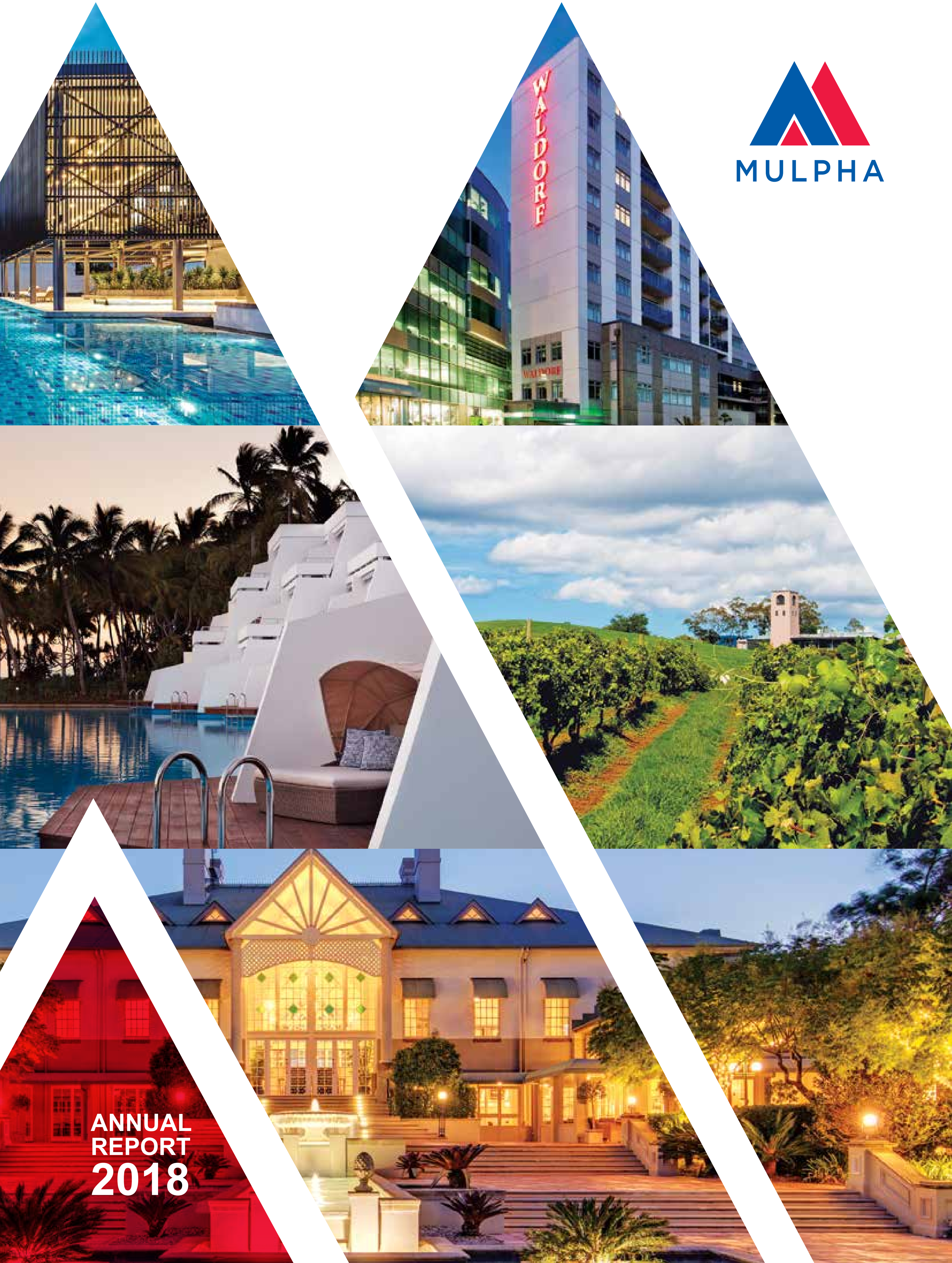
MULPHA



ANNUAL REPORT 2018

CONTENTS

Bayou Creek Aerial

One of Iskandar Malaysia's most prestigious gated developments, Leisure Farm is adorned with multiple international accolades since its establishment in 1991 including the FIABCI Malaysia Best Master Plan Development 2006.

Nestled within an idyllic environment, the pristine forests and canal waterways makes Leisure Farm the ideal place to nurture the mind, body and soul. With central monitoring security systems and 24 hour security services by professionally trained guards, residents are rest assured that this is one of the best townships in Johor Bahru, Malaysia.


Leisure Farm Resort,
Johor Malaysia

CORPORATE PROFILE

MULPHA INTERNATIONAL BHD.

Mulpha International Bhd. ("Mulpha" or "the Company") invests in the real estate, hospitality and education sectors. The Group is committed to long-term value creation with its focus on high-end property development and investment, education, retirement and healthcare. It invests in some of the fastest-growing and most vibrant economies in the region, including Malaysia, Australia, United Kingdom and New Zealand.

In Malaysia, Mulpha is the developer of the award winning 1,765-acre Leisure Farm in Iskandar Malaysia. Mulpha is Malaysia's largest real estate investor and developer in Australia. Assets in Australia include the world renowned, resort-styled Sanctuary Cove on the Gold Coast; Norwest Business Park, Sydney; InterContinental Sydney Hotel and Transport House, Sydney. Mulpha also holds a strategic stake in AVEO Group ("AVEO"), Australia's leading owner, operator and manager of retirement communities which is listed on the Australian Securities Exchange.

In the United Kingdom, Mulpha has a strategic investment in the London Marriott Hotel Grosvenor Square, a landmark hotel in the heart of London's Mayfair district.

Listed on the Main Market of Bursa Malaysia Securities Berhad, Mulpha's total assets are in excess of RM5.91 billion, with shareholders' funds in excess of RM3.25 billion.

www.mulpha.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent Executive Chairman
- LEE SENG HUANG

Non-Independent Executive Director
- LEE ENG LEONG

Senior Independent Non-Executive Director
- CHEW HOY PING

Independent Non-Executive Directors
- DATO' YUSLI BIN MOHAMED YUSOFF
- LOONG CAESAR

AUDIT AND RISK MANAGEMENT COMMITTEE

- CHEW HOY PING *(Chairman)*
- DATO' YUSLI BIN MOHAMED YUSOFF
- LOONG CAESAR

NOMINATION COMMITTEE

- LOONG CAESAR *(Chairman)*
- CHEW HOY PING
- DATO' YUSLI BIN MOHAMED YUSOFF

REMUNERATION COMMITTEE

- DATO' YUSLI BIN MOHAMED YUSOFF *(Chairman)*
- CHEW HOY PING
- LOONG CAESAR

COMPANY SECRETARIES

- LEE ENG LEONG (MIA 7313)
- LEE SUAN CHOO (MAICSA 7017562)

REGISTERED OFFICE

D'Rimbunan
No. 8, Jalan Peranginan
Leisure Farm
81560 Gelang Patah
Johor Darul Takzim
Malaysia

Tel No : (607) 556 3003
Fax No : (607) 556 3160

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel No : (603) 7849 0777
Fax No : (603) 7841 8151/52
Helpdesk Email:
BSR.Helpdesk@boardroomlimited.com

AUDITORS

KPMG PLT
Chartered Accountants

PRINCIPAL BANKERS

- Alliance Bank Malaysia Berhad
- AmBank (M) Berhad
- CIMB Bank Berhad
- Credit Suisse AG
- OCBC Banking Group
- Westpac Banking Corporation

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MULPHA
Stock Code : 3905

WEBSITE ADDRESS

www.mulpha.com.my

INVESTOR RELATIONS

Email : irmulpha@mulpha.com.my
Tel No: (603) 7718 6368 /
(603) 7718 6266

AWARDS & ACHIEVEMENTS 2018

INTERCONTINENTAL SANCTUARY COVE RESORT

- Holidays with Kids, Top 10 Family Resort in Australia
- Two Glasses, Australia's Wine List of the Year Awards (the third year in a row)
- 'Best of The Best' premier wedding destination in the Gold Coast and Hinterland for the second year in a row
- Winner of the '5 Star Wedding Venue' for our stunning onsite Wedding Chapel
- Highly commended for '5 Star Accommodation'
- Highly commended, Wedding Executive David Carlo, Gold Coast & Hinterland's 'venue wedding planner'

SANCTUARY COVE DEVELOPMENTS

- Winner, Australia's Best Master Planned Development, UDIA National Awards for Excellence
- 5 Gold Anchor Rating (Residential Estate Marina)

THE HOTEL SCHOOL

- Winner, Founders Award, The Australian Centre for Career Education Committee of Management
- Runner up, National Collaboration Awards, Australian Collaborative Education Network

INTERCONTINENTAL SYDNEY

- Top Ten 5 Star Hotel NSW, Trivago
- 117 Dining - Best Luxury Hotel Restaurant, World Luxury Restaurant Awards
- 117 Dining - Asian Fusion Continent, World Luxury Restaurant Awards
- Engineer of the Year - Andy Goonesekera, InterContinental Sydney, HM Awards
- World Travel Awards, Australia's Leading Hotel
- World Travel Awards, Australasia's Leading Business Hotel (fifth consecutive year)
- World Travel Awards, Australasia's Leading Hotel Suite 2018 for The Australia Suite
- World Travel Awards, Australasia's Leading Executive Club Lounge (fourth consecutive year)
- World Travel Awards, World's Leading Executive Club Lounge (second consecutive year)

BIMBADGEN, HUNTER VALLEY

- 2013 Signature Semillon
  - Trophy Winner, Best Semillon, KPMG Sydney Royal Wine Show
  - Gold, Best Semillon at Sydney Royal Wine Show
  - Gold, Hunter Valley Wine Show in mature Semillon Class
  - Gold, NSW Wine Awards in mature Semillon class
- 2014 Palmers Lane Signature Semillon
  - Gold, mature Semillon class at Hunter Valley Wine Show
  - Gold, mature Semillon class at Royal QLD Wine show
- 2017 Palmers Lane Single Vineyard Shiraz
  - Gold in current vintage Shiraz class at Hunter Valley Wine Show
- Esca Bimbadgen - Winner, National Restaurant in a Winery, Savour Australia Restaurant & Catering Awards
- Esca Bimbadgen - Winner, National Tourism Restaurant, Savour Australia Restaurant & Catering Awards
- Esca Bimbadgen - Winner, NSW Regional Restaurant in a Winery, Savour Australia Restaurant & Catering Awards
- Esca Bimbadgen - Winner, NSW Regional Tourism Restaurant, Savour Australia Restaurant & Catering Awards
- Launch of Palmers Lane, Bimbadgen Wedding and Function Venue

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

30 MAY 2018

Announcement of the unaudited consolidated results for the 1^{st} quarter ended 31 March 2018

29 AUG 2018

Announcement of the unaudited consolidated results for the 2^{nd} quarter ended 30 June 2018

29 NOV 2018

Announcement of the unaudited consolidated results for the 3^{rd} quarter ended 30 September 2018

27 FEB 2019

Announcement of the unaudited consolidated results for the 4^{th} quarter and financial year ended 31 December 2018

