

MULPHA INTERNATIONAL BHD_(19764-T)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007

	CURRENT QUARTER ENDED 30.6.2007	COMPARATIVE QUARTER ENDED 30.6.2006	6 MONTHS CUMULATIVE TO 30.6.2007	6 MONTHS CUMULATIVE TO 30.6.2006
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	240,364	223,527	451,552	414,789
Operating expenses	(229,412)	(219,043)	(431,305)	(403,979)
Other operating income	15,043	12,931	35,770	20,091
Profit from operations	25,995	17,415	56,017	30,901
Finance costs	(16,813)	(15,501)	(32,476)	(30,351)
Share of results of associates/ jointly controlled entities	5,440	3,482	17,214	6,108
Profit before tax	14,622	5,396	40,755	6,658
Taxation	4,221	1,545	(673)	1,949
Profit for the period	18,843	6,941	40,082	8,607
Attributable to:				
Equity holders of the parent	16,870	5,258	38,773	6,193
Minority interests	1,973	1,683	1,309	2,414
Profit for the period	18,843	6,941	40,082	8,607
Earnings per share (sen):-				
- Basic	1.38	0.44	3.17	0.52
- Fully diluted	1.33	0.44	3.05	0.52

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2006)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	<i>Note</i>	UNAUDITED AS AT 30.6.2007 RM'000	AUDITED AS AT 31.12.2006 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	A9	1,425,704	1,370,192
Investment property		13,166	13,124
Prepaid lease payments		12,134	12,375
Investment in associates		87,875	78,412
Investments in jointly-controlled entities		175,089	156,173
Other receivables		75	74
Available for sale financial assets		595,537	348,729
Other investments		1,160	1,160
Land held for property development		625,881	611,612
Goodwill		13,091	13,091
		2,949,712	2,604,942
CURRENT ASSETS			
Property development costs		179,174	198,753
Inventories		89,488	98,284
Trade and other receivables		181,312	238,633
Derivative financial instruments		-	64,937
Financial assets at fair value through profit or loss	B7	41,788	52,713
Tax recoverable		2,309	2,972
Cash and bank balances		396,775	279,998
		890,846	936,290
TOTAL ASSETS		3,840,558	3,541,232

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	<i>Note</i>	UNAUDITED AS AT 30.6.2007 RM'000	AUDITED AS AT 31.12.2006 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		627,485	627,485
Share premium		797,104	709,843
Treasury shares	A6	(4,848)	(51,275)
Reserves		453,951	354,453
Retained earnings		535,096	496,323
		2,408,788	2,136,829
Minority interests		125,709	125,166
Total equity		2,534,497	2,261,995
Non-current liabilities			
Bank borrowings	B9a	676,676	624,783
Other borrowings	B9b	113,547	107,942
Deferred tax liabilities		193,998	163,661
Lease and hire purchase payables		12,569	11,744
Other long term liabilities		43,989	3,196
		1,040,779	911,326
Current liabilities			
Trade and other payables		169,517	214,516
Provisions for liabilities		12,744	10,892
Bank borrowings	B9a	72,750	126,142
Other borrowings	B9b	1,910	1,641
Tax payables		8,361	14,720
		265,282	367,911
Total Liabilities		1,306,061	1,279,237
TOTAL EQUITY AND LIABILITIES		3,840,558	3,541,232
Net assets per share (RM)		1.92	1.81

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2006)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007

