

MULPHA INTERNATIONAL BHD^(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the second financial quarter ended 30 June 2015

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.06.2015	COMPARATIVE QUARTER ENDED 30.06.2014	6 MONTHS CUMULATIVE TO 30.06.2015	6 MONTHS CUMULATIVE TO 30.06.2014
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
<i>Continuing operations</i>					
Revenue		259,370	179,000	423,199	304,733
Operating expenses		(260,630)	(193,429)	(443,762)	(338,588)
Other operating income		29,560	13,590	118,758	22,768
Profit/(loss) from operations		28,300	(839)	98,195	(11,087)
Finance costs		(27,506)	(22,228)	(56,250)	(41,861)
Share of profit of associates		11,121	16,440	7,846	25,538
Share of profit of jointly-controlled entities		388	2,428	388	5,244
Profit/(Loss) before tax	B5	12,303	(4,199)	50,179	(22,166)
Income tax benefit/(expense)	B6	1,019	48	2,533	(3,588)
Profit/(Loss) for the period from continuing operations		13,322	(4,151)	52,712	(25,754)
<i>Discontinued operation</i>					
Profit for the period from discontinued operation		-	28,601	-	29,025
Profit for the period		13,322	24,450	52,712	3,271
Attributable to:					
Owners of the Company		13,322	25,275	54,553	4,919
Non-controlling interests		-	(825)	(1,841)	(1,648)
Profit for the period		13,322	24,450	52,712	3,271
Earnings per share (sen):-	B11				
- Basic/Diluted		0.62	1.18	2.56	0.23

(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 30.06.2015 RM'000	COMPARATIVE QUARTER ENDED 30.06.2014 RM'000	6 MONTHS CUMULATIVE TO 30.06.2015 RM'000	6 MONTHS CUMULATIVE TO 30.06.2014 RM'000
Profit for the period	13,322	24,450	52,712	3,271
Foreign currency translation differences for foreign operations	23,961	13,271	(13,132)	86,362
Fair value movement of available- for-sale financial assets	3,922	(11,611)	(10,337)	10,096
Share of other comprehensive income/ (expense) of associates	2,276	(1,003)	5,045	(1,646)
Disposal of shares in subsidiaries	-	(10,552)	-	(10,552)
Reclassification to profit or loss on disposal of subsidiaries	-	-	(16,099)	-
Reclassification to profit or loss on dilution of interest in associates	-	-	(544)	-
Other comprehensive income/(expense) for the period, net of tax	30,159	(9,895)	(35,067)	84,260
Total comprehensive income for the period	43,481	14,555	17,645	87,531
Attributable to :				
Owners of the Company	43,481	15,387	19,486	89,202
Non-controlling interests	-	(832)	(1,841)	(1,671)
Total comprehensive income for the period	43,481	14,555	17,645	87,531

(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 30.06.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,008,008	1,011,017
Investment properties		385,154	21,962
Investment in associates		1,246,057	1,181,490
Investment in jointly-controlled entities		3,126	2,534
Investment securities		69,750	88,447
Other investments		5,080	5,080
Goodwill		2,706	9,113
Inventories		755,134	813,842
Other non-current assets		16,743	18,469
Deferred tax assets		54,484	53,750
		<u>3,546,242</u>	<u>3,205,704</u>
Current assets			
Inventories		417,565	593,189
Trade and other receivables		256,356	260,710
Other current assets		19,449	18,360
Investment securities		5,710	6,682
Income tax recoverable		11,528	10,633
Cash and cash equivalents		518,753	600,796
		<u>1,229,361</u>	<u>1,490,370</u>
TOTAL ASSETS		<u>4,775,603</u>	<u>4,696,074</u>