ANNUAL REPORT & ANNUAL GENERAL MEETING

30 APR 2019

Notice of 45^{th} Annual General Meeting and issuance of Annual Report 2018

12 JUN 2019

45^{th} Annual General Meeting

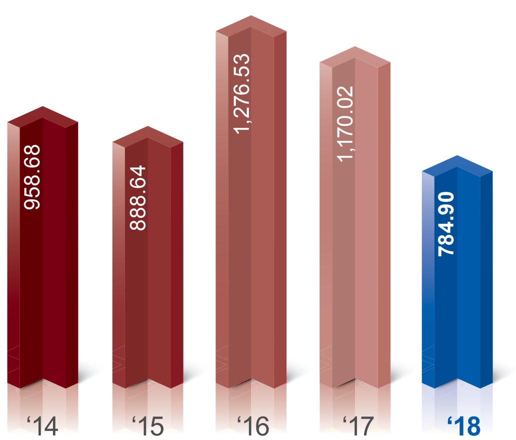
GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets	4,362,739	4,377,789	4,388,552	3,600,923	3,205,704
Current assets	1,548,544	1,484,774	1,344,616	1,531,580	1,490,370
Total assets	**5,911,283**	**5,862,563**	**5,733,168**	**5,132,503**	**4,696,074**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	2,037,459	2,037,459	1,598,096	1,177,957	1,177,957
Reserves	1,219,301	1,277,593	1,379,520	1,391,033	1,181,256
Equity attributable to owners of the Company	3,256,760	3,315,052	2,977,616	2,568,990	2,359,213
Non-controlling interests	(81)	(120)	–	–	44,346
Total equity	**3,256,679**	**3,314,932**	**2,977,616**	**2,568,990**	**2,403,559**
Liabilities					
Non-current liabilities	1,572,437	1,360,210	2,258,521	947,997	810,318
Current liabilities	1,082,167	1,187,421	497,031	1,615,516	1,482,197
Total liabilities	**2,654,604**	2,547,631	2,755,552	2,563,513	2,292,515
Total equity and liabilities	**5,911,283**	**5,862,563**	**5,733,168**	**5,132,503**	**4,696,074**
GROUP RESULTS					
Profit before tax	308,614	452,215	7,903	160,713	141,463
Tax (expense)/benefit	(72,885)	(83,026)	8,897	2,569	(16,904)
Profit after tax	235,729	369,189	16,800	163,282	124,559
Non-controlling interests	(30)	126	–	1,841	(411)
Net profit attributable to owners of the Company	**235,699**	**369,315**	**16,800**	**165,123**	**124,148**
SELECTED RATIOS					
Earnings per share (Sen)^	73.78	115.60	6.29	77.07#	58.18
Net assets per share (RM)^	10.19	10.38	9.32	12.04	11.06
SHARE PERFORMANCE					
Year high (RM)^*	2.62	3.05	3.10	4.15	5.50
Year low (RM)^*	1.63	2.09	1.95	2.50	3.35
Year close (RM)^*	1.75	2.59	2.25	2.60	3.70
Trading volume ('000)^*	19,690	61,880	63,500	51,030	78,850
Market capitalisation as at 31 December (RM'000)^*	559,333	827,418	718,846	554,750	789,474

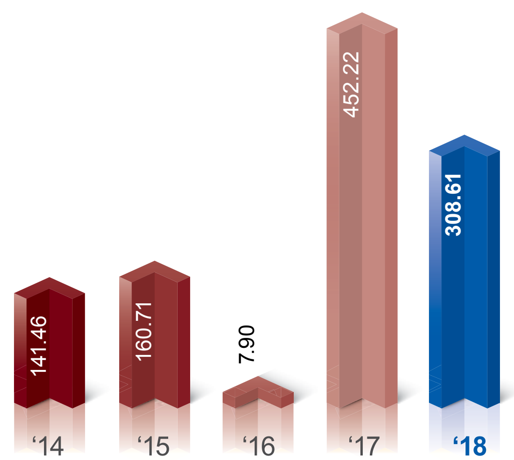
Comparatives for 2015 have been restated to reflect the rights issue implemented in year 2016.
^ Comparatives from year 2014 to 2016 have been restated to reflect the share consolidation implemented in year 2017.
* Source: Bloomberg

GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS (cont'd)

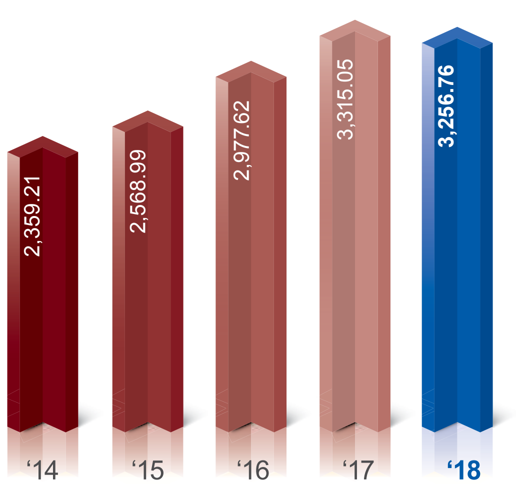
REVENUE
RM Million



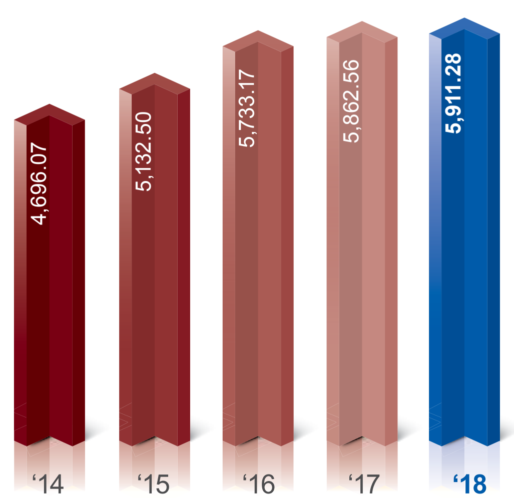
PROFIT BEFORE TAX
RM Million



SHAREHOLDERS' FUNDS
RM Million



TOTAL ASSETS
RM Million



PROFILE OF BOARD OF DIRECTORS

LEE SENG HUANG

Non-Independent
Executive Chairman

LEE ENG LEONG

Non-Independent
Executive Director

CHEW HOY PING

Senior Independent
Non-Executive Director

DATO' YUSLI BIN MOHAMED YUSOFF

Independent
Non-Executive Director

LOONG CAESAR

Independent
Non-Executive Director

PROFILE OF BOARD OF DIRECTORS (cont'd)

LEE SENG HUANG

Non-Independent Executive Chairman
Male, Malaysian

Mr Lee, aged 44, was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region.

Mr Lee is currently the Group Executive Chairman of Sun Hung Kai & Co. Ltd, a company listed in Hong Kong. He is also the Non-Executive Chairman of AVEO, a leading retirement group listed on the Australian Securities Exchange.

Mr Lee was appointed to the Board as Executive Chairman on 15 December 2003.

Mr Lee has no directorships in other listed issuers or public companies in Malaysia.

LEE ENG LEONG

Non-Independent Executive Director
Male, Malaysian

Mr Lee, aged 51, is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He attained his INSEAD Global Executive Master of Business Administration (MBA) in 2018.

Mr Lee was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he was the Chief Financial Officer for Microsoft, a major global company where he oversaw their finance operations covering the Asia region. For over 20 years, he has held various leadership roles in management positions within both local companies and multi-national companies in Asia. Prior to Mr Lee's appointment as Executive Director of the Company, he was the Group Chief Financial Officer since 3 October 2012.

Mr Lee was appointed to the Board as Executive Director on 3 July 2017.

Mr Lee's directorships in other listed issuers in Malaysia are Mudajaya Group Berhad and Thriven Global Berhad. His directorships in public companies in Malaysia are Mudajaya Corporation Berhad and Leisure Farm Polo Club Berhad.

CHEW HOY PING

Senior Independent Non-Executive Director
Male, Malaysian

Mr Chew, aged 61, is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Chew had a professional career with PricewaterhouseCoopers **("PwC")** commencing in 1976 and spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he was engaged in a diverse range of professional services encompassing auditing, corporate finance and business recovery. He held various leadership roles in PwC including the Asia Pacific Chairman of Financial Advisory Services, Risk Management & Independence Leader, Deputy Chairman of the Governance Board and a member of the Country Management Team. Mr Chew also served work experiences with PwC Houston, Texas (1982-1984) and Bank Negara Malaysia (1986-1988). After PwC, he was the Chief Financial Officer for Southern Bank Berhad (subsequently acquired by CIMB) for about a year until mid-2006.

Mr Chew was appointed to the Board on 16 May 2007 and he also serves as Chairman of the Audit and Risk Management Committee as well as a member of the Nomination Committee and Remuneration Committee. Mr Chew was redesignated as Senior Independent Non-Executive Director of the Company on 7 June 2018. He is also a Director of Mulpha Australia Limited, a wholly-owned subsidiary of the Company.

Mr Chew is currently an Independent Non-Executive Director of Carlsberg Brewery Malaysia Berhad and Mudajaya Group Berhad where he is the Chair of their respective Audit Committees. He also sits on the Board of GE-Shen Corporation Berhad where he is a member of its Audit Committee. He has no other directorships in public companies in Malaysia.

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Director
Male, Malaysian

Dato' Yusli, aged 60, graduated with a Bachelor of Economics Degree from University of Essex, England and qualified as a member of the Institute of Chartered Accountants in England & Wales. He is a member of the Malaysian Institute of Accountants.

Dato' Yusli began his career with Peat Marwick Mitchell & Co. in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. He was the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011.

Dato' Yusli was appointed to the Board on 13 July 2011 and he also serves as Chairman of the Remuneration Committee as well as a member of the Audit and Risk Management Committee, and Nomination Committee.

Dato' Yusli's directorships in other listed issuers in Malaysia are Mudajaya Group Berhad, AirAsia X Berhad, Westports Holdings Berhad and FGV Holdings Berhad. His directorships in public companies in Malaysia are Australasia Resources and Minerals Berhad, Malaysian Institute of Corporate Governance and Infinity Trustee Berhad.

LOONG CAESAR

Independent Non-Executive Director
Male, Malaysian

Mr Loong, aged 59, was trained at Raffles Institution, Singapore, the London School of Economics and Political Science (LSE) and Gonville and Caius College, Cambridge University. He was admitted as a Barrister of the Middle Temple, London in 1983 and as an Advocate and Solicitor of the High Court of Malaya in 1985. In 1994, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

Mr Loong is a Senior Advocate and Solicitor practising at Raslan Loong, Shen & Eow, a medium sized law firm that handles corporate, commercial, banking, finance and property work, amongst others. He is a corporate and commercial lawyer with extensive experience in all areas of corporate and commercial law including mergers and acquisitions, investment funds, capital markets, securities, listings, public offerings, corporate banking, structured finance, power and corporate restructuring. He is a Director and Exco member of the Malaysia-Australia Business Council (MABC), and was a former Director and Exco member of the EU-Malaysia Chamber of Commerce and Industry.

Mr Loong was appointed to the Board on 13 July 2011 and he also serves as Chairman of the Nomination Committee as well as a member of the Audit and Risk Management Committee, and Remuneration Committee.

Mr Loong's directorship in public company in Malaysia is Edunity Foundation. He has no directorships in other listed issuers.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   Mr Lee Seng Huang, the Executive Chairman and major shareholder of the Company, is the son of the late Madam Yong Pit Chin, who is a major shareholder of the Company.
   Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.
2. **Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.
3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the Directors by the relevant regulatory bodies during the financial year.
4. **Attendance of Board Meetings**
   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2018 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF KEY SENIOR MANAGEMENT

GREGORY DAVID SHAW

Chief Executive Officer
Male, Australian

Mr Shaw, aged 59, graduated with a Bachelor of Commerce from University of Queensland, Australia and is an Australian Chartered Accountant.

Mr Shaw was previously the Chief Executive Officer of 3 public listed companies in Australia namely Koala Corporation Australia from 1990 to 1998, Port Douglas Reef Resorts from 1998 to 2002 and Ardent Leisure Group from 2002 to 2015. He was appointed as Chief Executive Officer of Mulpha Australia Limited, a wholly-owned subsidiary of the Company in 2015.

Mr Shaw was appointed as Chief Executive Officer of the Company on 2 December 2016.

Mr Shaw has no directorships in any listed issuers or public companies in Malaysia.

LIM SAY KIEN

Head of Finance
Female, Malaysian

Madam Lim, aged 51, graduated with a Master Degree in Business Administration from University of Strathclyde Graduate School of Business, Scotland and a Bachelor of Commerce (double major in Accounting & Finance) from University of New South Wales, Australia. She is a fellow member of the Certified Practising Accountants (CPA) Australia and a member of the Malaysian Institute of Accountants.

Madam Lim started her career in audit with one of the Big Four accounting firms from 1992 to 1995. She then joined Magnum Corporation Berhad, a Malaysian public listed company from November 1995 to November 2008 as Assistant Manager, Treasury where she managed all aspects of treasury and financial management for Magnum Group. In December 2008, she joined Mulpha International Bhd. and her main roles include financial and management reporting, treasury operations, taxation, audit and reporting compliance.

Madam Lim was appointed as Head of Finance of the Company on 3 July 2017.

Madam Lim's directorship in public company is Leisure Farm Polo Club Berhad. She has no directorships in any listed issuers.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the key senior management has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**
   None of the key senior management has any conflict of interest with the Company.

3. **Conviction for Offences**
   None of the key senior management has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the key senior management by the relevant regulatory bodies during the financial year.

4. **Shareholdings in the Company or its subsidiaries**
   None of the key senior management has any shareholding in the Company or its subsidiaries during the financial year.