	<----- Attributable to Equity Holders of the Parent ----->								Total Shareholders Equity RM'000	Minority Interest RM'000	Total Equity RM'000
	<----- Non-distributable ----->				<Distributable>						
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Retained Profit RM'000	Treasury shares RM'000			
At 1 January 2007	627,485	709,843	1,393	169,834	81,066	102,160	496,323	(51,275)	2,136,829	125,166	2,261,995
Net profit for the period	-	-	-	-	-	-	38,773	-	38,773	1,309	40,082
Available-for-sale financial assets:											
Fair value gains	-	-	-	-	-	40,075	-	-	40,075	-	40,075
Purchase of treasury shares	-	-	-	-	-	-	-	(10,025)	(10,025)	-	(10,025)
Sale of treasury shares	-	87,261	-	-	-	-	-	56,452	143,713	-	143,713
Surplus/(Deficit) arising on translation of net investments in foreign entities	-	-	-	59,423	-	-	-	-	59,423	(766)	58,657
At 30 June 2007	627,485	797,104	1,393	229,257	81,066	142,235	535,096	(4,848)	2,408,788	125,709	2,534,497
At 1 January 2006 (restated)	627,485	709,843	2,850	162,906	81,066	4,106	378,602	(19,919)	1,946,939	137,403	2,084,342
Effect of adopting:											
FRS 3	-	-	-	-	-	-	4,305	-	4,305	-	4,305
FRS 116	-	-	-	-	-	-	(1,026)	-	(1,026)	-	(1,026)
FRS 139	-	-	-	-	-	53,820	50,816	-	104,636	-	104,636
	627,485	709,843	2,850	162,906	81,066	57,926	432,697	(19,919)	2,054,854	137,403	2,192,257
Net profit for the period	-	-	-	-	-	-	6,193	-	6,193	2,414	8,607
Transfer (to)/from income statement	-	-	(616)	-	-	-	616	-	-	-	-
Available-for-sale financial assets:											
Fair value gains	-	-	-	-	-	82,743	-	-	82,743	-	82,743
Purchase of treasury shares	-	-	-	-	-	-	-	(22,819)	(22,819)	-	(22,819)
Deficit arising on translation of net investments in foreign entities	-	-	-	(24,155)	-	-	-	-	(24,155)	(10,020)	(34,175)
At 30 June 2006	627,485	709,843	2,234	138,751	81,066	140,669	439,506	(42,738)	2,096,816	129,797	2,226,613

(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 2006)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007

	<-----HALF YEAR ENDED----->	
	30.6.2007	30.6.2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,755	6,658
Adjustment for non-cash items	27,828	47,047
Operating profit before changes in working capital	68,583	53,705
Changes in working capital		
Net change in current assets	(7,811)	35,394
Net change in current liabilities	(5,086)	(3,378)
Net change in working capital	(12,897)	32,016
Cash generated from operations	55,686	85,721
Interest expenses paid	(32,476)	(30,351)
Interest received	7,577	5,887
Income tax refund/(paid)	857	(10,103)
Staff benefits paid	(6,215)	(6,226)
Net cash generated from operating activities	25,429	44,928
CASH FLOWS FROM INVESTING ACTIVITIES		
Liquidation of joint venture	727	-
Purchase of property, plant and equipment	(35,151)	(23,915)
Proceeds from sale of property, plant and equipment	6,998	6,642
Other investments	15,299	(8,665)
Net cash used in investing activities	(12,127)	(25,938)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007

	<-----HALF YEAR ENDED----->	
	30.6.2007	30.6.2006
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(3,772)	(2,960)
Payment of finance lease liabilities	(1,729)	(1,555)
Purchase of treasury shares	(10,025)	(22,819)
Sale of treasury shares	143,713	-
Net repayment of borrowings	(28,506)	(14,547)
Dividends paid to minority interests	(4,152)	(5,932)
Net cash generated from/(used in) financing activities	95,529	(47,813)
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	 108,831	 (28,823)
 CASH AND CASJ EQUIVALENTS AS AT 1 JANUARY	 251,817	 230,015
 FOREIGN CURRENCY DIFFERENCES ON OPENING CASH AND CASH EQUIVALENTS	 9,032	 (4,206)
 CASH AND CASH EQUIVALENTS AS AT 30 JUNE	 369,680	 196,986

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 2006)

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134: Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 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 2006.

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2006 except for the adoption of the new and revised FRS issued by MASB that are effective for the Group's annual reporting for the year ending 31 December 2007.