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.06.2015 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	(92,134)	(92,115)
Reserves		225,765	260,797
Retained earnings		487,229	432,711
		2,378,680	2,359,213
Non-controlling interests		-	44,346
Total equity		2,378,680	2,403,559
Non-current liabilities			
Trade and other payables		10,405	13,491
Provision for liabilities		1,988	2,179
Loans and borrowings	B8	1,466,473	794,648
		1,478,866	810,318
Current liabilities			
Trade and other payables		208,641	272,045
Other current liabilities		2,955	14,801
Provision for liabilities		21,407	20,365
Loans and borrowings	B8	675,330	1,163,079
Derivative liabilities		3,121	4,928
Income tax payable		6,603	6,979
		918,057	1,482,197
Total liabilities		2,396,923	2,292,515
TOTAL EQUITY AND LIABILITIES		4,775,603	4,696,074
Net assets per share (RM)		1.11	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>	
	Share Capital	Share Premium	Exchange Reserve	Capital Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total	Non- Controlling Interests	Total Equity	
	RM'000	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 period	-	-	(13,063)	(16,099)	(5,905)	-	54,553	19,486	(1,841)	17,645	
Purchase of treasury shares	-	-	-	-	-	(19)	-	(19)	-	(19)	
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(42,505)	(42,505)	
Transfer within reserves	-	-	-	35	-	-	(35)	-	-	-	
Total transactions with owners of the Company	-	-	-	35	-	(19)	(35)	(19)	(42,505)	(42,524)	
At 30 June 2015	1,177,957	579,863	111,183	101,663	12,919	(92,134)	487,229	2,378,680	-	2,378,680	
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 period	-	-	76,915	-	7,368	-	4,919	89,202	(1,671)	87,531	
Purchase of treasury shares	-	-	-	-	-	(43)	-	(43)	-	(43)	
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(1,787)	(1,787)	
Total transactions with owners of the Company	-	-	-	-	-	(43)	-	(43)	(1,787)	(1,830)	
At 30 June 2014	1,177,957	579,863	256,897	115,386	23,075	(92,092)	313,484	2,374,570	48,672	2,423,242	

(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	<-----6 MONTHS ENDED----->	
		30.06.2015	30.06.2014
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation			
- Continuing operations		50,179	(22,166)
- Discontinued operation		-	29,087
		<u>50,179</u>	<u>6,921</u>
Adjustments for non-cash items:			
Bad debts recovered		(2)	(2)
Depreciation of property, plant and equipment (including discontinued operation)		26,554	25,562
Dividend income		(5)	(1,233)
Fair value loss on financial assets at fair value through profit or loss		1,460	131
Gain on disposal of investment securities and other investments		-	(157)
(Gain)/loss on disposal of property, plant and equipment		(81)	202
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 loss on inventories		14	-
Interest expense (including discontinued operation)		56,250	41,898
Interest income (including discontinued operation)		(2,349)	(2,849)
Net unrealised foreign exchange gain		(122)	-
Net allowance for/(reversal of) doubtful debts		368	(256)
Property, plant and equipment written off		-	10
Provision for staff benefits		5,939	4,892
Provision for liabilities		-	15,150
Reversal of impairment loss on trade receivables		(121)	-
Reversal of impairment loss on investment securities		(755)	-
Share of profit of associates		(7,846)	(25,538)
Share of profit of jointly-controlled entities		(388)	(5,385)
Operating profit before changes in working capital		<u>67,464</u>	<u>30,915</u>
Changes in working capital			
Inventories		18,926	(46,339)
Receivables		(2,409)	1,333
Other current assets		(2,896)	440
Other non-current assets		1,779	149
Financial assets at fair value through profit or loss		-	957
Payables		(21,311)	12,333
Other non-current liabilities		(3,086)	-
Net change in working capital		<u>(8,997)</u>	<u>(31,127)</u>
Cash generated from/(used in) operations		58,467	(212)
Interest paid		(56,250)	(41,898)
Interest received		2,349	2,849
Income tax paid		(2,655)	(19,656)
Staff benefits paid		(5,332)	(5,489)
Net cash used in operating activities		<u>(3,421)</u>	<u>(64,406)</u>

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<-----6 MONTHS ENDED----->	
		30.06.2015	30.06.2014
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in associates		-	(115,883)
Additional investment in a jointly-controlled entity		-	(3,669)
Proportionate consolidation of a jointly-controlled operation, net of cash and cash equivalents acquired		1,985	-
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	5,537
Dividend received from associates and jointly-controlled entity		8,271	7,217
Dividend received from other investments		5	1,233
Purchase of property, plant and equipment		(14,116)	(116,527)
Purchase of an investment property		(366,149)	-
Proceeds from disposal of associates		3,890	-
Proceeds from disposal of property, plant and equipment		294	174
Proceeds from disposal of investment securities and other investments		10,832	2,506
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)	(182)
Net cash used in investing activities		<u>(364,321)</u>	<u>(189,799)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(73)	(518)
Purchase of treasury shares by the Company		(19)	(43)
Withdrawal of pledged cash and deposits		68,273	78,419
Net drawdown of borrowings		321,023	184,913
Net cash generated from financing activities		<u>389,204</u>	<u>262,771</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,462	8,566
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		106,452	134,941
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(40,227)	2,164
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	Note A	<u>87,687</u>	<u>145,671</u>
Note A			
Included in cash and cash equivalents as at 30 June are the following:			
- Cash and deposits with licensed banks		518,753	595,320
- Bank overdrafts		(7,157)	(5,014)
- Cash and deposits pledged		(423,909)	(444,635)
		<u>87,687</u>	<u>145,671</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 Combinatios (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 30 June 2015.