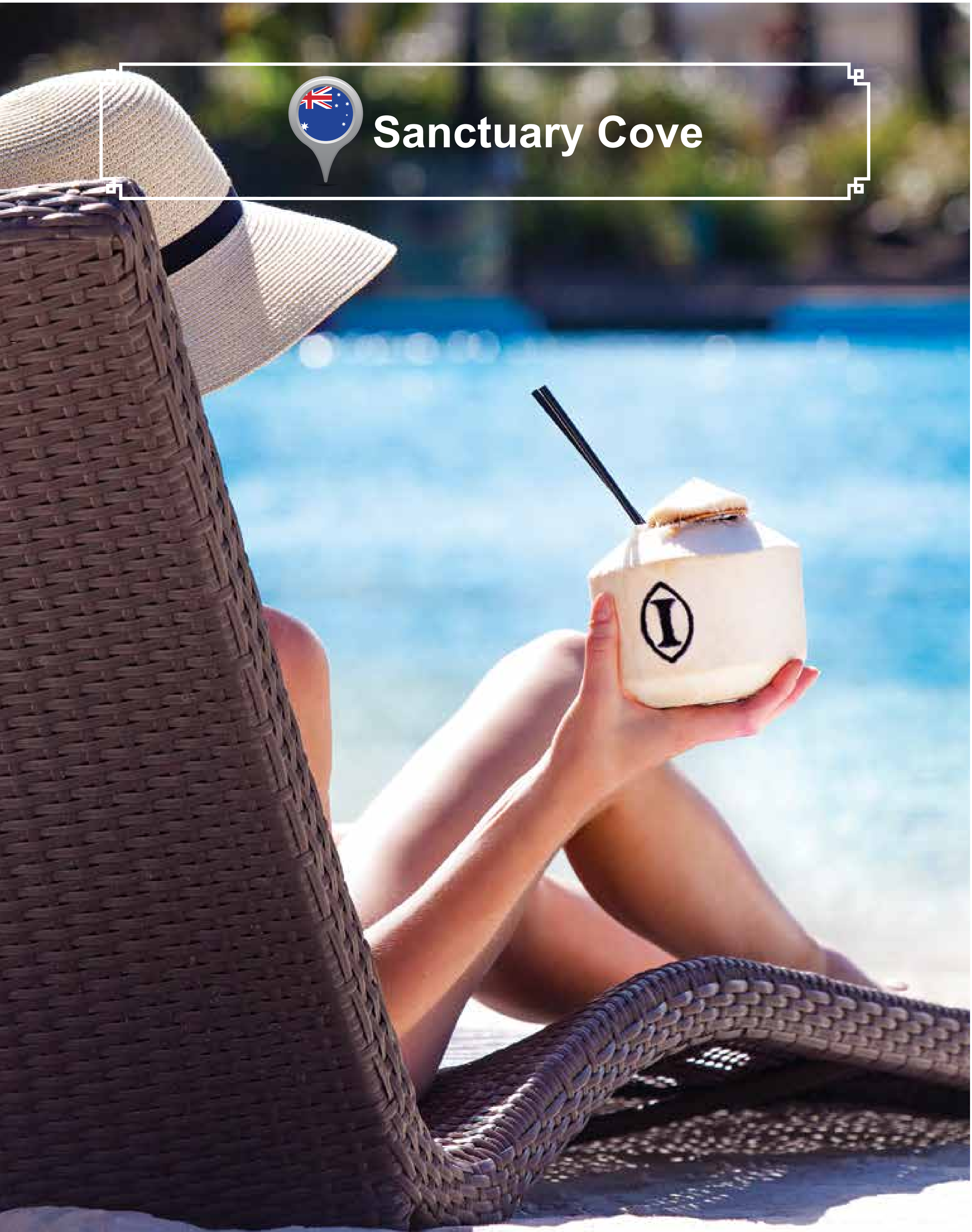
Essentia Townhomes

London Marriott Hotel Grosvenor Square

Established in 1986, Sanctuary Cove was the pioneer of its kind in Australia, offering a unique resort lifestyle with facilities such as two championship golf courses, a marina, a retail precinct with boutique shops and restaurants, a five-star InterContinental Sanctuary Cove Resort, 24-hour active land and water security, and state-of-the-art level of infrastructure.

Situated in stunning waterfront land and with panoramic hill views, the AUD2 billion master planned community is Australia's leading and successful developments and certainly a masterpiece.

Sanctuary Cove



MANAGEMENT DISCUSSION & ANALYSIS

PROFIT AFTER TAX
RM235.73 mil
(FY2018)

TOTAL REVENUE
RM784.90 mil
(FY2018)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

I am pleased to advise that the Group has continued to deliver stable performance for the financial year ended December 2018 despite uncertain global trends and softer economic conditions in the Australian market. Overall the Group achieved a net profit after tax of RM235.73 million, against a net profit after tax of RM369.19 million recorded in the prior year.

Total revenue of RM784.90 million represented a 33% decline on the prior year primarily due to further weakening of the Australian property development sector. In particular, the Sydney housing market has experienced a significant correction due to increase in government taxes, tightening of credit and subdued investor sentiment. 2018 also saw the continued closure and reconstruction of Hayman Island as a result of Tropical Cyclone Debbie which impacted the island in March 2017. We look forward to the opening of InterContinental Hayman Island Resort scheduled in mid-2019.

The Group continues to strive to deliver consistent long-term value creation for shareholders. To achieve this aim, the Group has successfully diversified its earnings to become less reliant upon real estate development which has resulted in more a resilient and reliable earnings profile for the broader Group.

REVIEW OF OPERATING ACTIVITIES

Mulpha International Bhd. is a diversified group, with assets in Sydney, Melbourne, Brisbane, Cairns, London, Auckland, and Johor Bahru. Our assets are best classified into the following categories: (i) Hospitality; (ii) Property Development; (iii) Property Investment; (iv) Education; (v) Retirement; and (vi) Financial Services.

HOSPITALITY

InterContinental Sydney Hotel

Our flagship hotel overlooking the Sydney Harbour, Opera House, Harbour Bridge, Royal Botanic Gardens and Circular Quay was affected by a slower Sydney hotel market with lower demand particularly in the meetings, incentives and corporate group segment. While the overall luxury market contracted by 6% in RevPAR our property fell by only 3.5% through effective sales and revenue management strategies. Despite the softer conditions, the property has continued to outperform its competition and finished with a year on year increase of 4% in its market share against direct competition.

InterContinental Hayman Island Resort

Reconstruction works on Hayman Island have progressed well and remain largely on track with budget throughout 2018. A new Hotel Management Agreement was executed with InterContinental Hotels Group for the asset to be managed under the InterContinental Resort brand. InterContinental Hayman Island is targeted to be opened in mid-2019 and is expected to benefit from strong brand recognition both domestically and globally.

In 2018, the funding application under The Great Barrier Reef Rejuvenation Fund was successful and AUD4.5 million was secured from the government for sea wall reconstruction, BMS (building management system), waste recycling and replacement of the reverse osmosis plant.

InterContinental Sanctuary Cove Resort

InterContinental Sanctuary Cove experienced an exceptional year in 2018. The hotel's performance reflected continued growth against its competitive set where the hotel grew 7% in market share against 2017. The hotel experienced strong increases in both occupancy and average room rate.

Rydges Esplanade Resort Cairns

Over recent years, Cairns has been subject to record private and public investment transforming the city into one of Australia's key international gateway destinations. With its idyllic location alongside two UNESCO World Heritage listed sites the Great Barrier Reef and the Daintree Rainforest, Cairns is the mecca for adventure tourism in Australia, providing direct access from 11 international destinations in eight countries.

The Rydges Esplanade Resort Cairns continued to exceed expectations with strong revenue growth and stringent cost control. The Cairns market will see a number of new five star hotels open throughout 2018 and 2019 which are expected to slow revenue growth in the short term. Over the medium term, the Cairns market is however expected to benefit from strong growth in visitation from both domestic and Asian travelers.

Hayman Island

London Marriott Hotel Grosvenor Square

The London Marriott Hotel Grosvenor Square is located in Mayfair, one of the most sought after locations in London. The hotel features the acclaimed Maze Restaurant operated by the world famous chef, Gordon Ramsay.

The United Kingdom, once again, enjoyed positive tourism market growth in 2018 with major cities and regions experiencing double digit growth, mainly driven by demand from countries in the Far East (China, Japan, Malaysia, Korea, and Thailand).

The hotel outperformed its competition in terms of occupancy while average room rates have been impacted due to increasing competition from newly refurbished hotels in close proximity.

Despite some ongoing uncertainty regarding the potential economic impact of Brexit, London remains an iconic and resilient tourism destination.

Waldorf Stadium Apartment Hotel

In September 2018, the Group completed the acquisition of the Waldorf Stadium Apartment Hotel in Auckland. The acquisition was supported by an opportunity to subdivide 72 two-bedroom apartments into 144 new hotel rooms. An approval has recently been received to undertake these works and we are in the process of finalising costing for a proposed commencement of works in mid 2019.

Bimbadgen Estate, Hunter Valley

Bimbadgen achieved another record result with strong contributions from wholesale wine distribution, restaurant trading, concerts, and cellar door. The property was once again recognized for exceptional products with awards for our 2013 Signature Semillon, 2014 Palmers Lane Signature Semillon, and 2017 Palmers Lane Single Vineyard Shiraz being achieved in 2018. Our Palmers Lane wedding venue is now fully operational and we have secured in excess of 30 wedding bookings for 2019.

PROPERTY DEVELOPMENT

MALAYSIA

Leisure Farm Resort, Johor Bahru

Established in 1991, Leisure Farm is an award-winning township development covering 1,765 acres of strategically located freehold land. Its close proximity to the Malaysia-Singapore Second Link and connectivity to an extensive network of highways provide easy access to Singapore and Johor Bahru. Leisure Farm's unique features include a wide range of well designed estates and residences within gated communities, supported by quality amenities. Leisure Farm is also seen as an attractive lifestyle option for families with children attending the quality educational facilities including Marlborough College, Raffles American School, and Education City within an easy drive from the development.

Leisure Farm reported a strong turnaround in performance during 2018. This was attributed to higher sales across a variety of high value residential products and a restructure of our cost base to reduce our headcount and simplify our operation while creating a more responsive sales-driven culture.

Market conditions and sentiment in Iskandar Johor remained poor in 2018. Local banks have further tightened credit controls and are reducing house finance availability to foreigners, especially Chinese nationals, unless they have income in Malaysia or Singapore. Despite these influences, potential Chinese buyers and foreign nationalities continued to visit and consider residing in Leisure Farm albeit in lower numbers than previous years. The majority of those interested are seeking to support their children's education at one of the private schools in Iskandar Malaysia.

Leisure Farm Villa

Mulpha Norwest

AUSTRALIA

Mulpha Norwest, Sydney

Mulpha Norwest is a diverse portfolio of valuable property assets located in the north west of Sydney, strategically located in one of Sydney's vital economic corridors. It is currently benefiting from the construction of the AUD8 billion Sydney Metro North West Rail project. The property will soon be served by two new Metro stations when the rail project is completed in 2019. The Norwest portfolio comprises the award winning integrated commercial and residential estate, Norwest Business Park, Watermark and Haven at the Lakes apartments, Bella Vista Waters and the adjacent Edgewater land subdivision as well as Mulgoa Rise land estate in the foothills of the Blue Mountains.

Buyers continued to experience extreme difficulty in obtaining finance from major banks and this was reflected in 26 sales cancellations in 2018. Despite difficult market conditions and price competition throughout 2018, we are now seeing some steady improvement in enquiry in early 2019.

Construction works on Haven were completed in early December 2018 (80 Apartments & 4 Retail Outlets). Completion of this project allowed settlements to commence from mid-December 2018. Over 50% of apartments in the project are now sold with steady enquiry and sales occurring in the first quarter of 2019.

Our new Essentia townhouse project will see construction of the first stage of 15 townhouses commence shortly and we are in the process of pursuing a development approval for the new Bond commercial building in the Circa precinct at Norwest, with significant leasing interest being shown for this product.

Mulpha Norwest still has a substantial remaining pipeline of well-located development projects including Fairway Drive, Edgewater Estate, The Greens, Norwest City, and Circa all of which are currently undergoing various stages of planning approval.

Sanctuary Cove, Brisbane

Situated on the Gold Coast of Queensland, Sanctuary Cove has become Australia's premier golfing, lifestyle and marina resort community. It provides a completely self-contained residential environment with its own shopping and dining precinct, entertainment facilities and 24-hour land and water security.

