

MULPHA INTERNATIONAL BHD_(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2016

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.09.2016 RM'000	COMPARATIVE QUARTER ENDED 30.09.2015 RM'000	9 MONTHS CUMULATIVE TO 30.09.2016 RM'000	9 MONTHS CUMULATIVE TO 30.09.2015 RM'000
Revenue		334,685	174,079	742,610	597,278
Operating expenses		(400,824)	(200,388)	(849,761)	(644,150)
Other operating income		43,705	65,855	88,889	184,613
(Loss)/Profit from operations		(22,434)	39,546	(18,262)	137,741
Finance costs		(22,792)	(28,192)	(78,880)	(84,442)
Share of profit of associates		7,194	22,876	29,657	30,722
Share of profit of jointly-controlled entities		168	239	460	627
(Loss)/Profit before tax	B5	(37,864)	34,469	(67,025)	84,648
Income tax benefit	B6	(3)	2,607	3,511	5,140
(Loss)/Profit for the period		(37,867)	37,076	(63,514)	89,788
Attributable to:					
Owners of the Company		(37,867)	37,076	(63,514)	91,629
Non-controlling interests		-	-	-	(1,841)
(Loss)/Profit for the period		(37,867)	37,076	(63,514)	89,788
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	B11	(1.19)	1.73	(2.34)	4.28

(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 30.09.2016 RM'000	COMPARATIVE QUARTER ENDED 30.09.2015 RM'000	9 MONTHS CUMULATIVE TO 30.09.2016 RM'000	9 MONTHS CUMULATIVE TO 30.09.2015 RM'000
(Loss)/Profit for the period	(37,867)	37,076	(63,514)	89,788
Available-for-sale financial assets reclassified to profit or loss	-	(16,486)	-	(16,486)
Foreign currency translation differences for foreign operations	94,777	71,532	29,315	58,400
Fair value movement of available- for-sale financial assets	-	133	-	(10,204)
Share of other comprehensive income of associates	146	2,181	1,651	7,226
Reclassification to profit or loss on:				
- disposal of a subsidiary	-	-	-	(16,099)
- disposal of associates	5,957	-	5,957	-
- dilution of interest in an associate	(1,936)	-	(3,237)	(544)
Other comprehensive income for the period, net of tax	<u>98,944</u>	<u>73,846</u>	<u>33,686</u>	<u>22,293</u>
Total comprehensive income/ (expense) for the period	<u>61,077</u>	<u>110,922</u>	<u>(29,828)</u>	<u>112,081</u>
Attributable to:				
Owners of the Company	61,077	110,922	(29,828)	113,922
Non-controlling interests	-	-	-	(1,841)
Total comprehensive income/ (expense) for the period	<u>61,077</u>	<u>110,922</u>	<u>(29,828)</u>	<u>112,081</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 30.09.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,187,327	1,087,824
Investment properties		490,286	416,938
Investment in associates		1,156,725	1,354,347
Investment in jointly-controlled entities		7,442	12,798
Investment securities		108,317	1,156
Other investments		5,080	5,080
Goodwill		2,725	2,722
Inventories		726,125	645,560
Other non-current assets		9,767	14,742
Deferred tax assets		60,137	59,756
		3,753,931	3,600,923
Current assets			
Inventories		894,333	725,387
Trade and other receivables		274,794	233,570
Other current assets		20,006	26,658
Investment securities		2,285	2,516
Income tax recoverable		1,647	3,549
Cash and cash equivalents		403,895	539,900
		1,596,960	1,531,580
TOTAL ASSETS		5,350,891	5,132,503

