

MULPHA INTERNATIONAL BHD^(19764-T)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

	CURRENT QUARTER ENDED 31.03.2008 RM'000	COMPARATIVE QUARTER ENDED 31.03.2007 RM'000	3 MONTHS CUMULATIVE TO 31.03.2008 RM'000	3 MONTHS CUMULATIVE TO 31.03.2007 RM'000
Revenue	267,265	211,188	267,265	211,188
Operating expenses	(268,474)	(201,893)	(268,474)	(201,893)
Other operating income	17,363	20,727	17,363	20,727
Profit from operations	16,154	30,022	16,154	30,022
Finance costs	(18,414)	(15,663)	(18,414)	(15,663)
Share of profit of associates	5,169	2,635	5,169	2,635
Share of profit of jointly-controlled entities	4,031	13,055	4,031	13,055
Profit before tax	6,940	30,049	6,940	30,049
Taxation	(3,531)	(8,810)	(3,531)	(8,810)
Profit for the period	3,409	21,239	3,409	21,239
Attributable to:				
Equity holders of the parent	4,613	21,903	4,613	21,903
Minority interests	(1,204)	(664)	(1,204)	(664)
Profit for the period	3,409	21,239	3,409	21,239
Earnings per share (sen):-				
- Basic	0.39	1.86	0.39	1.86
- Fully diluted	0.39	1.81	0.39	1.81

(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 2007)

MULPHA INTERNATIONAL BHD (19764-T)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	<i>Note</i>	UNAUDITED AS AT 31.03.2008 RM'000	AUDITED AS AT 31.12.2007 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	<i>A9</i>	1,423,986	1,415,261
Investment properties		16,215	14,913
Prepaid lease payments		14,087	14,236
Investments in associates		85,699	80,813
Investments in jointly-controlled entities		193,028	188,862
Other receivables		72	72
Available for sale financial assets		309,189	509,668
Other investments		1,160	1,160
Land held for property development		513,683	510,736
Goodwill		12,732	12,694
		<u>2,569,851</u>	<u>2,748,415</u>
CURRENT ASSETS			
Property development costs		242,169	264,888
Inventories		86,275	85,544
Trade and other receivables		310,102	278,422
Financial assets at fair value through profit or loss	<i>B7</i>	94,314	117,673
Tax recoverable		3,355	1,983
Cash and bank balances		380,548	397,677
		<u>1,116,763</u>	<u>1,146,187</u>
TOTAL ASSETS		<u><u>3,686,614</u></u>	<u><u>3,894,602</u></u>

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	<i>Note</i>	UNAUDITED AS AT 31.03.2008 RM'000	AUDITED AS AT 31.12.2007 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		627,485	627,485
Share premium		797,104	797,104
Treasury shares	A6	(83,288)	(54,641)
Reserves		192,575	394,005
Retained earnings		626,481	621,868
		2,160,357	2,385,821
Minority interests		148,243	152,991
Total equity		2,308,600	2,538,812
Non-current liabilities			
Bank borrowings	B9a	680,470	674,280
Other borrowings	B9b	140,848	139,115
Deferred tax liabilities		92,406	174,125
Lease and hire purchase payables		15,090	15,931
Other long term liabilities		3,390	3,294
		932,204	1,006,745
Current liabilities			
Trade and other payables		221,597	203,271
Provisions for liabilities		12,146	11,876
Bank borrowings	B9a	202,995	123,804
Other borrowings	B9b	2,063	1,927
Tax payable		7,009	8,167
		445,810	349,045
Total Liabilities		1,378,014	1,355,790
TOTAL EQUITY AND LIABILITIES		3,686,614	3,894,602
Net assets per share (RM)		1.81	1.96

(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 2007)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2008