At Sanctuary Cove, land sales were hindered by changes in local policy, specifically, the doubling of stamp duty to foreign buyers together with far more stringent bank lending policies. As a result, Mulpha Sanctuary Cove achieved a sale of only 22 lots, significantly lower than 2017.

In 2018, Mulpha Sanctuary Cove also completed the acquisition of the Sanctuary Cove Country Club site and three parcels of golf land adjacent to existing development land for AUD8 million. This strategic acquisition will enhance the lifestyle offering to residents, hotel guests, village tenants, and marina berth holders.

While land sales have slowed, we continue to generate steady interest from both domestic and overseas buyers. The Sanctuary Cove product is targeted at relatively affluent middle age buyer who are less directly impacted by tightened credit conditions.

PROPERTY INVESTMENT

Our investment portfolio of commercial and retail properties comprises of Norwest City, Transport House in Sydney, Sanctuary Cove Marine Village and Marina, and Enacon, a parking operator with 4 locations in Sydney.

The property investment division had continued to perform well, with portfolio occupancy remaining strong at 97% in 2018. A range of new initiatives across all properties are expected to deliver strong upside particularly in Marina operations and Enacon parking in 2019.

EDUCATION

Education Perfect

Education Perfect is an established online learning platform which improves student learning outcomes, teacher productivity and student engagement. Established in 2009 with the roll-out of foreign languages, the business has since introduced core subjects such as English, Mathematics and Science. The Group holds 39.3% equity interest as at 31 December 2018. The Education Perfect platform was used by over 550,000 students in over 1,400 schools last year.

The Education Perfect business performed to expectations in 2018 with a focus on securing new sales targets for the 2019 school year. At the end of 2018, a new Chief Product and Technology Officer (CPTO) was appointed. A global search for a new CEO has also been recently completed with the new CEO to join the business in May 2019.

The Hotel School Sydney & Melbourne

The Hotel School is a unique educational partnership between Mulpha and Southern Cross University, an Australian public university that was established in 1994. The combination of industry connectivity from Mulpha, together with educational excellence from Southern Cross University creates an innovative learning environment at the Hotel School.

Following the complete restructuring of the business in 2016, we have seen profits from the Hotel School increase materially over the last three years. A full refurbishment of the Sydney campus was completed in early 2019 and this will significantly improve the presentation and positioning of The Hotel School in the market. We are in the process of finalising new premises for the recently approved Brisbane campus which is due to commence operations in the final quarter of 2019.

RETIREMENT

AVEO, which is listed on the Australian Stock Exchange, is one of the largest operators and developers of retirement homes in Australia, operating over 90 retirement communities across Australia where over 13,000 residents live. AVEO also provides aged care and support services to its residents.

AVEO Retirement Home

Despite the weakening of the broader property market across large parts of Australia, AVEO has shown that demand for innovative retirement living remains strong. Settlements are however taking longer to occur as incoming residents are experiencing increased difficulty in selling their homes.

In August 2018, AVEO announced their strategic review process, by appointing Merrill Lynch Markets (Australia) Pty Ltd as its financial advisor. The strategic review will examine options and initiatives to close the value gap between the price of AVEO's listed securities and underlying value of AVEO's retirement properties. The review includes an evaluation of the potential introduction of capital partners into the company and is run by the Independent Board Committee comprising of the Independent Directors of AVEO.

FINANCIAL SERVICES

Mulpha Finance Group

Multiple Capital was established by the Mulpha Finance Group to fill the funding gap in the property debt market and provide investors with access to first mortgage investment opportunities. Multiple Capital draws upon the deep property and finance expertise of Mulpha to assess and manage investments in first ranking mortgage investments in the residential and commercial real estate sector.

Since inception in September 2017, Multiple Capital has completed over AUD200 million of transactions with successful sell down of its positions to Asian family offices, Australian high net wealth and institutional investors. With very strong interest from a range of family offices and global credit funds, our focus remains on transaction origination. While there are a significant number of developers seeking finance, we continue to be highly selective in terms of the projects undertaken to ensure that we get the right mix of risk and return.

SUSTAINABILITY REPORTING

Mulpha's focus on long-term value creation has sustainability at its heart. We take a holistic view towards sustainability, which is underpinned by its environment, social and governance (ESG) framework. Such principles and concepts have been integrated into our business approaches and strategies.

Leisure Farm

Our stakeholders' concerns have been taken into account and are incorporated into our materiality analysis, which has supported our business focus areas for the longer term, with regular reviews and appropriate actions in order to mitigate ESG risks.

Our Sustainability Statement is presented in greater detail in Mulpha's Annual Report.

SIGNIFICANT EVENTS

Acquisition of Asset

In September 2018, the Group completed the acquisition of the Waldorf Stadium Apartment Hotel in Auckland, New Zealand for a consideration of RM191,07 million. We have made a development application to increase the capacity from 173 to 245 serviced apartment units by conversion of 72 two-bedroom apartments into 144 new hotel rooms which has recently been approved by the Auckland Council.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND FINANCIAL CONDITION OF THE GROUP

The Group's financial results and financial condition are delivered in the following tables that present the Group's Profit and Loss Analysis, Financial Position Analysis and Cash Flow Analysis

PROFIT AND LOSS ANALYSIS

	2018 RM'000	2017 RM'000	Change RM'000	% Change
Revenue	**784,904**	1,170,015	(385,111)	(33%)
Profit from operations	**219,433**	318,955	(99,512)	(31%)
Profit before interest and tax	**399,510**	551,947	(152,437)	(28%)
Profit before tax	**308,614**	452,215	(143,601)	(32%)
Profit after tax	**235,729**	369,189	(133,460)	(36%)
Profit attributable to Owners of the Company	**235,699**	369,315	(133,616)	(36%)

Revenue by Business Segment

	2018 RM'000	2017 RM'000	% Change
Property	**333,004**	658,052	(49%)
Hospitality	**370,216**	451,107	(18%)
Investment & other activities	**81,684**	60,856	34%
TOTAL	**784,904**	1,170,015	(33%)

Profit Before Tax by Business Segment

	2018 RM'000	2017 RM'000	% Change
Property	**152,886**	345,607	(56%)
Hospitality	**92,826**	31,849	191%
Investment & other activities	**(26,269)**	(58,501)	55%
Results from operating activities	**219,443**	318,955	(31%)
Finance Cost	**(90,896)**	(99,732)	9%
Profit after interest before tax	**128,547**	219,223	(41%)
Share of results of association and joint ventures	**180,067**	232,992	(23%)
TOTAL	**308,614**	452,215	(32%)

Group Results

For the financial year ended 31 December 2018 profit after tax decreased by 36% from the previous year to RM235.73 million. The decrease in profit was predominantly driven by the softening property market in Australia and lower revaluation gains from the investment properties held by the Group, which was offset by higher contribution from the hospitality and investment segments.

The Group's revenue decreased by RM385.11 million in 2018 with Mulpha Australia Limited's **("MAL")** revenue decreasing by RM307.13 million in 2018. Property comprises RM289.01 million of the variance, being faced with challenging market conditions.

The Group's profit before tax of RM308.61 million in 2018 was lower as compared to profit before tax of RM452.22 million in 2017. The unfavourable performance is impacted by the softening of Australian property market, however, it is mitigated by the stronger performance in the hospitality segment as elaborated below.

Property Segment

The revenue recorded for the property segment was RM333.00 million, with a pre-tax profit of RM152.89 million for the year ended 2018, compared with RM658.05 million and RM345.61 million respectively for the previous year. The decline in revenue was due to fewer settlements across both sites in Mulpha Norwest and Sanctuary Cove in Australia, resulting in profit before tax falling by RM75.80 million. The underperformance was mainly due to greater restrictions on lending policies and increased taxes on foreign buyers imposed by the Australian government. In addition, there was a lower revaluation gain recognised in 2018 of RM36.54 million compared to RM140.73 million in 2017 on the Group's investment properties held by MAL.

Hospitality Segment

For the hospitality segment for year ended 2018 a revenue of RM370.22 million and a pre-tax profit of RM92.83 million were recorded, compared with RM451.11 million and RM31.85 million respectively for year ended 2017. The lower hotel revenue is mainly due to Hayman Island being non-operational in 2018 while the reconstruction progresses. In 2017 there were 3 months of trading pre-Cyclone. InterContinental Sanctuary Cove and Rydges Cairns both had strong revenue growth in 2018.

Despite a lower revenue, the hospitality segment reported a higher pre-tax profit of RM60.98 million mainly attributable to the better performance from InterContinental Sanctuary Cove in Australia arising from the positive impact of the Commonwealth Games being held on the Gold Coast and strong bookings throughout the year. Hayman insurance recoveries and the release of rebuild provision also boosted hospitality current year performance.

Investment and Other Activities Segment

For year ended 31 December 2018 the investment and other activities segment recorded a pre-tax loss of RM26.27 million compared to a loss of RM58.50 million for 2017. The lower pre-tax loss was mainly due to improved performance from education assets and the expansion in the first mortgage lending businesses.

Investment and Other segment revenue grew by 34% in 2018, showing the positive effect of the diversification strategy. Student enrolments in Mulpha Education Group increased significantly along with revenue growth of 49%. Mulpha Finance Group had more deals in place compared to 2017, with a much larger quantum of cash invested, resulting in a revenue increase of RM11.78 million. Bimbadgen and the Sanctuary Cove International Boat Show also had strong revenue growth due to favourable export sales and an increase in exhibitors and visitors respectively.

Marina Village Sanctuary Cove

FINANCIAL POSITION ANALYSIS

TOTAL ASSETS	2018 RM'000	2017 RM'000
Property, plant and equipment	**1,068,355**	955,760
Investments in associates	**1,475,785**	1,427,056
Inventories	**1,381,444**	1,380,273
Investment properties	**1,104,808**	941,078
Investment securities	**252,394**	331,834
Cash and cash equivalents	**150,570**	488,350
Others	**477,927**	338,212
Total Assets	**5,911,283**	5,862,563

Total assets increased by 0.83% from RM5.86 billion to RM5.91 billion, due to the increase in property, plant and equipment, investments in associates, inventories and investment properties.

The rebuilding works post Cyclone Debbie increased the asset value for property, plant and equipment in 2018. The Group also increased stake in an associate at the same time, while Waldorf Stadium Apartment Hotel in Auckland was acquired, thereby boosting the Group's investment properties.

TOTAL LIABILITIES	2018 RM'000	2017 RM'000
Loans and borrowings	**2,253,730**	2,141,513
Others	**400,874**	406,118
Total	**2,654,604**	2,547,631

The Group's total liabilities increased by 4% to stand at RM2.65 billion for year ended 31 December 2018. The increase was mainly due to drawdowns from loans and borrowings for the Group's investment activities as well as for working capital.

TOTAL EQUITY	2018 RM'000	2017 RM'000
Share capital	**2,037,459**	2,037,459
Treasury shares	**(318)**	(318)
Reserves	**33,595**	301,868
Retained earnings	**1,186,024**	976,043
Total equity attributable to the owners of the Company	**3,256,760**	3,315,052
Non-controlling interests	**(81)**	(120)
Total	**3,256,679**	3,314,932

The total equity for the Group decreased by 1.76% to RM3.26 billion as at 31 December 2018. This decrease was mainly due translation losses for foreign subsidiaries decreasing the foreign exchange reserves. However, this was offset by the profit for the financial period of RM308.61 million. Share capital remained unchanged.

CASH FLOW ANALYSIS

	2018 RM'000	2017 RM'000	% Change
Net cash (used in)/from operating activities	**(76,788)**	358,355	(121%)
Net cash used in investing activities	**(456,407)**	(42,070)	985%
Net cash from/(used in) in financing activities	**333,041**	(306,174)	(209%)
Net decrease/increase in cash and cash equivalents	**(200,154)**	10,111	(2080%)
Effect of exchange rate fluctuations on cash held	**(59,654)**	18,222	(427%)
Cash and cash equivalents* at 1 January	**383,839**	355,506	8%
Cash and cash equivalents* at 31 December	**124,031**	383,839	(68%)

* *represents cash and deposits with licensed banks net of overdraft and cash and deposits pledged.*

Cash and cash equivalents decreased by 68% in financial year 2018. Net cash generated from operating activities reduced substantially mainly due to 67% of the insured sum of RM331.37 million relating to Hayman Island Resort damages was received in 2017. In addition, fewer development settlements occurred in the current financial year which resulted in a reduced cash position.