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SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 period ended 30 June 2015, the Company has bought back 50,000 ordinary shares of RM0.50 each at average cost of RM0.38 per share. As at 30 June 2015, 222,249,800 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 30 June 2015 and 2014 are set out below:

<u>Revenue</u>	6 months ended 30.06.2015			6 months ended 30.06.2014		
	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segment						
Property	210,539	-	210,539	147,102	-	147,102
Hospitality	202,671	-	202,671	156,687	2,697	159,384
Investment and others	9,989	-	9,989	944	-	944
	<u>423,199</u>	<u>-</u>	<u>423,199</u>	<u>304,733</u>	<u>2,697</u>	<u>307,430</u>
<u>Profit/(Loss) Before Tax</u>						
Property	47,165	-	47,165	54,120	-	54,120
Hospitality	(9,480)	-	(9,480)	(33,665)	656	(33,009)
Investment and others	60,510	-	60,510	(31,542)	28,431	(3,111)
	<u>98,195</u>	<u>-</u>	<u>98,195</u>	<u>(11,087)</u>	<u>29,087</u>	<u>18,000</u>
Finance costs	(56,250)	-	(56,250)	(41,861)	-	(41,861)
Share of results of associates/ jointly-controlled entities	8,234	-	8,234	30,782	-	30,782
	<u>50,179</u>	<u>-</u>	<u>50,179</u>	<u>(22,166)</u>	<u>29,087</u>	<u>6,921</u>

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

	2nd Quarter Ended		6 Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Agency fee expense	-	596	220	596
Dividend income	8,271	3,608	8,271	7,217
Director fees received	62	66	124	130
Interest expense	-	-	240	-
Project management fee expense	-	-	20	-
Sale proceeds from disposal of land	-	44,700	-	44,700
Rental income	237	348	471	757
Rental expense	180	180	360	360
Share service income	166	604	516	1,250
B. Other related parties				
Non-controlling interests of a subsidiary				
- Interest expense	-	25	29	50
A company related to a director				
- Trip fee income	2,858	-	2,858	-
- Other expense	44	-	56	-
A company related to a person connected to a director				
- Interest expense	-	97	50	193
- Rental income	243	-	581	-

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 property, plant and equipment as at 30 June 2015 are as below:

	RM'000
(a) Approved and contracted for	2,070
(b) Approved but not contracted for	171
	<u>2,241</u>

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 June 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 ("MLB") (adjusted after the bonus issue exercise of MLB) at an adjusted option price of RM0.47 per share ("Call Option"). The Option Holder has paid the Company a non-refundable cash consideration of RM2 million upon execution of the Call Option Agreement. As at 31 December 2014, MLB is 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 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 will be regarded as an associate company of the Company.

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

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.

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

For the 2nd quarter ended 30 June 2015, the Group reported revenue of RM259.37 million compared with RM179.00 million, an increase of 44.90% from the previous year's corresponding quarter. In line with higher revenue, the Group registered pre-tax profit of RM12.30 million for the current quarter ended 30 June 2015 as compared to pre-tax loss (excluding discontinued operations) of RM4.20 million in the corresponding quarter of the previous financial year, an increase of 393%. The Group's good performance was mainly attributed to higher contributions from the property and investment segments as further elaborated below.

The property division registered revenue of RM154.37 million and pre-tax profit of RM36.80 million for the 2nd quarter of 2015 as compared to revenue of RM105.24 million and pre-tax profit of RM39.82 million in the previous year's corresponding quarter. Higher revenue in the current quarter was mainly attributed to higher sales generated from the Sanctuary Cove project located at Brisbane. The pre-tax profit was marginally lower in the current quarter was mainly due to more land sales in Leisure Farm Project in Johor in the corresponding period last year.

The hospitality division (excluding discontinued operation) recorded revenue of RM98.36 million and pre-tax loss of RM14.03 million for the 2nd quarter of 2015 compared with revenue of RM73.07 million and pre-tax loss of RM26.94 million for the previous year's corresponding quarter. The better performance in 2nd quarter of 2015 was mainly attributed to improved occupancy and average room rates in One & Only Hayman Island in Australia.