	-----> 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 2008	627,485	797,104	1,415	209,819	80,870	101,901	621,868	(54,641)	2,385,821	152,991	2,538,812
Net profit for the period	-	-	-	-	-	-	4,613	-	4,613	(1,204)	3,409
Available-for-sale financial assets:											
Fair value movement	-	-	-	-	-	(208,941)	-	-	(208,941)	-	(208,941)
Purchase of treasury shares	-	-	-	-	-	-	(28,647)	-	(28,647)	-	(28,647)
Surplus/(deficit) arising on translation of net investments in foreign entities	-	-	-	7,882	-	-	-	-	7,882	(3,544)	4,338
Convertible Notes - equity component	-	-	-	-	-	(371)	-	-	(371)	-	(371)
At 31 March 2008	627,485	797,104	1,415	217,701	80,870	(107,411)	626,481	(83,288)	2,160,357	148,243	2,308,600
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	-	-	-	-	-	-	21,903	-	21,903	(664)	21,239
Available-for-sale financial assets:											
Fair value movement	-	-	-	-	-	31,629	-	-	31,629	-	31,629
Purchase of treasury shares	-	-	-	-	-	-	(3,849)	-	(3,849)	-	(3,849)
Sale of treasury shares	-	827	-	-	-	-	-	525	1,352	-	1,352
Surplus/(deficit) arising on translation of net investments in foreign entities	-	-	-	(4,674)	-	-	-	-	(4,674)	3,552	(1,122)
At 31 March 2007	627,485	710,670	1,393	165,160	81,066	133,789	518,226	(54,599)	2,183,190	128,054	2,311,244

(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 2007)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2008

	<-----3 MONTHS ENDED----->	
	31.03.2008	31.03.2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,940	30,049
Adjustments for non-cash items	83,032	93,211
Operating profit before changes in working capital	89,972	123,260
Changes in working capital		
Net change in current assets	(58,762)	(60,858)
Net change in current liabilities	17,548	(43,378)
Net change in working capital	(41,214)	(104,236)
Cash generated from operations	48,758	19,024
Interest paid	(18,414)	(15,663)
Interest received	4,288	3,277
Income tax paid	(584)	(186)
Staff benefits paid	(3,661)	(2,790)
Net cash generated from operating activities	30,387	3,662
CASH FLOWS FROM INVESTING ACTIVITIES		
Liquidation of joint venture	-	727
Refurbishment of investment properties	(1,346)	-
Purchase of property, plant and equipment	(14,689)	(13,982)
Proceeds from sale of property, plant and equipment	827	6,326
Other investments	(88,848)	15,896
Net cash (used in)/ generated from investing activities	(104,056)	8,967

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2008

	<-----3 MONTHS ENDED----->	
	31.03.2008	31.03.2007
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits uplifted/(pledged)	13,475	(2,118)
Payment of finance lease liabilities	(715)	(1,000)
Purchase of treasury shares	(28,647)	(3,849)
Sale of treasury shares	-	1,352
Net drawdown/(repayment) of borrowings	78,330	(6,828)
Net cash generated from/(used in) financing activities	62,443	(12,443)
 NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	 (11,226)	 186
 CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	 354,514	 251,817
 FOREIGN CURRENCY DIFFERENCES ON OPENING CASH AND CASH EQUIVALENTS	 (1,559)	 (1,118)
 CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	 341,729	 250,885

(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 2007)

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 2007.

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 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 2007 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 31 March 2008.

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

During the financial period ended 31 March 2008, the Company has bought back 26,999,000 ordinary shares of RM0.50 each at an average cost of RM1.061 per share. The shares bought back have been retained as treasury shares.

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A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the period ended 31 March 2008 is set out below:

	Revenue RM'000	Profit Before Tax RM'000
Business Segment		
Property	117,694	18,492
Hospitality	96,813	17,232
Manufacturing	27,196	(2,537)
General Trading	25,562	5,447
Investment	-	(20,143)
Others	-	(2,337)
External Sales	<u>267,265</u>	<u>16,154</u>
Finance cost		(18,414)
Share of results of associates/ jointly controlled entities		9,200
	<u><u>267,265</u></u>	<u><u>6,940</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 31 March 2008 amounted to RM66.5 million.

A11. Material Events Subsequent To The Balance Sheet Date

There are no material events subsequent to 31 March 2008 to be disclosed.