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PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,711,370	1,177,957
Share premium		311,353	579,863
Treasury shares	<i>A6</i>	(92,139)	(92,137)
Reserves		339,294	305,608
Retained earnings		534,185	597,699
Total equity		2,804,063	2,568,990
Non-current liabilities			
Trade and other payables		16,743	13,431
Provision for liabilities		1,789	2,225
Loans and borrowings	<i>B8</i>	1,946,451	932,341
		1,964,983	947,997
Current liabilities			
Trade and other payables		247,439	264,443
Other current liabilities		-	6,604
Provision for liabilities		25,142	23,426
Loans and borrowings	<i>B8</i>	302,126	1,314,683
Derivative liabilities		777	-
Income tax payable		6,361	6,360
		581,845	1,615,516
Total liabilities		2,546,828	2,563,513
TOTAL EQUITY AND LIABILITIES		5,350,891	5,132,503
Net assets per share (RM)		0.88	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 ----->						Retained Earnings	Total Controlling Interests	Non- Controlling Interests	Total Equity
	Share Capital	Share Premium	Exchange Reserve	Capital Reserve	Other Reserve	Treasury Shares				
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 income/ (expense) for the period	-	-	31,015	-	2,671	-	(63,514)	(29,828)	-	(29,828)
Issuance of shares pursuant to right issue	533,413	(266,707)	-	-	-	-	-	266,706	-	266,706
Purchase of treasury shares	-	-	-	-	-	(2)	-	(2)	-	(2)
Share issuance expense	-	(1,803)	-	-	-	-	-	(1,803)	-	(1,803)
Total transactions with owners of the Company	533,413	(268,510)	-	-	-	(2)	-	264,901	-	264,901
At 30 September 2016	<u>1,711,370</u>	<u>311,353</u>	<u>240,647</u>	<u>101,763</u>	<u>(3,116)</u>	<u>(92,139)</u>	<u>534,185</u>	<u>2,804,063</u>	<u>-</u>	<u>2,804,063</u>
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	-	-	60,147	(16,099)	(21,755)	-	91,629	113,922	(1,841)	112,081
Purchase of treasury shares	-	-	-	-	-	(22)	-	(22)	-	(22)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(42,505)	(42,505)
Transfer within reserves	-	-	-	35	-	-	(35)	-	-	-
Total transactions with owners of the Company	-	-	-	35	-	(22)	(35)	(22)	(42,505)	(42,527)
At 30 September 2015	<u>1,177,957</u>	<u>579,863</u>	<u>184,393</u>	<u>101,663</u>	<u>(2,931)</u>	<u>(92,137)</u>	<u>524,305</u>	<u>2,473,113</u>	<u>-</u>	<u>2,473,113</u>

(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

	<---9 MONTHS ENDED-->	
Note	30.09.2016	30.09.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(67,025)	84,648
Adjustments for non-cash items:		
Bad debts recovered	(6)	(8)
Depreciation of property, plant and equipment	44,601	40,482
Dividend income	(19)	(16)
Fair value loss on financial assets at fair value through profit or loss	144	2,190
Gain on disposal of investment securities	-	(4,152)
Gain on disposal of property, plant and equipment	-	(81)
Gain on disposal of subsidiaries	-	(50,385)
Gain on partial disposal of associates	-	(1,411)
Gain on dilution of interests in associates	(40,747)	(9,835)
Impairment loss on inventories	-	16
Impairment loss/(Reversal) of impairment loss on investment securities	117	(764)
Interest expense	78,880	84,442
Interest income	(3,672)	(3,095)
Loss on disposal of associates	108,919	-
Net unrealised foreign exchange loss	112	(32)
Net impairment loss on trade and other receivables	336	491
Property, plant and equipment written off	57	-
Provision for staff benefits	10,415	10,843
Share of profit of associates	(29,657)	(30,722)
Share of profit of jointly-controlled entities	(460)	(627)
Operating profit before changes in working capital	101,995	121,984
Changes in working capital		
Inventories	(230,902)	(81,638)
Receivables	(42,564)	14,451
Other current assets	6,652	(8,384)
Other non-current assets	7,287	3,358
Payables	(23,521)	(19,019)
Other non-current liabilities	3,183	(2,439)
Net change in working capital	(279,865)	(93,671)
Cash (used in)/generated from operations	(177,870)	28,313
Interest paid	(78,880)	(84,442)
Interest received	3,672	3,095
Income tax refund/(paid)	5,414	(2,897)
Staff benefits paid	(10,501)	(8,702)
Net cash used in operating activities	(258,165)	(64,633)