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 2006 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 and the cumulative period ended 30 June 2007.

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 period.

A6. Changes in Debt And Equity Securities

The shareholders at the Annual General Meeting on 21 June 2007 approved the renewal of authority for the Company to buy back up to 10% of its issued shares.

During the financial period ended 30 June 2007, the Company sold 75,733,000 of its treasury shares at average price of RM1.93 per share deriving a total net consideration of RM143.7 million.

As at 30 June 2007, the Company has bought back 2,929,700 ordinary shares of RM0.50 each and they have been retained as treasury shares.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the half year ended 30 June 2007 is set out below:

	Revenue	Profit Before Tax
	RM'000	RM'000
Business Segment		
Property	170,942	10,126
Hospitality	177,405	19,437
Manufacturing	62,410	3,057
General Trading	38,410	2,487
Investment	2,105	20,928
Others	280	(18)
External Sales	<u>451,552</u>	<u>56,017</u>
Finance cost		(32,476)
Share of results of associates/ jointly controlled entities		17,214
	<u><u>451,552</u></u>	<u><u>40,755</u></u>

A9. Valuation Of Property, Plant And Equipment

The carrying value of the property, plant and equipment is stated at cost less depreciation and impairment losses.

A10. Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at 30 June 2007 amounted to RM9.6 million.

A11. Material Events Subsequent To The Balance Sheet Date

The material event subsequent to 30 June 2007 is disclosed in note B8(d).

A12. Changes In The Composition Of the Group

During the half year ended 30 June 2007, nine dormant/inactive subsidiaries incorporated in Malaysia were disposed of for nominal considerations of RM2 each. In addition, four dormant /inactive subsidiaries incorporated in Australia and Hong Kong were deregistered.

A13. Changes In Contingent Liabilities or Contingent Assets

(a) Changes in the contingent liabilities since 31 December 2006 are as follows:-

	Decrease RM'000
Guarantees given to third parties	12,505
Machineries buy back option	43
	<u>12,548</u>

(b) There are no contingent assets as at the date of this report.

PART B

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

B1. Review of performance

For the half year ended 30 June 2007, the Group recorded a profit after tax of RM40.082 million on the back of a revenue of RM451.552 million. The Group's investments in Australia was the major contributor. Other operations of the Group generally performed to expectations.

B2. Comparisons With Preceding Quarter's Results

The Group recorded a profit after tax of RM18.843 million for the second quarter ended 30 June 2007 as compared to the profit after tax of RM21.239 million recorded for the first quarter of year 2007. Apart from the lower contribution from the Group's hotel division in Australia which was affected by seasonally lower demand, most of the other operations of the Group recorded improvement in results for the second quarter of year 2007.

B3. Current Year Prospects

The recent incentives announced by the government for the property industry are expected to have a positive impact on the Group's property projects in Malaysia. Market conditions are expected to be favourable for the Group's overseas operations. Barring any unforeseen circumstances, the performance of the Group for the second half of year 2007 is therefore 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. Taxation

	2nd Quarter Ended		6 Months Period Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Current year income tax				
- Malaysian	69	224	102	261
- Foreign	-3,713	-4,364	549	-5,919
	<u>-3,644</u>	<u>-4,140</u>	<u>651</u>	<u>-5,658</u>
Deferred tax				
- Malaysian	-1,315	-	(1,315)	-
- Foreign	737	2,657	1,336	3,771
	<u>-578</u>	<u>2,657</u>	<u>21</u>	<u>3,771</u>
Under/(over) provision of taxation in prior years	1	-62	1	-62
	<u><u>-4,221</u></u>	<u><u>-1,545</u></u>	<u><u>673</u></u>	<u><u>-1,949</u></u>

The Group's effective tax rate for the period ended 30 June 2007 was lower than the Malaysian statutory tax rate of 27% mainly due to availability of group relief tax incentive and accumulated tax losses that was set-off against chargeable income.

