
Income tax refund/(paid)		2,155	(1,762)
Staff benefits paid		(3,609)	(2,877)
Net cash used in operating activities		<u>(86,305)</u>	<u>(53,756)</u>

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<--3 MONTHS ENDED-->		
	Note	31.03.2016	31.03.2015
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in a jointly-controlled entity		(27)	-
Dividend received from associates and jointly-controlled entity		181	-
Dividend received from other investments		8	764
Purchase of property, plant and equipment		(12,116)	(7,548)
Purchase of an investment property		(66,192)	(360,323)
Proceeds from disposal of property, plant and equipment		-	290
Disposal of subsidiaries, net of cash and cash equivalents disposed of		-	(9,306)
Refurbishment of investment properties		(12)	(26)
Net cash used in investing activities		<u>(78,158)</u>	<u>(376,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(39)	(37)
Purchase of treasury shares by the Company		-	(19)
Uplift of pledged cash and deposits		85,978	19,611
Net drawdown of borrowings		11,790	420,878
Net cash generated from financing activities		<u>97,729</u>	<u>440,433</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(66,734)	10,528
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		154,623	106,452
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(695)	(32,453)
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	Note A	<u>87,194</u>	<u>84,527</u>
Note A			
Included in cash and cash equivalents as at 31 March are the following:			
- Cash and deposits with licensed banks		385,352	561,146
- Bank overdrafts		(281)	(4,048)
- Cash and deposits pledged		(297,877)	(472,571)
		<u>87,194</u>	<u>84,527</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 2015 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 2015.

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 2015 except for the adoption of the following:

- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

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

Aveo 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 2015 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.

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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 March 2016.

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

As at 31 March 2016, 222,259,800 ordinary shares of RM0.50 each were retained as treasury shares.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the period ended 31 March 2016 and 2015 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	3 months ended	3 months ended	3 months ended	3 months ended
<u>Revenue</u>	<u>31.3.2016</u>	<u>31.3.2015</u>	<u>31.3.2016</u>	<u>31.3.2015</u>
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	64,230	56,171	16,431	10,366
Hospitality	133,637	104,311	8,867	4,554
Investment and others	4,575	3,347	(20,354)	54,975
	<u>202,442</u>	<u>163,829</u>	<u>4,944</u>	<u>69,895</u>
Finance costs	-	-	(28,701)	(28,744)
Share of results of associates/ jointly-controlled entities	-	-	16,994	(3,275)
	<u>202,442</u>	<u>163,829</u>	<u>(6,763)</u>	<u>37,876</u>

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A9. Related Party Disclosures

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

	3 Months Ended	
	<u>31.3.2016</u>	<u>31.3.2015</u>
	RM'000	RM'000
A. Associates		
Agency fee	-	220
Director fees received	66	62
Interest expense	-	240
Project management fee expense	-	20
Rental income	400	234
Rental expense	190	180
Share service (expense)/income	<u>(528)</u>	<u>350</u>
B. Other related parties		
Non-controlling interests of a subsidiary		
- Interest expense	-	29
A company related to a director		
- Interest expense	-	50
- Rendering of services	450	-
- Share service income	296	-
- Other expense	14	12
A company related to a person connected to a director		
- Rendering of services	1,673	-
- Rental income	226	338
- Share service income	<u>70</u>	<u>-</u>

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 March 2016 are as below:

	RM'000
(a) Approved and contracted for	20,894
(b) Approved but not contracted for	<u>2,362</u>

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 March 2016 to be disclosed.

A13. Changes in The Composition Of the Group

(a) Acquisition of a subsidiary/Investment in a joint venture

Leisure Farm Corporation Sdn Bhd ("LFCSB"), 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. JVASB was incorporated on 20 January 2016 and its authorised and paid-up share capital are RM400,000 and RM2 respectively. JVASB is presently dormant and its intended principal activity is property development.

Subsequently on 26 May 2016, LFCSB and UEM Land Berhad (a wholly-owned subsidiary of UEM Sunrise Berhad) have subscribed for 249,998 and 250,000 ordinary shares respectively in JVASB at an issue price of RM1.00 per share, in accordance with the Joint Venture cum Shareholders' Agreement dated 16 February 2016. Consequently, JVASB has become a 50% owned joint venture company of LFCSB.