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<--9 MONTHS ENDED-->		
	Note	30.09.2016	30.09.2015
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in a jointly-controlled entity		(296)	-
Proportionate consolidation of a jointly-controlled operation, net of cash and cash equivalents acquired		-	1,985
Dividend received from associates and jointly-controlled entity		39,141	30,457
Dividend received from other investments		19	16
Purchase of property, plant and equipment		(134,474)	(29,626)
Purchase of an investment property		(65,562)	(366,149)
Proceeds from disposal of associates		14,731	3,890
Proceeds from disposal of property, plant and equipment		-	294
Proceeds from disposal of investment securities and other investments		-	65,506
Disposal of subsidiaries, net of cash and cash equivalents disposed of		-	(9,306)
Refurbishment of investment properties		(12)	(27)
Net cash used in investing activities		<u>(146,453)</u>	<u>(302,960)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(108)	(133)
Share issuance expenses for rights issue		(1,803)	-
Proceeds from issuance of shares pursuant to rights issue		266,706	-
Purchase of treasury shares by the Company		(2)	(22)
Uplift of pledged cash and deposits		267,633	59,594
Net (repayment)/drawdown of borrowings		(1,910)	328,497
Net cash generated from financing activities		<u>530,516</u>	<u>387,936</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		125,898	20,343
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		154,623	106,452
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		6,168	1,955
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	Note A	<u>286,689</u>	<u>128,750</u>
Note A			
Included in cash and cash equivalents as at 30 September are the following:			
- Cash and deposits with licensed banks		403,895	562,691
- Bank overdrafts		(984)	(1,353)
- Cash and deposits pledged		(116,222)	(432,588)
		<u>286,689</u>	<u>128,750</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.

MULPHA INTERNATIONAL BHD (19764-T)
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

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 September 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

(i) On 14 June 2016, the Company completed its rights issue exercise with the listing of 1,066,826,679 rights shares on the Main Market of Bursa Malaysia Securities Berhad. The number of ordinary shares after the completion of the rights issue is therefore 3,422,739,837 ordinary shares of RM0.50 each.

(ii) On 28 June 2016, Rosetec Investments Limited, a wholly-owned subsidiary of Mulpha International Berhad, has secured a loan facility of AUD67.00 million from Citibank, N.A., London Branch for the repayment of existing debts and general corporate purposes.

(iii) On 6 September 2016, Mulpha SPV Limited, a wholly-owned subsidiary of Mulpha International Bhd, issued USD90.00 million Nominal Amount of Fixed Rate Notes due 2019 for the redemption of Series 4 USD90.00 million Nominal Amount of Fixed Notes.

(iv) During the financial period ended 30 September 2016, the Company has bought back 10,000 ordinary shares of RM0.50 each at average cost of RM0.23 per share. As at 30 September 2016, 222,269,800 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 September 2016 and 2015 are set out below:

	Revenue		(Loss)/Profit Before Tax	
	9 months ended	9 months ended	9 months ended	9 months ended
<u>Revenue</u>	<u>30.9.2016</u>	<u>30.9.2015</u>	<u>30.9.2016</u>	<u>30.9.2015</u>
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	340,962	260,816	104,074	59,218
Hospitality	381,889	318,184	15,677	(10,360)
Investment and others	19,759	18,278	(138,013)	88,883
	<u>742,610</u>	<u>597,278</u>	<u>(18,262)</u>	<u>137,741</u>
Finance costs	-	-	(78,880)	(84,442)
Share of results of associates/ jointly-controlled entities	-	-	30,117	31,349
	<u>742,610</u>	<u>597,278</u>	<u>(67,025)</u>	<u>84,648</u>

MULPHA INTERNATIONAL BHD (19764-T)
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A9. Related Party Disclosures

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

	3rd Quarter Ended		9 Months Ended	
	<u>30.9.2016</u>	<u>30.9.2015</u>	<u>30.9.2016</u>	<u>30.9.2015</u>
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Agency fee	-	127	-	347
Asset management service income	721	-	1,196	-
Dividend income	33,161	253	33,161	8,524
Director fees received	66	63	197	187
Interest expense	-	-	-	240
Project management fee expense	-	-	-	20
Rental income	583	485	1,403	956
Rental expense	190	180	570	540
Share service (expense)/income	(306)	71	(1,086)	587
B. Other related parties				
Non-controlling interests of a subsidiary				
- Interest expense	-	-	-	29
A company related to directors				
- Director fees income	-	63	-	63
- Rendering of services	1,162	418	1,891	3,276
- Rental income	-	47	-	47
- Sale proceeds from disposal of investment securities	-	54,674	-	54,674
- Share service income	150	930	534	930
- Other expense	64	6	135	62
A company related to a person connected to a director				
- Interest expense	-	-	-	50
- Rendering of services	216	-	1,889	-
- Rental income	183	159	608	740
- Share service income	70	-	209	-