There is a higher utilisation of funds in investing activities predominantly driven by Hayman Island Resort rebuild costs and acquisition of Waldorf Stadium Apartment Hotel in 2018 corresponding with an increase in drawdown of bank borrowings as reflected in the financing activities.

ANTICIPATED OR KNOWN RISKS

Mulpha operates a responsible and sustainable business by understanding and addressing potential risks, other than corporate risks, that could impact its performance in its 3 main business segments, i.e. Property Development, Hospitality and Property Investment, in addition to Financing and Foreign Exchange Risks.

PROPERTY DEVELOPMENT

The property development lifecycle encompasses many possible risks in terms of fluctuations in internal and external factors, affecting its sustainable performance. Internal factors include operational risks, while external factors take into consideration political, economic, social, environmental and legal factors, and also include demographics, intercultural, and ethical aspects. These risks translate into local and global economic conditions that affect inflation, fluctuating foreign currency exchange rates, tightening of borrowings rules of financial institutions, reduced consumer buying power, unavailability and increasing prices of resources and materials, including utilities. In addition, climate change and other environment-related risks can pose threats to property development potentially affected by extreme weather conditions such as typhoons, cyclones, flooding, El Nino and La Nina effects and so on, causing delays and late delivery, or even damage and destruction to properties, incurring additional resources and costs for mitigating measures. Other major risks faced by the industry are competition from other developments, site safety and health concerns, increasing consumer demand for higher quality and 'green' standards, local community concerns, local authority and other regulatory requirements, adequacy of staff and vendor capacity and operations.

Johor, Malaysia is still experiencing a slowdown in terms of an oversupply of properties being completed, as well as stagnant household income resulting in a lower demand for housing. Financial institutions have also tightened borrowing requirements on property purchases on both Malaysians and foreigners, which forms a large base of Leisure Farm Resort sales.

Australia continues to experience the imposition of stricter rules, fees and taxes over concerns of foreign investors pushing up house prices, thereby reducing government approvals by half for Chinese investment in property in 2017 and 2018. This had led to slower uptake of our properties. Additional factors have been tighter Chinese capital controls, weaker market conditions and additional taxes.

Mitigation

Mulpha has continued to be on track with delivery of properties, to maintain our strong branding on quality and service leading up to the delivery of our products. We regularly review our strategy and operations to minimize our risks. Our approaches include pragmatic cost control, continuously monitoring the property market for opportunities, asset growth, and dealing with changes in legislative and financial controls. In terms of environmental risks mitigation, we minimize site disturbance and erosion at site, and strive to preserve natural features and use natural drainage systems, reduce water and energy consumption through rain water harvesting, employing low-flow fittings and fixtures, and enhance natural lighting penetration, as well as other green building criteria. Utilising 'green' building materials and recycling our waste materials can reduce waste generation and landfill disposal. Buying local enhances economic benefits to our local vendors and communities, while reducing our carbon footprint and costs. Equipping key staff with awareness and skills development to uphold the Group's sustainability efforts are additional efforts towards reducing the risks potential in property development.

HOSPITALITY

Risks in the hospitality sector cover a plenitude of factors that include occupancy seasonality due to local and international tourism demands; operational risks affecting quality, health safety and security; geopolitical risks including terrorism threats, changes in immigration policies such as induced by Brexit; local and global economic conditions that affect inflation, fluctuating currency exchange, and increased costs of local goods and services; extreme weather conditions that could impact shoreline resorts as well as those in sensitive weather zones. Maintaining quality and standards require timely refurbishments and repairs as well as constant improvements, with upgrades where possible. This would incur the risk of additional costs and still uncertainty in uptake.

The hospitality industry is subject to competition from similar offerings and alternative offerings in terms of locations and customer requirements that could compromise our market share. We also consider risks in more sustainable procurement for products, packaging and supplies such as toiletries, food & beverage, and also energy, water and waste management. Staffing forms the frontline and can make or break a business by their attitude and competency. These potential risks need to be addressed to ensure Mulpha's continued branding as a strong hospitality industry player and enhance its economic and operational performance.

Mitigation

Market positioning of Mulpha's hotels, resorts and outlets is undertaken to attract the appropriate niche markets, especially in Australia, UK and New Zealand, highlighting their competitive advantages. Mulpha takes a very hands-on approach to the management of our hospitality assets, working closely with our hotel operators in optimizing operations by cost controls, and leading marketing and branding strategies. We will continue to set aside sufficient allocations for maintenance and refurbishments to our hotels and resorts where necessary. Regular monitoring, reviews and audits ensure that safety, health and security measures are in place and up to date to mitigate threats that could occur.

PROPERTY INVESTMENT & OTHERS

The Group's current investments in retail and commercial portfolios garner a steady income stream. These are subject to operating risks including uneven lease expiries, late or defaulted lease payments, renewal of leases at less favourable terms, non-renewal of leases, early termination of leases and the inability to secure new tenants.

Mitigation

An internal investment committee was established in 2018 to provide an independent assessment of all feasibilities and return calculations on every project undertaken by the Group to reduce the investment risks. In this regard, continuous monitoring, review and analysis of current investments is an on-going process. Stakeholder concerns such as our tenants are also factored in when assessing viability of potential investments and in continuing or divesting out of existing investments. Fund allocations for our investments are provided for possible injection into undertaking of mitigating measures to safeguard our investments.

FINANCING AND FOREIGN EXCHANGE RISK

Mulpha's operations and investments, being located globally, uses Malaysian Ringgit and foreign currencies, especially Australian Dollars, New Zealand Dollars, US

Dollars, and British Pounds, for transactions and interest-bearing borrowings. The dynamic global economic conditions, influenced by geopolitics, significant events, changes in public policy, and other uncertainties can be aspects that lead to high risk in terms of fluctuations in interest rates as well as in foreign exchange rates, particularly when transacted back to Malaysian Ringgit. Such fluctuations could impact the earnings of the Group, which are stated in Ringgit Malaysia.

Mitigation

In view of such risks the Group constantly monitors all its borrowings, looking for possible refinancing opportunities in order to reduce the costs associated with such borrowings. There is also active treasury monitoring of foreign currency exchange rates and any local or global conditions that are likely to impact the interest and exchange rates of borrowings.

GENERAL PROSPECTS AND OUTLOOK OF THE GROUP

Over the past 3 years, the Group has focussed upon building the diversity of earnings and becoming less reliant upon real estate development activities. This strategy ensured that the impact of a material slowdown in Australian property markets in 2018 was partly offset from stronger contributions from the Hotel, Hospitality and Education divisions of the Group. In real estate, our initiatives to establish a debt lending platform throughout 2017 and 2018 has enabled the Group to generate strong risk adjusted returns in debt positions with lower risk than equity investments. In the short to medium term, we expect that real estate conditions in Australia will remain challenging and as a result the Group anticipates lower returns from development while we actively expand our debt platform opportunities.

In Malaysia, we are focused upon creating stronger discipline and structure into the property development business to assist in minimising development risk and earnings volatility. The subdued property market in Malaysia over the last few years is expected to continue throughout 2019. In part, this is attributed to the change in government that occurred in May 2018 heralding a new era of more controlled growth. There is some cautious optimism for the economy to grow with a rise in consumer spending while the cost of living stabilises.

We are confident that our portfolio of hospitality assets is well positioned for 2019. Our status in the luxury hotel sector in Australia and United Kingdom in desired destinations for tourists and business travellers will benefit from the relatively weakened Australian Dollar and Sterling Pound. Mulpha works closely with each of our operators to drive operational innovation and excellent operational efficiencies. This focus has ensured that our properties continue to outperform our direct competitors both in revenue and profit performance. After an extensive period of redevelopment, Hayman Island will open in July 2019 under the InterContinental brand. The investment in Hayman has included a range of new infrastructure and back of house improvements that will drive improved operational efficiencies upon reopening. Following the acquisition of the Waldorf Hotel in Auckland in 2018, approval has recently been obtained to subdivide 72 apartments to create 144 hotel rooms. Work on this project is scheduled to be completed in the second half of 2019 and will underwrite stronger profit generation in future years. The Group continues to actively pursue an active investment strategy in the Hotel sector to maximise portfolio returns.

Our strategy to continue to diversity and build resilience to earnings will continue in 2019 and beyond. In Education, our private equity investment in Education Perfect, an online education platform established in New Zealand and Australia has outperformed its targets and will expand further into international markets in 2019. Our Hotel School joint venture has also delivered materially higher earnings and expansion into a new Brisbane campus is planned for late 2019. We are also actively working on building a diversified portfolio of private equity investments in growing companies.

While the overall Australian market is displaying greater volatility than prior periods, we remain confident that the Group's specialist expertise in our key market segments of real estate, education and hospitality will result in ongoing expansion and improved operating results over the medium and longer term.

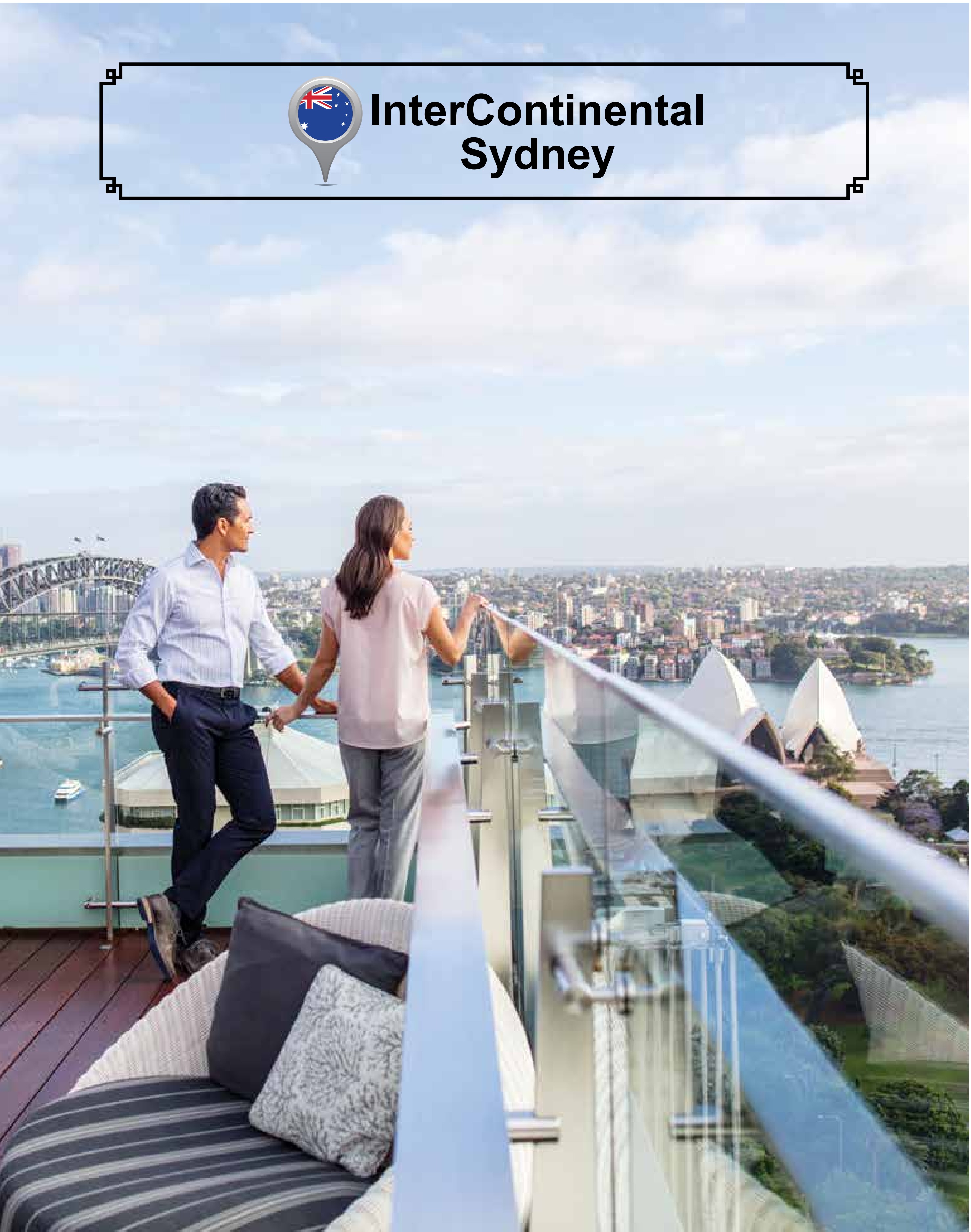
GREGORY DAVID SHAW
Chief Executive Officer

4 April 2019

Set within the beautifully restored Treasury Building of 1851, InterContinental Sydney proudly wears her rich 19th century architecture, heritage, and exciting history. The InterContinental is the birthplace of old-world luxury grandeur, sophistication and opulent heritage.