The investments and other activities segment recorded pre-tax profit of RM5.53 million for the 2nd quarter of 2015 as compared to pre-tax loss of RM13.71 million in the previous year's corresponding quarter. The better performance in 2nd quarter of 2015 was mainly attributed to higher foreign exchange gain related to the Group's deposits which was denominated in US dollars and a gain on dilution of interest in associates of RM9.84 million.

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

The Group reported revenue of RM423.20 million and pre-tax profit of RM50.18 million for the 6-month period ended 30 June 2015 as compared to revenue (excluding discontinued operations) of RM304.73 million and pre-tax loss (excluding discontinued operations) of RM22.17 million in the corresponding period last year. The Group's revenue and pre-tax profit recorded a significant improvement by 38.87% and 326.34% respectively, mainly attributed to higher contributions from the investment segment as further elaborated below.

The property division registered revenue of RM210.54 million, which was 43.13% higher in comparison to the corresponding period of the previous year. Higher revenue in the current period was mainly attributed to better revenue generated from Sanctuary Cove projects located in Queensland, Australia as well as full recognition of results from Mulpha Norwest Pty Limited ("Mulpha Norwest") which is principally involved in property development projects in Sydney, Australia. Mulpha Norwest, previously a jointly-controlled entity, became a wholly owned subsidiary of the Group in May 2014. Notwithstanding the increase in revenue, the pre-tax profit dropped by 12.85% to RM47.16 million against the corresponding period of the previous year. The decrease in pre-tax profit was mainly due to more land sales in Leisure Farm Project in Johor in the corresponding period last year.

B1. Review of performance (Cont'd)

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

The hospitality division recorded revenue of RM202.67 million and pre-tax loss of RM9.48 million for the 6-month period ended 30 June 2015 as compared to revenue (excluding discontinued operations) of RM156.69 million and pre-tax loss (excluding discontinued operations) of RM33.66 million for the corresponding period last year. The better performance in the current period was mainly due to the One&Only Hayman Island in Australia being operation after its temporary closure in the corresponding period last year to undertake an extensive refurbishment and rebranding program.

The investments and other activities segment reported a pre-tax profit of RM60.51 million for the 6-month period ended 30 June 2015 as compared to a pre-tax loss (excluding discontinued operations) of RM31.54 million in the corresponding period last year. The stronger performance in the current period was mainly attributed to a gain on disposal of subsidiaries of RM50.39 million, a gain on dilution of interest in associates of RM9.84 million and a favourable foreign exchange rate movement on the Group's cash and deposits which were denominated in US Dollars.

B2. Comparisons With Preceding Quarter's Results

The Group recorded revenue of RM259.37 million and pre-tax profit of RM12.30 million for the 2nd quarter of 2015 compared with revenue of RM163.83 million and pre-tax profit of RM37.88 million for the 1st quarter of 2015. The Group's revenue reported a significant improvement of 58.32% mainly attributable to a higher contribution from the property segment. The pre-tax profit was higher in the preceding quarter mainly due to the recognition of a gain on disposal of subsidiaries of RM50.39 million.

The property division registered revenue of RM154.37 million and pre-tax profit of RM36.80 million for the 2nd quarter of 2015 as compared to a revenue of RM56.17 million and pre-tax profit of RM10.36 million for the 1st quarter of 2015. The stronger performance in the current quarter was mainly attributed to higher sales generated by the Sanctuary Cove project located in Queensland and the Mulpha Norwest project in Sydney.

The hospitality division recorded revenue of RM98.36 million and pre-tax loss of RM14.03 million for the 2nd quarter of 2015 as compared to a revenue of RM104.31 million and pre-tax profit of RM4.55 million for the 1st quarter of 2015. The weaker performance in the current quarter was mainly due to seasonal factors.

The Group's investments and other activities segments reported pre-tax profit of RM5.53 million for the 2nd quarter of 2015 as compared to pre-tax profit of RM54.98 million for the 1st quarter of 2015. The stronger performance in the preceding quarter was mainly due to a gain on disposal of subsidiaries of RM50.39 million recognised in previous quarter.

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 United Kingdom. Barring any unforeseen circumstances, the Group's performance for the financial year ending 2015 is expected to be satisfactory.