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 30 September 2016 are as below:

(a) Approved and contracted for	RM'000
	33,677
(b) Approved but not contracted for	133,941
	<u>167,624</u>

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 September 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 subsidiaries

(i) 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 AUD2.00. CPL is currently dormant.

(ii) Mulpha Strategic Limited, a wholly-owned subsidiary of Mulpha Group Services Sdn Bhd, which in turn is a wholly-owned subsidiary of Mulpha International Berhad ("MIB"), has on 28 June 2016, incorporated a limited company known as AFO Assets Limited ("AFO"). As a result of the incorporation, AFO has become an indirect wholly-owned subsidiary of MIB. AFO is a company incorporated in Labuan with a paid-up share capital of USD1.00. The intended principal activity of AFO is leasing business.

(iii) Mulpha Australia Limited, a wholly-owned subsidiary of the Company, had on 14 September 2016, incorporated a limited company known as Cairns Esplanade Operations Pty Ltd ("CEOPL"). The incorporation of CEOPL was notified on 21 September 2016. As a result of the incorporation, CEOPL has become an indirect wholly-owned subsidiary of the Company. CEOPL is a company incorporated in Australia with a paid-up share capital of AUD1.00. CEOPL is currently dormant.

(iv) Mulpha Australia Limited, a wholly-owned subsidiary of the Company, had on 17 October 2016, incorporated a limited company known as Mulpha Finance Pty Ltd ("MFPL"). As a result of the incorporation, MFPL has become an indirect wholly-owned subsidiary of the Company. MFPL is a company incorporated in Australia with a paid-up share capital of AUD1.00. MFPL is currently dormant.

A14. Changes in Contingent Liabilities or Contingent Assets

There are no contingent assets and liabilities as at the date of this report.

PART B

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

B1. Review of performance

(a) Current Year Quarter vs. Previous Year Corresponding Quarter

The Group recorded revenue of RM334.69 million and pre-tax loss of RM37.86 million for the 3rd quarter of 2016 compared to revenue of RM174.08 million and pre-tax profit of RM34.47 million in the previous year's corresponding quarter. The weaker performance was mainly attributable to a poorer performance in the investment and other activities division as well as lower share of associates' profits, partially offset by a better performance in the property and hospitality divisions.

The investment and other activities division recorded pre-tax loss of RM92.87 million for the 3rd quarter of 2016 as compared to pre-tax profit of RM28.37 million in the previous year's corresponding quarter. The weaker performance in the current quarter of 2016 was mainly attributed to loss on disposal of associates of RM108.91 million which largely comprise of fair value adjustment resulting from derecognition of Mudajaya Group Berhad from an associated company to investment securities. This weaker performance was mitigated by gain on dilution of interest in associates of RM40.75 million in the current quarter.

The property division registered revenue of RM196.81 million and pre-tax profit of RM63.00 million for the 3rd quarter of 2016 as compared to revenue of RM50.28 million and pre-tax profit of RM12.05 million in the previous year's corresponding quarter. The better performance was mainly attributed to higher sales in the Group's Mulpha Norwest and Sanctuary Cove developments which are located in Australia.

The hospitality division recorded revenue of RM129.13 million and pre-tax profit of RM7.43 million for the 3rd quarter of 2016 compared with revenue of RM115.51 million and pre-tax loss of RM0.88 million in the previous year's corresponding quarter. The better performance in the 3rd quarter of 2016 was mainly driven by improved occupancy and higher average room rates overall in hotels and resorts in Australia.