Guests will be dazzled by the kaleidoscope of harbour lights, and pampered by the collection of luxury rooms and suites that allows the viewer to drink in the sweeping views across Sydney Harbour Bridge, Sydney Opera House, and the Royal Botanic Gardens. This hotel is completed by the award-winning and world-class Club InterContinental offers the height of sophistication on level 31.

InterContinental Sydney



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("the Board")** of Mulpha **(**or **"the Company")** is pleased to provide an overview of the Company's corporate governance practices during the financial year ended 31 December 2018 with reference to the 3 key Principles as set out in the Malaysian Code on Corporate Governance 2017 **("MCCG 2017")**. The Company's application of each Practice set out in MCCG 2017 during the financial year 2018 is disclosed in the Company's Corporate Governance Report which is available on the Company's website at *www.mulpha.com.my* as well as via the Company's announcement made to Bursa Malaysia Securities Berhad **("Bursa Securities")**.

The Board remains committed to high standards of corporate governance driven by the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and its subsidiaries **("the Group")**.

The Board recognises that maintaining good corporate governance practices is critical to business integrity and performance, and key to delivering shareholders' value. The Board evaluates and continues to reinforce the existing corporate governance practices in order to remain relevant with the developments in market practice and regulations.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board's role is to control and provide stewardship of Mulpha's business and affairs on behalf of shareholders. By pursuing its objective of creating long-term shareholders' value, the Board takes into account the interests of all stakeholders in its decision-making.

The Board shall be involved in matters that may have a significant impact on the Group's business such as, but not limited to, issues within the objectives, strategies, operations and financials of the Group.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives to the Executive Chairman, Executive Director and Chief Executive Officer **("CEO")**. The Executive Chairman, Executive Director and CEO remain accountable to the Board for the authorities that are delegated to them, and for the performance of the Group.

The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

The roles of the Non-Executive Directors include ensuring the strategies, plans and policies proposed by Management are deliberated and considered, taking into account the overall strategies and directions of the Group and the interest of stakeholders, as well as advising and monitoring corporate governance framework, policies and practices.

The Board has established Board Committees, namely the Audit Committee (which has been renamed as 'Audit and Risk Management Committee' **("ARMC")** on 27 February 2019), Nomination Committee and Remuneration Committee to examine specific matters within their respective terms of reference as approved by the Board. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairmen of the Board Committees and the tabling of minutes of the Board Committee meetings at Board meetings. The ultimate responsibility for decision-making, however, lies with the Board.

Separation of Positions of the Chairman and CEO

There is a clear division of responsibilities between the Executive Chairman and the CEO to ensure that there is a balance of power and authority such that no one individual has unfettered powers over decision-making.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as leadership and governance of the Board, ensuring its effectiveness. He leads the Board effectively and encourages active participation and contribution from all members. He engages directly with the CEO to monitor performance and oversees the implementation of strategies.

The CEO is responsible for the day-to-day management of the Group's operations and businesses as well as implementation of the Board's policies and decisions.

Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who ensure the flow of information to the Board and its Committees. They are responsible for developing and maintaining the processes that enable the Board to fulfil its roles, ensuring compliance with the Company's constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries also oversee the adherence to Board policies and procedures.

Board Meetings and Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

The Board normally meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision.

All Directors are provided with an agenda and a set of agenda papers at least 5 business days prior to the Board and Committee meetings to enable the Directors to review and consider the items to be deliberated at the meetings. The Directors may seek advice from the Management, or request further explanation, information or updates on the matters of the Company, where necessary. Additionally, the Board is furnished with adhoc reports to ensure that it is apprised of key business, financial and operational matters, as and when the need arises.

Board Charter

The Board is guided by the Board Charter which sets out amongst others, the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding good corporate governance standards and practices. The Board Charter also covers the composition of the Board; division of responsibilities between the Chairman and Executive Director/CEO; procedures for convening Board meetings; Directors' remuneration and training; financial reporting; investor relations; and shareholder communication. The Board Charter is accessible in Mulpha's website at *www.mulpha.com.my*.

Corporate Code of Conduct

The Board has a formalised Corporate Code of Conduct **("the Code")** which reflects Mulpha's vision and core values of integrity, respect, trust and openness. The Code provides clear direction on conduct of business; dealing with the community and stakeholders; and general workplace behaviour. It also includes guidance on disclosure of conflict of interests; maintaining confidentiality and disclosure of information; compliance with the relevant laws and regulations; and the duty to report where there is a breach of the Code, amongst others. The Code is made available on Mulpha's website at *www.mulpha.com.my*.

Whistleblowing Policy and Procedures

Mulpha has in place a Whistleblowing Policy and Procedures to provide an avenue and mechanism to all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse, for investigation and Management's action. Reports can be made anonymously without fear of retaliation or repercussions and will be treated confidentially. There is a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken. The Whistleblowing Policy and Procedures is published on Mulpha's website at *www.mulpha.com.my*.

II. BOARD COMPOSITION

The Board currently has 5 members, comprising the Executive Chairman, Executive Director and 3 Independent Non-Executive Directors. A majority of the Board members consists of Independent Non-Executive Directors, who account for more than half of the members to ensure balance of power and authority on the Board.

The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, accounting, finance, economics, legal, real estate investment and property development, which are relevant to the Group. A brief profile of each Director is set out under the Profile of Board of Directors section of this Annual Report.

The Board is satisfied that the current composition of Directors provides the appropriate size and balance of expertise, skills and core competencies among the Directors, which are necessary to lead the Group effectively. The Independent Directors provide independent judgement, objectivity, and check and balance on the Board.

Nomination Committee

The Nomination Committee comprises all Independent Non-Executive Directors. In observance with MCCG 2017, the Nomination Committee is chaired by an Independent Non-Executive Director, Mr Loong Caesar, in place of Mr Kong Wah Sang who retired on 7 June 2018.

The Nomination Committee has written terms of reference dealing with its authority, duties and responsibilities, which is accessible in Mulpha's website at *www.mulpha.com.my*.

The activities of the Nomination Committee during the financial year are summarised as follows:

(a) Reviewed the evaluation results of the Board and Board Committees, and independence assessment of the Independent Directors.

(b) Reviewed the results of the Director's Self & Peer Evaluation and mix of skills, competencies and experience of Directors.

(c) Reviewed the term of office, competency and performance of the ARMC and its members.

(d) Reviewed the evaluation results of the performance and contribution of the CEO.

(e) Reviewed and recommended the re-election of Directors and the retention of an Independent Director who has served on the Board for a cumulative term of 9 years and above.

(f) Reviewed the training programmes attended by the Directors and assessed the training needs of Directors.

The Nomination Committee reports its proceedings and recommendations to the Board for its consideration and approval.

Appointment of New Directors to the Board

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are based on merit. In evaluating the suitability of individuals for Board membership, the Nomination Committee ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and personal characteristics to augment the present Board and meets its future needs.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. A formal procedure and process has been established for the nomination and appointment of new Directors.

Diversity of gender, ethnicity and age within the Board is also important, and this includes appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Board recognises that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained.

The Board does not have a specific policy on gender diversity but the Nomination Committee is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to the recommendation stated in MCCG 2017. The Nomination Committee will endeavour to consider women candidates in the recruitment exercise, when the need arises.

Tenure of Independent Directors and Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board, taking into account the interests of the Group and the minority shareholders.

In its annual assessment, the Nomination Committee reviewed the independence of Independent Directors. Based on the assessment, the Board is of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations, and is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Re-election of Directors

The Company's Articles of Association provides that one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office at each Annual General Meeting **("AGM")**. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board, they are subject to re-election at the next AGM following their appointment.

The performance of those Directors who are subject to re-election at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election of the Directors concerned for shareholders' approval at the AGM. The re-election of each Director is voted as a separate resolution during the AGM.

Annual Evaluation of Directors

The Board annually evaluates its performance and governance processes with the aim of improving individual Director's contributions, and effectiveness of the Board and its Committees.

During the financial year, a Board evaluation exercise was carried out to assess the performance and effectiveness of the Board, Board Committees and the contribution of each Director based on a set of pre-determined criteria.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

Time Commitment

During the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committee meetings and AGM, would be prepared and circulated to them at the end of every year.

A total of 5 Board meetings were held during the financial year ended 31 December 2018 and the record of attendance of the Directors is as follows:

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	5/5	100
Lee Eng Leong	5/5	100
Chew Hoy Ping	5/5	100
Dato' Yusli Bin Mohamed Yusoff	5/5	100
Loong Caesar	4/5	80
Kong Wah Sang *(Retired on 7 June 2018)*	2/2*	100

* *Based on the number of meetings attended during the time the Director held office.*

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Securities.

In compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities, the Directors of the Company hold not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are focused on the affairs of the Group.

Directors' Training, Development and Induction

The Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the skills and knowledge in discharging its responsibilities.

All the Directors, apart from attending the Mandatory Accredited Programme as required by Bursa Securities, have also attended other training programmes and seminars organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors are mindful that they should continue to update their skills and knowledge to sustain their active participation in Board deliberations and maximise their effectiveness during their tenure.

The Directors have ongoing access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Annually, the Board (through the Nomination Committee) reviewed the training programmes attended by the Directors and assessed the training needs of its members to assist them in the discharge of their duties as Directors. Details of the training programmes/seminars/conferences/workshops attended by the Directors during the financial year ended 31 December 2018 are as follows:

Name of Directors	Title	Organiser	Date
Lee Seng Huang	Implications of recent HKEX Consultation Papers to Directors	The Hong Kong Institute of Directors	25 May 2018

Name of Directors	Title	Organiser	Date
Lee Eng Leong	1) Corporate Governance Briefing Session: Malaysian Code on Corporate Governance Reporting and Corporate Governance Guide	Bursa Malaysia Berhad & Securities Commission	2 March 2018
	2) MIA International Accountants Conference 2018	Malaysian Institute of Accountants	9 & 10 October 2018
Chew Hoy Ping	1) Corporate Governance Briefing Session: Malaysian Code on Corporate Governance Reporting and Corporate Governance Guide	Bursa Malaysia Berhad & Securities Commission	2 March 2018
	2) Advocacy Programme on Corporate Governance Assessment using the Revised ASEAN Corporate Governance Scorecard Methodology	Bursa Malaysia Berhad & Minority Shareholder Watchdog Group	10 August 2018
	3) Independent Directors' Programme – The Essence of Independence	Bursa Malaysia Berhad	29 October 2018
	4) Breakfast Series: Non-Financials – Does It Matter?	Bursa Malaysia Berhad	5 December 2018
Dato' Yusli Bin Mohamed Yusoff	1) What's new in Procurement Governance?	Malaysian Institute of Corporate Governance	8 March 2018
	2) Malaysian Code on Corporate Governance	Symphony Digest	19 March 2018
	3) Accelerate Workshop Series: Resolving Conflict in the Boardroom	The Iclif Leadership and Governance Centre	10 July 2018
	4) Members' Breakfast Talk – Integrity In Action	Malaysian Institute of Corporate Governance	25 October 2018
Loong Caesar	1) Financial Institutions Directors' Education Programme	The Iclif Leadership and Governance Centre	5 - 8 March 2018
	2) Corporate Liability Law: Liability Risks for Directors & Senior Officers	Malaysian Integrity Academy	22 November 2018

III. REMUNERATION

Remuneration Policies and Procedures

The objective of Mulpha's remuneration policies is to attract and retain Directors and key senior management of high calibre needed to run the Company successfully. The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects their experience, expertise and level of responsibilities undertaken by the Non-Executive Directors concerned.

Market survey data on the remuneration practices of comparable companies is taken into consideration in determining the remuneration packages for the Directors and key senior management.

Remuneration Committee

The role of the Remuneration Committee is to assist the Board in overseeing the remuneration policies of the Group. The Remuneration Committee consists of all Independent Non-Executive Directors.

The Remuneration Committee has written terms of reference which deals with its authority, duties and responsibilities, and are available on Mulpha's website at *www.mulpha.com.my*. The Remuneration Committee is authorised to commission independent advice for the purpose of discharging its duties and responsibilities.