(b) Incorporation of a subsidiary

Mulpha Australia Limited, a wholly-owned subsidiary of the Company, had on 24 February 2016, incorporated a limited company known as Circa 1 Pty Limited ("CPL"). As a result of the incorporation, CPL has become an indirect wholly-owned subsidiary of the Company. CPL is a company incorporated in Australia with a paid-up share capital of A\$2.00. CPL 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-to-date vs. Previous Year-to-date

The Group reported revenue of RM202.44 million and pre-tax loss of RM6.76 million for the quarter ended 31 March 2016 as compared to revenue of RM163.83 million and pre-tax profit of RM37.88 million in the previous year's corresponding quarter. In the current quarter, the Group's property and hospitality divisions registered pre-tax profits which were higher by RM6.06 million and RM4.32 million respectively as well as also accounting for a higher share of profit from the Group's associates amounting to RM20.18 million as compared to the previous year's corresponding quarter. However, the better operations performance was offset by the Group's investment and other activities division which showed a negative variance of RM75.33 million due primarily to a one-off gain on disposal of subsidiaries of RM50.39 million recognised in the previous year's corresponding quarter as well as an unfavourable exchange rate movement on the Group's cash and deposits which were denominated in US Dollar.

The property division recorded revenue of RM64.23 million and pre-tax profit of RM16.43 million for the quarter ended 31 March 2016 as compared to revenue of RM56.17 million and pre-tax profit of RM10.37 million in the previous year's corresponding quarter. The better performance was attributed to higher sales in the Group's Sanctuary Cove development in Queensland, Leisure Farm development in Johor and rental income from the Norwest Marketown retail spaces in Sydney as the investment property was acquired on 27 February 2015. These improvements were partially offset by a weaker performance from Mulpha Norwest development in Sydney.

The hospitality division recorded revenue of RM133.64 million and pre-tax profit of RM8.87 million for the quarter ended 31 March 2016 as compared to revenue of RM104.31 million and pre-tax profit of RM4.55 million in the previous year's corresponding quarter. The better performance in the current quarter was mainly due to improved occupancy and average room rates in overall hotels and resorts in Australia.

The investments and other activities division reported a pre-tax loss of RM20.35 million for the quarter ended 31 March 2016 as compared to a pre-tax profit of RM54.98 million in the previous year's corresponding quarter. The weaker performance in the current quarter was mainly attributed to reasons as mentioned above.

B2. Comparisons With Preceding Quarter's Results

The Group recorded revenue of RM202.44 million and pre-tax loss of RM6.76 million for the 1st quarter of 2016 compared with revenue of RM291.36 million and pre-tax profit of RM76.06 million for the 4th quarter of 2015. The weaker performance was mainly attributable to poorer performance in the property division as well as a reduced share of associates' profits, partially offset by better performance in the hospitality and investment and other activities divisions.

The property division registered revenue of RM64.23 million and pre-tax profit of RM16.43 million for the 1st quarter of 2016 as compared to revenue of RM146.29 million and pre-tax profit of RM93.10 million for the 4th quarter of 2015. The weaker performance in the current quarter was mainly attributed to comparatively lower sales generated by the Sanctuary Cove development in Queensland and the Mulpha Norwest development in Sydney.

The hospitality division recorded revenue of RM133.64 million and pre-tax profit of RM8.87 million for the 1st quarter of 2016 as compared to revenue of RM141.28 million and pre-tax loss of RM3.69 million for the 4th quarter of 2015. Despite lower revenue in the current quarter, the higher pre-tax profit was mainly attributable to higher variable cost incurred in the peak season in the 4th quarter of 2015.

The Group's investments and other activities division reported a pre-tax loss of RM20.35 million for the 1st quarter of 2016 as compared to a pre-tax loss of RM32.96 million for the 4th quarter of 2015. The better performance in the current quarter was mainly due to the recognition of gain on dilution of interests in an associate of RM15.88 million.

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B3. Prospects

We remain optimistic that the Group is well positioned to take advantage 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.