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B4. Variance from Profit Forecast or Profit Guarantee

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

B5. Profit/(Loss) Before Tax

	2nd Quarter Ended		6 Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at profit/(loss) before tax from continuing operations:-				
Bad debt recovered	(2)	-	(2)	(2)
Depreciation and amortisation	13,473	12,376	26,554	25,056
Dividend income	759	(905)	(5)	(1,233)
Fair value adjustment for assets held at fair value through profit or loss	212	(169)	1,460	131
Foreign exchange (gain)/loss				
- Realised	(8,134)	7,719	(31,039)	18,307
- Unrealised	(126)	-	(122)	-
Gain on dilution of interests in associates	(9,835)	-	(9,835)	-
Gain on disposal of investment securities and other investment	-	(93)	-	(265)
Gain on disposal of subsidiaries	-	-	(50,385)	-
Gain on disposal of discontinued operation	-	(28,431)	-	(28,431)
Gain on partial disposal of associates	(1,411)	-	(1,411)	-
(Gain)/Loss on on disposal of property, plant and equipment	3	202	(81)	202
Interest income	(1,045)	(1,441)	(2,349)	(2,846)
Interest expense	27,506	22,201	56,250	41,861
Reversal of impairment loss on investment securities	(808)	-	(755)	-
Impairment loss on inventories	4	-	14	-
Impairment/(reversal) on allowance of doubtful debts	245	(256)	368	(256)
Loss/(Gain) on derivatives	308	609	3,574	(381)
Rental income	(6,122)	(7,288)	(15,545)	(12,025)

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B6. Income tax expense/(benefit)

	2nd Quarter Ended		6 Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
Malaysian - current	32	(4,789)	256	3,495
(Over)/Underprovision in prior year	-	(219)	-	(219)
	<u>32</u>	<u>(5,008)</u>	<u>256</u>	<u>3,276</u>
Deferred tax				
Origination and reversal of temporary differences	(1,051)	4,960	(2,576)	312
Overprovision in prior year	-	-	(213)	-
	<u>(1,051)</u>	<u>4,960</u>	<u>(2,789)</u>	<u>312</u>
Income tax (benefit)/expense from continuing operations	(1,019)	(48)	(2,533)	3,588
Income tax (benefit)/expenses attributable to discontinued operation	-	(64)	-	62
Income tax expense/(benefit)	<u>(1,019)</u>	<u>(112)</u>	<u>(2,533)</u>	<u>3,650</u>

The effective tax rate of the Group for the financial period ended 30 June 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

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.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 June 2015 are as follows:-

	RM'000	RM'000
Short term - Secured	672,673	
- Unsecured	<u>2,657</u>	675,330
Long term - Secured		<u>1,466,473</u>
		<u>2,141,803</u>

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

			RM'000 equivalent
Australian Dollar	AUD '000	491,537	1,415,626
Japanese Yen	JPY '000	3,023,466	92,820
US Dollar	USD '000	150,000	<u>567,000</u>

B9. Material Litigation

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

B10. Dividend

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

B11. Earnings Per Share

The basic earnings 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 financial period, excluding treasury shares held by the Company as set out below:

	6 Months Ended	
	30.06.2015	30.06.2014
	RM'000	RM'000
(a) <u>Continuing operations</u>		
Profit/(Loss) for the period	52,712	(25,754)
Non-controlling interests	1,841	1,919
Profit/(Loss) attributable to equity holders of the parent	<u>54,553</u>	<u>(23,835)</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,133,713	2,133,863
Effect of share buy back	(25)	(50)
Weighted average number of ordinary shares at 30 June	<u>2,133,688</u>	<u>2,133,813</u>
Basic earnings/(loss) per share (sen)	<u>2.56</u>	<u>(1.12)</u>
(b) <u>Discontinued operation</u>		
Profit for the period	-	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	2,133,863
Effect of share buy back	(25)	(50)
Weighted average number of ordinary shares at 30 June	<u>2,133,688</u>	<u>2,133,813</u>
Basic earnings per share (sen)	<u>-</u>	<u>1.35</u>
(c) Total basic earnings per share (sen)	<u>2.56</u>	<u>0.23</u>

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

PART C

Disclosure of Realised and Unrealised Profits or Losses

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

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

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	1,007,711	905,511
- Unrealised	49,540	52,883
(ii) Associates		
- Realised	174,262	181,982
- Unrealised	485	485
- Breakdown unavailable *	<u>(563,845)</u>	<u>(571,139)</u>
	668,153	569,722
Less: Consolidated Adjustments	<u>(180,924)</u>	<u>(137,011)</u>
Total group retained earnings as per consolidated accounts	<u>487,229</u>	<u>432,711</u>

* There is no separate disclosure shown between the realised and unrealised profit/losses 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.