During the financial year, the Remuneration Committee evaluated the Executive Chairman and Executive Director against the set performance criteria, and reviewed and recommended their compensation packages for the Board's approval, with the Directors concerned abstaining from deliberation and voting on the same. The Remuneration Committee also reviewed the compensation package and performance incentives of the key senior management and recommended the same for the Board's approval.

The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the Remuneration Committee. Each of the Non-Executive Directors abstained from deliberating and voting in respect to his individual remuneration. Directors' fees and benefits payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM.

Details of Directors' Remuneration

Details of remunerations of the Directors of Mulpha (received from the Company and on a group basis respectively) for the financial year ended 31 December 2018 are as follows:-

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Estimated Monetary Value of Benefits-in-kind RM'000	Total RM'000
Executive Director								
Lee Seng Huang	–	576	266	101	–	–	–	943
Non-Executive Directors								
Chew Hoy Ping	90	–	–	–	45	16	–	151
Dato' Yusli Bin Mohamed Yusoff	70	–	–	–	6	16	–	92
Loong Caesar	70	–	–	–	3	13	–	86
Kong Wah Sang *(Retired on 7 June 2018)*	35	–	–	–	3	7	–	45
Received from the Company	**265**	**576**	**266**	**101**	**57**	**52**	**–**	**1,317**

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Estimated Monetary Value of Benefits-in-kind RM'000	Total RM'000
Executive Directors								
Lee Seng Huang	–	767	352	9	–	–	–	1,128
Lee Eng Leong	–	832	483	158	–	–	4	1,477
Received from a subsidiary	**–**	**1,599**	**835**	**167**	**–**	**–**	**4**	**2,605**
Total Group	**265**	**2,175**	**1,101**	**268**	**57**	**52**	**4**	**3,922**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

The Board is assisted by the ARMC in governing the Group's financial reporting processes and the quality of its financial reporting. The quarterly results and audited financial statements are reviewed by the ARMC and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

The ARMC comprises 3 members, all of whom are Independent Non-Executive Directors. The ARMC is chaired by Mr Chew Hoy Ping, the Senior Independent Non-Executive Director, who is not the Chairman of the Board. All members of the ARMC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the ARMC. They also have sufficient understanding of the Company's businesses.

In 2018, the ARMC members had attended seminars, conferences and workshops to keep themselves abreast of the latest developments in accounting/auditing standards, regulatory requirements and corporate governance.

The ARMC Report as set out in this Annual Report, provides the details of the ARMC's activities which among others, include the annual assessment on the suitability, objectivity and independence of the external auditors.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

The Board has the ultimate responsibility of approving the risk management framework and policy as well as overseeing the Group's risk management and internal control framework.

Mulpha has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through its Risk Management Committee (a Management-level Committee), reviews the key risks identified on a regular basis to ensure proper management and mitigation of risks within its control.

The Statement on Risk Management and Internal Control as set out in this Annual Report, provides an overview of the state of internal controls and risk management within the Group.

Internal Audit and Risk Management Functions

The Board has the ultimate responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement, loss or fraud.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The internal audit and risk management functions are outsourced to the Internal Audit and Risk Management Department **("IARMD")** of AVEO, an associated company of the Group. To ensure independence from Management, the IARMD has a direct reporting line to the ARMC. The main role of the IARMD is to undertake regular reviews of the Group's systems of internal control, risk management and governance so as to provide assurance to the ARMC that the internal control system is sound, adequate and operating effectively in all material respects.

The ARMC Report as set out in this Annual Report, outlines the details of the activities of the internal audit function.

Directors' Responsibilities Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:

(a) ensured that the financial statements are in accordance with the provisions of the Companies Act 2016, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;

(b) adopted the appropriate accounting policies and applied them consistently; and

(c) made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Periodic and Continuous Disclosure

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders and other stakeholders with a regular overview of the Group's performance. All announcements made by the Company to Bursa Securities are also available to shareholders and the market on the Investor Relations section of Mulpha's website.

The Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

Company Website

The Company's website, *www.mulpha.com.my* provides detailed information on the Group's businesses and latest development. The website has a dedicated section on investor relations and corporate governance which contains announcements to Bursa Securities, quarterly financial results, annual reports and stock information, among others.

Shareholders and Investors Queries

Whilst the Company aims to provide sufficient information to shareholders and investors about Mulpha and its activities, it also recognises that shareholders and investors may have specific queries and require additional information.

To ensure that shareholders and investors can obtain all relevant information about the Group, they are encouraged to direct their queries to:

Investor Relations
Mulpha International Bhd.
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 7718 6368 / (603) 7718 6266
Email : irmulpha@mulpha.com.my

II. CONDUCT OF GENERAL MEETINGS

Encourage Shareholder Participation at General Meetings

General meetings represent the principal forum for dialogue and interaction with shareholders. The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the AGM.

In 2018, the notice of AGM with sufficient information of businesses to be dealt with thereat, was sent to shareholders more than 28 days ahead of the meeting date together with the Annual Report. The notice of AGM was published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the notice of AGM and Proxy Form which were contained in the Annual Report, were posted on the websites of Mulpha and Bursa Securities.

Each item of special business included in the notice of AGM was accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

Notice of the forthcoming AGM which will be held on 12 June 2019, will also be given to shareholders more than 28 days prior to the meeting.

Effective Communication and Proactive Engagements with Shareholders

At the general meetings, shareholders have direct access to the Board and senior management, and they are encouraged to participate in the question and answer session.

At the 2018 AGM, all the Directors save for 2 Directors who had conveyed their leave of absence, were present in person to engage directly with shareholders. Amongst them, Mr Chew Hoy Ping and Dato' Yusli Bin Mohamed Yusoff who are Chairmen of the ARMC and Remuneration Committee respectively, were present at the AGM to provide responses to questions addressed to them by shareholders. In addition, the external auditors, KPMG PLT were in attendance to answer questions from shareholders on the audited financial statements. The senior management of the Company were also present to respond to any enquiries from shareholders.

At the said AGM, the CEO, Mr Gregory David Shaw presented an overview of the Group's performance and strategies to the shareholders. Mr Shaw also shared with the shareholders, the Company's responses to questions submitted by the Minority Shareholder Watchdog Group in advance of the AGM. He provided explanations to questions raised by shareholders at the AGM.

Electronic Poll Voting

All the Company's shareholders are entitled to appoint representatives or proxy/proxies to vote on their behalf in their absence at general meetings.

The voting at the 2018 AGM was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities by way of electronic voting.

This Corporate Governance Overview Statement was approved by the Board on 4 April 2019.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Securities:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2018.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2018 are as follows:

	Group RM'000	Company RM'000
Audit fees		
KPMG in Malaysia	288	136
Overseas affiliates of KPMG in Malaysia	1,455	–
Other auditors	82	–
Subtotal:	**1,825**	**136**
Non-audit fees		
KPMG in Malaysia	14	12
Overseas affiliates of KPMG in Malaysia	97	–
Subtotal:	**111**	**12**
Total:	**1,936**	**148**

3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

Other than those disclosed in the audited financial statements, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of directors, chief executive who is not a director or major shareholders during the financial year ended 31 December 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

The Audit Committee was established pursuant to a resolution of the Board passed on 28 July 1994. In line with the recommendation of the MCCG 2017, the Audit Committee which has been assisting the Board in carrying out, among others, the responsibility of overseeing the Group's risk management framework and policies, was renamed as 'Audit and Risk Management Committee' **("ARMC")** on 27 February 2019, as approved by the Board.

The ARMC comprises 3 members, all of whom are Independent Non-Executive Directors and none of them is an alternate director. The members are as follows:-

1. Chew Hoy Ping (Chairman)
   (Senior Independent Non-Executive Director)

2. Dato' Yusli Bin Mohamed Yusoff (Member)
   (Independent Non-Executive Director)

3. Loong Caesar (Member) – Appointed on 7 June 2018
   (Independent Non-Executive Director)

4. Kong Wah Sang (Member) – Retired on 7 June 2018
   (Senior Independent Non-Executive Director)

All members of the ARMC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the ARMC. In particular, the ARMC Chairman, Mr Chew Hoy Ping is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, as required under Chapter 15, Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities. Mr Chew Hoy Ping being the ARMC Chairman, is also an Independent Non-Executive Director, as required under Chapter 15, Paragraph 15.10 of the Main Market Listing Requirements of Bursa Securities.

The Board has reviewed the term of office of the ARMC and conducted an annual assessment of the composition, performance and effectiveness of the ARMC and its members based on the recommendations of the Nomination Committee. The Board is satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the ARMC's terms of reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

The profile of each member of the ARMC is set out in the Profile of Board of Directors section of this Annual Report.

TERMS OF REFERENCE ("AC CHARTER")

The AC Charter, which outlines the ARMC's composition, meetings and minutes, authority as well as duties and responsibilities, are published on Mulpha's website at *www.mulpha.com.my*.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2018, the ARMC held 5 meetings. The details of attendance of the ARMC members are as follows:-

Name of ARMC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Dato' Yusli Bin Mohamed Yusoff	5/5
Loong Caesar	2/2*
Kong Wah Sang	3/3*

* *Based on the number of meetings attended during the time the Director held office.*

The Executive Director, CEO, Head of Finance and Head of Internal Audit & Risk were invited to attend the meetings for the purpose of briefing the ARMC on the activities involving their areas of responsibilities.

The external auditors were present at 3 of the meetings held. The ARMC also met with the external auditors without the presence of the executive board member and Management at 2 of these 3 meetings attended by the external auditors.

The ARMC Chairman would brief the Board on the proceedings of each ARMC meeting. Minutes of each ARMC meeting were also tabled for confirmation at the following ARMC meeting and subsequently tabled to the Board for notation.

SUMMARY OF ACTIVITIES OF THE ARMC

During the financial year up to the issuance date of this Annual Report, the ARMC carried out its activities in line with the AC Charter, which are summarised as follows:-

1. Financial Reporting

- Reviewed and discussed with Management, the financial and cash flows reports (including bank facilities and bank covenants) of the Company and the Group at the ARMC meetings held on 27 February 2018, 28 May 2018, 28 August 2018, 28 November 2018 and 25 February 2019. The financial and cash flows reports were also tabled to the Board for notation.

- Reviewed the quarterly financial results for the 4th quarter of 2017 and the annual audited financial statements of 2017 for recommendation to the Board for approval and release to Bursa Securities, at the ARMC meetings held on 27 February 2018 and 30 March 2018 respectively.

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2018, and the annual audited financial statements of 2018 for recommendation to the Board for approval and release to Bursa Securities, focusing particularly on:

  o compliance with accounting and financial reporting standards, legal and other regulatory requirements;

  o changes in or adoption of accounting policies and practices changes;

  o significant matters including financial reporting issues, significant judgements made by Management, as well as significant and unusual events or transactions including the latest status of the ongoing material litigation;

  o the outlook and prospects of the Group;

  o cash flow, financing and going concern assumptions; and

  o significant audit issues and adjustments arising from audit

  at the ARMC meetings held on 28 May 2018, 28 August 2018, 28 November 2018, 25 February 2019 and 4 April 2019 respectively.

- Reviewed and discussed with Management at the ARMC meeting held on 28 May 2018, the changes to the comparative figures in the 1st quarter financial results of 2018, as a result of adoption of the new Malaysian Financial Reporting Standards **("MFRS")** 9 *(Financial Instruments)* and MFRS 15 *(Revenue)*, which are applicable for the financial year beginning on or after 1 January 2018.

2. Annual Report Requirements

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report, at the ARMC meeting held on 27 February 2018.

  The ARMC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the requirements under paragraphs 41 & 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* **("Guidelines")**.

- Reviewed and approved the ARMC Report for inclusion in the 2017 Annual Report, at the ARMC meeting held on 30 March 2018.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report, at the ARMC meeting held on 25 February 2019.

The ARMC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the Guidelines.

- Reviewed and approved the ARMC Report for inclusion in the 2018 Annual Report, at the ARMC meeting held on 25 February 2019.

3. Internal Audit

- Reviewed the internal audit reports presented by the IARMD that detailed the audit findings and recommended corrective actions, as well as Management's responses and action plans in addressing the identified risks and internal control deficiencies, at the ARMC meetings held on 27 February 2018, 28 May 2018, 28 August 2018, 28 November 2018 and 25 February 2019. A total of 7 audit engagements were completed in 2018.

  Risk-based audits were performed on selected business units within the Group, as included in the approved internal audit plan and encompassing an assessment of the system of internal control, risk management and governance pertaining to the operations of Rydges Hotel Cairns; Norwest sales and development; investment property management; sales and cash processes across various operating businesses; first-mortgage debt fund activities; and information technology network security controls.