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

The Group reported revenue of RM742.61 million and pre-tax loss of RM67.02 million for the 9-month period ended 30 September 2016 as compared to revenue of RM597.28 million and pre-tax profit of RM84.65 million in the corresponding period last year. In the current period, the property and hospitality divisions registered pre-tax profits which were higher by RM44.86 million and RM26.04 million respectively. However, these improvements were offset by a weaker performance in the Group's investment and other activities division which showed a negative variance of RM226.90 million.

The property division recorded revenue of RM340.96 million and pre-tax profit of RM104.07 million for the 9-month period ended 30 September 2016 as compared to revenue of RM260.82 million and pre-tax profit of RM59.22 million in the corresponding period last year. The better performance was mainly attributed to higher sales in the Group's Sanctuary Cove development located in Queensland, Australia.

The hospitality division recorded revenue of RM381.89 million and pre-tax profit of RM15.68 million for the 9-month period ended 30 September 2016 as compared to revenue of RM318.18 million and pre-tax loss of RM10.36 million in the corresponding period last year. The better performance in the current period was mainly due to improved occupancy and average room rates overall in hotels and resorts in Australia, in particular One&Only Hayman Island.

The investment and other activities division reported a pre-tax loss of RM138.01 million for the 9-month period ended 30 September 2016 as compared to a pre-tax profit of RM88.88 million in the corresponding period last year. The weaker performance in the current period was mainly attributed to disposal of associates as mentioned above and an unfavourable exchange rate movement on the Group's cash and deposits which were denominated in US Dollar.

B2. Comparisons With Preceding Quarter's Results

The Group recorded revenue of RM334.69 million and pre-tax loss of RM37.86 million for the 3rd quarter of 2016 compared with revenue of RM205.48 million and pre-tax loss of RM22.40 million for the 2nd quarter of 2016. The better performance was mainly contributed by the property and hospitality divisions as well as a higher share of associates' profits but this was partially offset by poorer performance in the investment and other activities.

The property division registered revenue of RM196.81 million and pre-tax profit of RM63.00 million for the 3rd quarter of 2016 as compared to revenue of RM79.92 million and pre-tax profit of RM24.63 million for the 2nd quarter of 2016. The better performance in the current quarter was mainly attributable to higher sales generated by the Group's Mulpha Norwest development in Sydney, Australia.

The hospitality division recorded revenue of RM129.13 million and pre-tax profit of RM7.43 million for the 3rd quarter of 2016 as compared to revenue of RM119.12 million and pre-tax loss of RM0.62 million for the 2nd quarter of 2016. The better performance in the current quarter was mainly due to seasonal factors.

The Group's investment and other activities division reported pre-tax loss of RM92.87 million for the 3rd quarter of 2016 as compared to a pre-tax loss of RM24.79 million for the 2nd quarter of 2016. The poorer performance in the current quarter was mainly due to loss on disposal of associates as mentioned above and unfavourable foreign exchange movement in USD deposits. This is partially offset by a gain on dilution of interests in an associate of RM24.87 million recognised in the current quarter.

B3. Prospects

We remain optimistic that the Group is well positioned to take advantage of 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 foreseeable future on mid to long term basis is expected to remain cautiously optimistic.

B4. Variance from Profit Forecast or Profit Guarantee

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

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B5. (Loss)/Profit Before Tax

	3rd Quarter Ended		9 Months Ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Bad debt recovered	-	(6)	(6)	(8)
Depreciation and amortisation	15,761	13,928	44,601	40,482
Dividend income	(8)	(11)	(19)	(16)
Fair value adjustment on financial assets at fair value through profit or loss	(159)	730	144	2,190
Foreign exchange (gain)/loss				
- Realised	(4,265)	(40,190)	21,919	(71,229)
- Unrealised	(41)	90	112	(32)
Gain on disposal of subsidiaries	-	-	-	(50,385)
Gain on dilution of interests in associates	(24,868)	-	(40,747)	(9,835)
Gain on partial disposal of associates	-	-	-	(1,411)
Gain on disposal of property, plant and equipment	-	-	-	(81)
Gain on disposal of investment securities	-	(4,152)	-	(4,152)
(Gain)/Loss on derivatives	(374)	1,124	1,889	4,698
Interest income	(1,749)	(746)	(3,672)	(3,095)
Interest expense	22,792	28,192	78,880	84,442
Impairment/(reversal) loss on investment securities	37	(9)	117	(764)
Impairment loss on inventories	-	2	-	16
Loss on disposal of associates	108,919	-	108,919	-
Net impairment loss on trade and other receivables	74	123	336	491
Property, plant and equipment written off	7	-	57	-
Rental income	(11,138)	(12,586)	(31,058)	(28,131)