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A12. Changes In The Composition Of the Group

Mulpha Land Berhad ("MLB"), a subsidiary of the Company, disposed of the entire issued and paid-up share capital of Purnama Suri Sdn Bhd ("PSSB") to MDCon Holdings Sdn Bhd for a cash consideration of RM150,000 on 13 February 2008. PSSB was an inactive wholly-owned subsidiary of MLB.

A13. Changes In Contingent Liabilities or Contingent Assets

(a) Changes in the contingent liabilities since 31 December 2007 are as follows:-

	Decrease RM'000
Guarantees given to third parties	17,631
Machineries buy back option	703
	<u>18,334</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

The Group recorded a revenue of RM267.3 million and a profit after tax of RM3.4 million for the 1st quarter of 2008 as compared to a revenue of RM211.2 million and a profit after tax of RM21.2 million for the corresponding 1st quarter of 2007. The lower profit was mainly due to fair value adjustment loss for the Group's financial assets and lower contribution from the Group's operation in Australia. However, these were mitigated by improvement in the profit contribution from sales at Leisure Farm located in Iskandar Malaysia. Other operations of the Group generally performed to expectations.

B2. Comparisons With Preceding Quarter's Results

The Group recorded a profit after tax of RM3.4 million for the 1st quarter of 2008 as compared to the profit after tax of RM40.3 million for the 4th quarter of 2007. The lower profit was due to fair value adjustment loss on the Group's financial assets as well as lower contribution from the Group's operation in Australia. This was however, mitigated by an improvement in contribution from sales at Leisure Farm. The result for the preceding quarter included a one-off net gain of RM7.7 million on the dilution and disposal of shares in subsidiaries.

B3. Current Year Prospects

The economies of Malaysia and the countries in which the Group operates are forecast to record reasonable growth in 2008 which will benefit the Group's operations. Barring any unforeseen circumstances, the performance of the Group is expected to be satisfactory in year 2008.

B4. Variance from Profit Forecast or Profit Guarantee

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

B5. Taxation

	1st Quarter Ended		3 Months Period Ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
- Malaysian	22	33	22	33
- Foreign	1,223	8,178	1,223	8,178
	<u>1,245</u>	<u>8,211</u>	<u>1,245</u>	<u>8,211</u>
Deferred tax				
- Malaysian	-643	-	(643)	-
- Foreign	4,740	599	4,740	599
	<u>4,097</u>	<u>599</u>	<u>4,097</u>	<u>599</u>
Overprovision of taxation in prior years	-1,811	-	-1,811	-
	<u><u>3,531</u></u>	<u><u>8,810</u></u>	<u><u>3,531</u></u>	<u><u>8,810</u></u>

The Group's effective tax rate for the period ended 31 March 2008 was higher than the Malaysian statutory tax rate of 26% mainly due to losses incurred by certain subsidiaries which cannot be set-off against the taxable income of other profitable subsidiaries involving different tax jurisdictions.

B6. Profit on Sale of Unquoted Investments or Properties

Apart from the loss of RM27,000 on disposal of the equity interest in Purnama Suri Sdn Bhd (as disclosed in Note A12), there were no other material sale of unquoted investments and properties (not in the ordinary course of business of the Group) for the period ended 31 March 2008.

B7. Purchase and Disposal of Quoted Securities

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

	3 Months Period Ended 31.03.2008 RM'000
Total purchases at cost	<u>37,381</u>
Total disposal (at disposal value)	<u>27,110</u>
Total gain on disposal	<u>813</u>

(b) Investments in quoted securities as at 31 March 2008 by the Group in the ordinary course of business are as follows:-

	RM'000
Total investment at cost	<u>130,428</u>
Total investment at market value	<u>94,314</u>

B8. Status of Corporate Proposals

(a) Proposed Acquisition of a 100% Equity Interest in Winfame Investments Limited

Greenfield Chemical Holdings Limited ("Greenfield"), through its wholly-owned subsidiary, Smart Million Limited, had on 5 November 2007 entered into a conditional Agreement for Sale and Purchase with New Hoong Investment Limited, New Mine Investment Limited, Will High International Limited and Mr. Lin Xu Ming to acquire 100% equity interest in Winfame Investments Limited ("Winfame") comprising 50,000 shares of US\$1.00 each for a consideration of up to HK\$1 billion (approximately RM446 million) ("Proposed Acquisition"). Greenfield, listed on the Hong Kong Stock Exchange, is a subsidiary of the Company.