B6. Profit on Sale of Unquoted Investments or Properties

There was no sale of unquoted investments and properties (not in the ordinary course of business of the Group) for the current quarter and the cumulative period ended 30 June 2007.

B7. Purchase and Disposal of Quoted Securities

(a) Purchase/disposal of quoted securities by the subsidiaries in their ordinary course of business are as follows:-

	2nd Quarter Ended 30.6.2007 RM'000	Cumulative Period Ended 30.6.2007 RM'000
Total purchases at cost	<u>5,279</u>	<u>10,945</u>
Total disposal (at disposal value)	<u>10,971</u>	<u>26,267</u>
Total gain on disposal	<u>2,130</u>	<u>4,265</u>

(b) Investments in quoted securities as at 30 June 2007 by subsidiaries in their ordinary course of business are as follows:-

	RM'000
Total investment at cost	<u>40,994</u>
Total investment at market value	<u>41,788</u>

B8. Status of Corporate Proposals

(a) Expiry of Investment Licence for the International Hotel (Saigon) Joint Venture ('the JV")

The Investment Licence for the JV in Ho Chi Minh City, Vietnam expired on 22 January 2005. The Company, through Asian Fame Development Ltd ("AFDL"), has a 70% interest in the JV. The JV owned and operated a 50 room hotel known as International Hotel (Saigon) in Ho Chi Minh City. The People's Committee of Ho Chi Minh City has vide its letter dated 14 December 2006 given its approval for the dissolution of the JV. The dissolution of the JV was completed on 17 January 2007 with the distribution of the liquidation surplus of the JV assets. AFDL's share of the liquidation distribution amounted to RM727,596. The Group had accrued for a loss of RM1,323,822 in the previous financial year 2006 for the dissolution of the JV.

(b) Establishment of a Joint Venture Company in China

Manfield Chemical Limited ("MCL") had on 30 March 2007 entered into a Joint Venture Agreement with Changzhou Taike Chemical Co Ltd ("the JV Partner") to incorporate a joint venture company named Changzhou Manfield Chemical Company Limited ("the JV Company") to be owned 80% by MCL and 20% by the JV Partner. MCL is a wholly owned subsidiary of Greenfield Chemical Holdings Limited which is an indirect subsidiary of the Company.

The JV Company will be principally engaged in the manufacture of acrylic stoving enamel which is a type of paints applied mainly to metal or plastic electronic products, and will have a registered capital of HK\$42 million (approximately RM20 million). MCL will contribute capital in the form of cash and/or raw materials in the aggregate amount of HK\$33.6 million (approximately RM16 million) while the capital contribution of the JV partner will be by way of injection of assets including land use rights, machinery, equipment and plant in the aggregate amount of HK\$8.4 million (approximately RM4 million).

(c) Proposed Disposal of 100% equity interest in Leisure Farm Corporation Sdn Bhd ("LFCSB") to Mulpha Land Berhad ("MLB")

The Company had on 31 May 2007 entered into a conditional Share Sale Agreement ("SSA") with MLB for the proposed disposal of its 100% equity interest in LFCSB for a consideration of RM148 million to be satisfied by the issuance of RM148 million Redeemable Convertible Preference Shares ("RCPS A") and the settlement of an indicative amount of RM328,897,658 owing by LFCSB to MIB ("Intercompany Amount") to be satisfied by the issuance of up to RM328 million Redeemable Convertible Preference Shares ("RCPS B"). If the Intercompany Amount exceeds RM328 million as at the completion date, the excess will be satisfied in cash.

The Proposed Disposal is subject to the approvals from the Securities Commission, Foreign Investment Committee, Bursa Malaysia Securities Berhad and the shareholders of MLB.