B6. Income tax benefit

	3rd Quarter Ended		9 Months Ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
Malaysian - current	97	112	301	368
- prior year	(1,505)	49	(1,492)	49
Overseas - prior year	(15)	-	(2,320)	-
	(1,423)	161	(3,511)	417
Deferred tax				
Origination and reversal of temporary differences	1,426	(2,768)	-	(5,344)
Overprovision in prior year	-	-	-	(213)
	1,426	(2,768)	-	(5,557)
Income tax benefit	3	(2,607)	(3,511)	(5,140)

The effective tax rate of the Group for the financial year ended 30 September 2016 under review is lower than the statutory rate of 24% mainly due to certain income not subject to taxation. This was alleviated by an overprovision of income tax in prior year, certain expenses which are not deductible and certain deferred tax assets not recognised.

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B7. Status of Corporate Proposals

(a) Renounceable two-call rights issue (“Rights Issue”)

On 14 June 2016, the Company has completed its rights issue exercise with the listing of 1,066,826,679 rights shares on the Main Market of Bursa Malaysia Securities Berhad.

The rights issue exercise has raised gross proceeds of RM266.71 million, which has been utilised as at 30 September 2016 in the following manner:-

Purpose	Proposed	Actual	Intended Timeframe for Utilisation	Deviation		Explanations
	Utilisation	Utilisation		Amount	%	
	RM'000	RM'000		RM'000		
(i) Repayment of borrowings	200,000	200,000	July 2016	N/A	-	
(ii) Working capital	65,626	14,581	June 2018	N/A	-	
(iii) Estimated expenses in relation to the Corporate Exercise	1,080	1,803	June 2016	723	66.9%	See Note 1

Note:

- Disbursement expenses exceeded estimated cost will be borne by the Company's internally generated funds.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 September 2016 are as follows:-

	RM'000
Short term - Secured	302,126
Long term - Secured	1,946,451
	<u>2,248,577</u>

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

	AUD '000	JPY '000	USD '000	RM'000 equivalent
Australian Dollar	500,523			1,581,653
Japanese Yen		2,517,824		102,979
US Dollar			114,000	<u>471,960</u>

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 has fixed on 17 and 18 August 2016 for continuation for the Trial. Subsequently, the Court vacated the Trial date on 17 August 2016, 18 August 2016 and 26 October 2016. The Trial will be continued at a new date 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:

	9 Months Ended	
	30.09.2016 RM'000	30.09.2015 RM'000
(Loss)/Profit for the period	(63,514)	89,788
Non-controlling interests	-	1,841
(Loss)/Profit attributable to equity holders of the parent	<u>(63,514)</u>	<u>91,629</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,133,654	2,133,713
Effect of ordinary share issued on 14 June 2016	580,174	8,887
Effect of share buy back	(10)	(60)
Weighted average number of ordinary shares at 30 September	<u>2,713,818</u>	<u>2,142,540</u>
Basic (Loss)/earnings per share (sen)	<u>(2.34)</u>	<u>4.28</u>

The previous year's earnings per share has been restated to reflect the rights issue implemented during the year under review.

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
	30.09.2016	31.12.2015
	RM'000	RM'000
Total retained earnings:		
(i) Company and subsidiaries		
- Realised	1,121,772	993,111
- Unrealised	59,881	64,192
(ii) Associates		
- Realised	693	180,468
- Unrealised	291	2,623
- Breakdown unavailable *	(512,555)	(554,247)
(iii) Jointly-controlled entities		
- Realised	3,625	9,145
	<u>673,707</u>	<u>695,292</u>
Less: Consolidated Adjustments	(139,522)	(97,593)
Total group retained earnings as per consolidated accounts	<u>534,185</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.