Winfame, through its subsidiaries, owns two coal mines with mining licences in Inner Mongolia, the People's Republic of China. The Proposed Acquisition will allow the Greenfield group to diversify its business activities and is expected to contribute significantly to its earnings over the long term.

The Proposed Acquisition is subject to the approval of the Securities and Futures Commission of Hong Kong, the Hong Kong Stock Exchange and the shareholders of Greenfield.

(b) Proposed Purchase of Land in Bukit Tunku, Kuala Lumpur

- (i) Mulpha Land Berhad ("MLB"), through its associate, Mulpha Argyle Property Sdn Bhd (formerly known as Mega Readymixed Sdn Bhd) ("MAPSB") had on 28 June 2007 entered into a conditional Sale and Purchase Agreement with Imbasan Azim Sdn Bhd for the proposed acquisition of a piece of land in Bukit Tunku, Kuala Lumpur for a cash consideration of RM17.9 million. MLB is a 55.6% owned subsidiary of the Company. The acquisition was completed in January 2008.
- (ii) MAPSB had also on 12 December 2007 entered into a conditional Sale and Purchase Agreement with Mr. Teh Yean Teong for the proposed acquisition of two parcels of freehold vacant land located in Bukit Tunku, Kuala Lumpur. The total purchase price of the land was RM12.8 million and the purchase was completed in May 2008.

B9. Group Borrowings and Debt Securities

(a) The details of the bank borrowings as at 31 March 2008 are as follows:-

	RM'000	RM'000	
Short term - Secured	198,767		
- Unsecured	<u>4,228</u>	202,995	
Long term - Secured		<u>680,470</u>	
		<u><u>883,465</u></u>	
			RM'000
			'000 equivalent
Bank borrowings raised by foreign subsidiaries and denominated in foreign currencies:			
Australian Dollar	AUD	230,578	675,594
Pound Sterling	GBP	3,301	21,095
Hong Kong Dollar	HKD	145,699	59,897
Singapore Dollar	SGD	1,361	3,144
US Dollar	USD	5,000	16,000
Japanese Yen	JPY	138,512	4,446
			<u><u>780,176</u></u>

(b) Other borrowings comprise of the following :-

	RM'000	RM'000
Short term -		
Secured : Bonds		2,063
Long term -		
Secured : Bonds	112,507	
Unsecured : Convertible Notes	<u>28,341</u>	140,848
		<u><u>142,911</u></u>

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.

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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008

B11. Dividend

The Board of Directors does not recommend any dividend for the current financial period ended 31 March 2008.

B12. Earnings Per Share

Basic 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 period, excluding treasury shares held by the Company.

	3 Months Period Ended 31.03.2008	3 Months Period Ended 31.03.2007
Profit attributable to equity holders of the parent (RM'000)	<u>4,613</u>	<u>21,903</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,197,377</u>	<u>1,180,692</u>
Basic earnings per share (sen)	<u>0.39</u>	<u>1.86</u>

Fully diluted earnings 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.

	3 Months Period Ended 31.03.2008	3 Months Period Ended 31.03.2007
Profit attributable to equity holders of the parent (RM'000)	<u>4,613</u>	<u>21,903</u>
Weighted average number of ordinary shares in issue ('000)	1,197,377	1,180,692
Effect of unexercised warrants ('000)	-	32,330
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,197,377</u>	<u>1,213,022</u>
Diluted earnings per share (sen)	<u>0.39 *</u>	<u>1.81</u>

* The effects on the basic earnings per share for the current financial period arising from the assumed conversion of the warrants are anti-dilutive. Accordingly, the diluted earnings per share for the current period is presented as equal to basic earnings per share.

By Order Of The Board

NG SENG NAM
Company Secretary

Petaling Jaya
21 May 2008