B5. (Loss)/Profit Before Tax

	3 Months Ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Bad debt recovered	(6)	-
Depreciation and amortisation	14,321	13,081
Dividend income	(8)	(764)
Fair value adjustment on financial assets at fair value through profit or loss	294	1,248
Foreign exchange loss/(gain)		
- Realised	21,003	(22,905)
- Unrealised	123	4
Gain on disposal of subsidiaries	-	(50,385)
Gain on dilution of interests in an associate	(15,879)	-
Gain on on disposal of property, plant and equipment	-	(84)
Interest income	(779)	(1,304)
Interest expense	28,701	28,744
Impairment loss on investment securities	70	53
Impairment loss on trade and other receivables	139	123
Impairment loss on inventories	-	10
Loss on derivatives	394	3,266
Property, plant and equipment written off	51	-
Rental income	(10,383)	(9,423)

B6. Income tax benefit

	3 Months Ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Current year income tax		
Malaysian - current	104	224
- prior year	13	-
Overseas - prior year	(2,321)	-
	<u>(2,204)</u>	<u>224</u>
Deferred tax		
Origination and reversal of temporary differences	(736)	(1,525)
Overprovision in prior year	-	(213)
	<u>(736)</u>	<u>(1,738)</u>
	<u>(2,940)</u>	<u>(1,514)</u>

The effective tax rate of the Group for the financial year ended 31 March 2016 under review is higher than the statutory rate of 24% mainly due to overprovision of income tax in prior year, certain expenses which are not deductible and certain deferred tax assets not recognised. This was alleviated by and certain income not subject to taxation.

B7. Status of Corporate Proposals

(a) Proposed renounceable two-call rights issue ("Rights Issue")

The Company had on 9 November 2015, announced its proposal to undertake a Rights Issue of new ordinary shares ("Rights Shares") on the basis of 1 Rights Share for every 2 existing ordinary shares held in the Company, to raise proceeds of up to RM266.7 million.

On 3 May 2016, the Company announced that the issue price of the Rights Shares has been fixed at RM0.50 per Rights Share, of which the first call of RM0.25 per Rights Share is payable in cash on application and the second call of RM0.25 per Rights Share is to be capitalised from the share premium reserves of the Company.

The entitlement date of the Rights Issue has been fixed on 17 May 2016. The last date of the acceptance, excess share application and payment is on 1 June 2016. The Rights Issue is expected to be completed on 14 June 2016, which is also the date of listing of the Rights Shares.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 31 March 2016 are as follows:-

	RM'000	RM'000
Short term - Secured	1,184,255	
- Unsecured	3,325	1,187,580
Long term - Secured		962,420
		2,150,000

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	459,584	1,369,560
Japanese Yen	JPY '000	3,044,940	105,659
US Dollar	USD '000	150,000	583,500

B9. Material Litigation

In September 2012, the Company 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, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("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 Bestari and its subsidiaries, Spanstead Sdn Bhd ("Spanstead") and Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 17 February 2016 with the Company'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.

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

The Company's solicitors have advised that the Group 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.

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B10. Dividend

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

B11. (Loss)/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:

	3 Months Ended	
	31.03.2015	31.03.2015
	RM'000	RM'000
(Loss)/Profit for the period	(3,823)	39,390
Non-controlling interests	-	1,841
(Loss)/Profit attributable to equity holders of the parent	<u>(3,823)</u>	<u>41,231</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,133,654	2,133,713
Effect of share buy back	-	-
Weighted average number of ordinary shares at 31 March	<u>2,133,654</u>	<u>2,133,713</u>
Basic (loss)/earnings per share (sen)	<u>(0.18)</u>	<u>1.93</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.

	AUDITED	
	AS AT	AS AT
	31.03.2016	31.12.2015
	RM'000	RM'000
Total retained earnings:		
(i) Company and subsidiaries		
- Realised	1,041,666	993,111
- Unrealised	57,389	64,192
(ii) Associates		
- Realised	181,395	180,468
- Unrealised	2,434	2,623
- Breakdown unavailable *	(538,075)	(554,247)
(iii) Jointly-controlled entities		
- Realised	9,048	9,145
	<u>753,857</u>	<u>695,292</u>
Less: Consolidated Adjustments	(159,981)	(97,593)
Total group retained earnings as per consolidated accounts	<u>593,876</u>	<u>597,699</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.