(d) (i) Proposed Acquisition of a 49% Equity Interest in Pacific Orchid Investments Limited; and
(ii) Proposed Disposal of a 49% equity Interest in Rookwood Investments Limited

(i) Mulpha Strategic Limited ("MSL"), an indirect wholly-owned subsidiary of the Company and Jumbo Hill Group Limited ("Jumbo Hill"), a wholly-owned subsidiary of MSL, had on 30 July 2007 entered into a conditional Agreement for Sale and Purchase with Yuen Shu Wah ("Yuen"), Ko Jack Lum ("Ko"), Yuen Shi Ki, Wong Chi Kong, Wong Shiu Chun and Kwok Wai Kit (collectively "the Vendors") to acquire a 49% equity interest comprising 4,900 shares of US\$1.00 each in Pacific Orchid Investments Limited ("POIL") for a cash consideration of HK\$119,439,500 (approximately RM53 million)("Proposed Acquisition"). MSL and Jumbo Hill will acquire 17% and 32% equity interest in POIL respectively; and

- (ii) Greenfield Chemical Holdings Limited ("Greenfield"), a subsidiary of POIL, had on 30 July 2007 entered into a conditional Agreement for Sale and Purchase with the Vendors to dispose of a 49% equity interest comprising 4,900 shares of US\$1.00 each in Rookwood Investments Limited ("Rookwood"), for a consideration of HK\$122,500,000 (approximately RM54 million)("Proposed Disposal").

The Proposed Acquisition and Proposed Disposal are interconditional.

Yuen and Ko are also directors of POIL and Greenfield. MSL currently holds a 51% equity interest in POIL which in turn holds a 75% equity interest in Greenfield which is listed on the Stock Exchange of Hong Kong. Upon the completion of the Proposed Acquisition, the Group will hold 100% equity interest in POIL.

The Proposed Disposal, being a related party transaction, is subject to the approval of the shareholders of Greenfield pursuant to the Listing Rules of the Stock Exchange of Hong Kong.

B9. Group Borrowings and Debt Securities

- (a) The details of the Group's borrowings as at 30 June 2007 are as follows:-

	RM'000	RM'000		
Short term - Secured	69,315			
- Unsecured	<u>3,435</u>	72,750		
Long term - Secured			<u>676,676</u>	
			<u><u>749,426</u></u>	
				RM'000
			'000	equivalent
Bank borrowings raised by foreign subsidiaries and denominated in foreign currencies:				
Australian Dollar		AUD	214,354	628,058
Hong Kong Dollar		HKD	22,194	9,810
Singapore Dollar		SGD	3,638	8,185
Japanese Yen		JPY	205,530	<u>5,755</u>
				<u><u>651,808</u></u>

- (b) Other borrowings comprise of amounts owing to external bondholders by a wholly owned subsidiary. This subsidiary assumed the bond liability as consideration for the assignment to it of the future rent payable by another group company to an external lessor.

B10. Material Litigation

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

B11. Dividend

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

B12. Earnings/(Losses) Per Share

Basic earnings/(losses) 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 period, excluding treasury shares held by the Company.

	Half Year Ended 30.6.2007	Half Year Ended 30.6.2006
Profit attributable to equity holders of the parent (RM'000)	<u>38,773</u>	<u>6,193</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,222,523</u>	<u>1,195,093</u>
Basic earnings per share (sen)	<u>3.17</u>	<u>0.52</u>

Fully diluted earnings/(losses) per share

The diluted 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 period, adjusted for the assumed conversion of the warrants.

	Half Year Ended 30.6.2007	Half Year Ended 30.6.2006
Profit attributable to equity holders of the parent (RM'000)	<u>38,773</u>	<u>6,193</u>
Weighted average number of ordinary shares in issue ('000)	1,222,523	1,195,093
Effect of unexercised warrants ('000)	49,800	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,272,323</u>	<u>1,195,093</u>
Diluted earnings per share(sen)	<u>3.05</u>	<u>0.52</u>

By Order Of The Board

NG SENG NAM
Company secretary

Petaling Jaya
24 August 2007