  At each ARMC meeting, the IARMD provided an update on audit activities and progress against the 2018 internal audit plan. Where appropriate, the ARMC was also apprised of key initiatives and continuous improvement activities being undertaken by the IARMD.

- Reviewed and discussed the revisions made to the 2018 internal audit plan at the ARMC meetings held on 27 February 2018 and 28 May 2018, to provide adequate audit coverage of the Group's key risk areas and strategic priorities. The said revised internal audit plan was approved on 28 May 2018.

- Reviewed and approved the internal audit plan for 2019 to ensure adequacy of the scope and coverage of key business and operational units within the Group, at the ARMC meeting held on 28 November 2018. The 2019 audit plan addressed the key themes of cost control, operational efficiency, business partnerships, cyber-risk management, and internal control and compliance.

  At the said meeting, the ARMC also reviewed and approved the 3-year rolling internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD in the 2019-2021 triennium.

- Reviewed and considered the proposed amendments to the Whistleblowing Policy and Procedures, AC Charter, and Internal Audit and Risk Charter to account for the changes in regulatory requirements, business structure, personnel and the amalgamation of various teams and committees of the Group, at the ARMC meeting held on 27 February 2018.

  Upon the ARMC's recommendation, the Board at its meetings held on 30 May 2018 and 29 November 2018, approved the Whistleblower Policy and Procedure, and the AC Charter respectively.

4. External Audit

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2017, at the ARMC meeting held on 27 February 2018.

  The external auditors briefed the ARMC among others, on the audit status and outstanding matters, audit focus areas, audit findings as well as the readiness for adoption of MFRS 9 and MFRS 15 – the implementation, key gap differences and financial impact. The external auditors concurred with Management's assessment that both MFRS 9 and MFRS 15 would not have significant impact on the Group.

- Reviewed with the external auditors on 27 February 2018, 28 November 2018 and 25 February 2019 without the presence of the executive board member and Management, the extent of assistance rendered by Management and issues arising from their audit. The ARMC was satisfied with the openness in communication and interaction with the engagement partner and his team, which demonstrated their independence and professionalism.

  In addition, the Chairman and members of the ARMC periodically held informal discussions with the engagement partner of the external auditors to ensure audit issues were addressed on a timely basis.

- In February 2018, the ARMC undertook an assessment of the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the 2018 AGM, which included a structured evaluation questionnaire completed by each member of the ARMC. The questionnaires which are used as an assessment tool, are based on a 4-scale rating or 'Yes' and 'No' answer, whichever is applicable for each question. The areas which were covered in the assessment encompassed the external auditors' performance in terms of skills, expertise and competencies, calibre of the external audit firm, independence and objectivity, audit scope and planning, reasonableness of audit fees, provision of non-audit services and quality of communications with the ARMC. This annual evaluation provides the ARMC with a disciplined approach for maintaining effective oversight of the external auditors' performance.

  The evaluation results with recommendations made to further safeguard and improve the independence and quality of services rendered by the external auditors, were tabled at the ARMC meeting held on 27 February 2018. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements. The ARMC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the AGM of the Company.

  The Board at its meeting held on 28 February 2018 approved the ARMC's recommendation for the re-appointment of external auditors, subject to the shareholders' approval being sought at the AGM of the Company. The shareholders had duly approved the re-appointment of external auditors at the AGM held on 7 June 2018.

- Reviewed with the external auditors on 30 March 2018, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2017, where relevant disclosures in the annual audited financial statements were deliberated.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2017, at the ARMC meeting held on 30 March 2018.

  The non-audit fees comprised the reviews of the Statement on Risk Management and Internal Control, and the Housing Development Account. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the ARMC was satisfied that the provision of non-audit services by the external auditors did not impair their objectivity and independence as external auditors.

- Reviewed with the external auditors, their audit plan, scope of audit, audit timeline and focus areas on potential key audit matters, emerging issue arising from 2019 budget (in relation to unutilised tax attributes), assessment of adoption of MFRS 9 and MFRS 15, disclosure impact of the new accounting standard – MFRS 16 *(Lease)* and other significant audit matters prior to the commencement of audit of the financial statements for the year ended 31 December 2018, at the ARMC meeting held on 28 November 2018.

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2018, at the ARMC meeting held on 25 February 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

The external auditors briefed the ARMC among others, on the audit status and outstanding matters, audit timeline, audit focus areas (i.e. key audit matters and other significant audit matters) and audit findings.

Pursuant to the new and revised Auditor Reporting Standards which took effect from 16 December 2016, the ARMC reviewed the key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The 3 key audit matters which were highlighted to the ARMC (to be disclosed in the Independent Auditors' Report contained in the Audited Financial Statements) were:

(a) Valuation of property, plant and equipment;
(b) Valuation of investment properties; and
(c) Recoverability of development inventory.

- In February 2019, the ARMC assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2019 AGM, via the same assessment tool as described above. The evaluation results were tabled at the ARMC meeting held on 25 February 2019, and the ARMC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the forthcoming AGM of the Company. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements.

  The Board at its meeting held on 27 February 2019 approved the ARMC's recommendation for the re-appointment of external auditors, subject to the shareholders' approval being sought at the forthcoming AGM of the Company. The evaluation results were also tabled at the said Board meeting.

- Reviewed with the external auditors on 4 April 2019, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2018, where relevant disclosures in the annual audited financial statements were deliberated.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2018, at the ARMC meeting held on 4 April 2019.

  The non-audit fees comprised the reviews of the Statement on Risk Management and Internal Control, and the Housing Development Account; transfer pricing; and income tax return advisory. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the ARMC was satisfied that the provision of non-audit services by the external auditors did not impair their objectivity and independence as external auditors.

5. Risk Management

- Reviewed and adopted the updated Mulpha Group's Top 15 Enterprise Risk Register and Risk Profile Heat Map, at the ARMC meetings held on 27 February 2018 and 28 August 2018.

- Reviewed and approved the risk management plan for 2019 at the ARMC meeting held on 28 November 2018. The risk management activities to be undertaken in 2019 include ongoing management and reporting of operational, financial and strategic risks; a desktop review of divisional risk registers maintained by Management; analysis, trending and reporting of material business risks and the Group's risk profile; and the provision of assurance over the Group's operational activities from a risk management perspective (through the risk-based internal audit plan).

- Reviewed and adopted the updated Mulpha Group's Top 15 Enterprise Risk Register and Risk Profile Heat Map, at the ARMC meeting held on 25 February 2019.

6. Related Party Transactions

- Reviewed the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms, at the ARMC meetings held on 27 February 2018, 28 May 2018, 28 August 2018, 28 November 2018 and 25 February 2019.

7. Other Matters

- Reviewed and noted the Governance, Risk & Compliance Report which was tabled at the ARMC meeting held on 27 February 2018, to update the ARMC on the relevant governance, risk and compliance matters affecting the Group.

- Considered and recommended to the Board for approval, the proposed renaming of the Audit Committee to 'Audit and Risk Management Committee' and the proposed amendments to the AC Charter, at the ARMC meeting held on 25 February 2019.

  Upon the ARMC's recommendation, the Board at its meeting held on 27 February 2019, approved the proposed renaming of the Audit Committee to 'Audit and Risk Management Committee' and the proposed amendments to the AC Charter.

- Reported to the Board at its quarterly meetings on significant issues and concerns discussed during the ARMC meetings together with applicable recommendations. Minutes of the ARMC meetings were tabled and noted by the Board.

- The Chairman and members of the ARMC have held informal sessions and interactions with Management throughout the year which were aimed at obtaining a better understanding of business operations and risks related issues, and the resolution of issues.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The internal audit and risk management functions are outsourced to the IARMD of AVEO, an associated company of the Group. To ensure independence from Management, the IARMD has a direct reporting line to the ARMC.

The main role of the IARMD is to undertake regular reviews of Mulpha Group's systems of internal control, risk management and governance so as to provide assurance to the ARMC that the internal control system is sound, adequate and operating effectively in all material respects.

The IARMD adopts a risk-based approach in developing the annual internal audit plan for approval by the ARMC. The ARMC receives quarterly internal audit reports from the IARMD and discusses these reports to ensure recommendations in the reports are duly acted upon by Management.

Apart from the aforesaid internal audit mandate, the IARMD is also responsible for facilitating and assisting Management in maintaining a structured risk management framework to identify, evaluate and manage material risks facing the Group. The IARMD also monitors the effectiveness of the Group's risk management processes and reports semi-annually to the ARMC on the risk management activities of the Group.

The IARMD's scope of responsibilities extends to all business and operational units within the Group. In fulfilling its mandate, the IARMD conducted the following activities during the financial year up to the issuance date of this Annual Report:

(a) Performed and completed 7 risk-based audits on selected business units within the Group as included in the approved internal audit plan. Audit projects completed during the year encompassed an assessment of the system of internal control, risk management and governance pertaining to the operations of Rydges Hotel Cairns; Norwest sales and development; investment property management; sales and cash processes across various operating businesses; first-mortgage debt fund activities; and information technology network security controls.

(b) Tabled the completed audit reports to the ARMC at its quarterly meetings, detailing the audit findings, audit recommendations and Management responses. As per IARMD's methodology, follow-up activities were also undertaken to ascertain the implementation status of agreed action plans; the results of which were reported to the ARMC.

(c) Prepared and tabled the proposed amendments to the Whistleblowing Policy and Procedures, AC Charter, and Internal Audit and Risk Charter, at the ARMC meeting held on 27 February 2018.

(d) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report, at the ARMC meeting held on 27 February 2018.

(e) Tabled the revisions made to the 2018 internal audit plan at the ARMC meetings held on 27 February 2018 and 28 May 2018, to provide adequate audit coverage of the Group's key risk areas and strategic priorities.

(f) Prepared and tabled for the ARMC's adoption, the updated Mulpha Group's Top 15 Enterprise Risk Register and Risk Profile Heat Map, at the ARMC meetings held on 27 February 2018 and 28 August 2018.

(g) Prepared and tabled for the ARMC's approval, the internal audit plan for 2019 which covered key business and operational units within the Group, at the ARMC meeting held on 28 November 2018. The 2019 audit plan addressed the key themes of cost control, operational efficiency, business partnerships, cyber-risk management, and internal control and compliance.

    The 3-year rolling internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD in the 2019-2021 triennium, was also tabled for the ARMC's approval, at the ARMC meeting held on 28 November 2018.

(h) Prepared and tabled for the ARMC's approval, the risk management plan for 2019 at the ARMC meeting held on 28 November 2018. The risk management activities to be undertaken in 2019 include ongoing management and reporting of operational, financial and strategic risks; a desktop review of divisional risk registers maintained by Management; analysis, trending and reporting of material business risks and the Group's risk profile; and the provision of assurance over the Group's operational activities from a risk management perspective (through the risk-based internal audit plan).

(i) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report, at the ARMC meeting held on 25 February 2019.

(j) Prepared and tabled for the ARMC's adoption, the updated Mulpha Group's Top 15 Enterprise Risk Register and Risk Profile Heat Map, at the ARMC meeting held on 25 February 2019.

In February 2018, the ARMC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2017. The appraisal covered the adequacy of IARMD's scope, its functions, resources, authority and independence, as well as the competency of internal audit staff. The results of the evaluation were tabled at the ARMC meeting held on 27 February 2018. In general, the ARMC was satisfied that the IARMD has been operating satisfactorily.

In February 2019, the ARMC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2018, which covered the areas mentioned above. The results of the evaluation were tabled at the ARMC meeting held on 25 February 2019. The ARMC was satisfied that the IARMD continues to operate satisfactorily.

The costs incurred by IARMD in discharging its functions and responsibilities during the financial year ended 31 December 2018 amounted to RM544,851.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Main Market Listing Requirements of Bursa Securities and Principle B of the MCCG 2017, the Board affirms its commitment to maintaining a sound risk management framework and internal control system that safeguards shareholders' investment and the Group's assets.

Having regard to this, and the requirements included in the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*, the Board makes the following disclosures in accordance with Paragraph 15.26(b) of the Listing Requirements for the financial year ended 31 December 2018:

PURPOSE, RESPONSIBILITY AND MONITORING

The Board acknowledges its responsibility for establishing and maintaining a sound system of risk management and internal control. This encompasses the approval and review of the Group's risk management strategy, risk appetite and policy, and internal audit programme. The Board is assisted in this function by the ARMC, as a delegated sub-committee.

The Group's system of risk management and internal control comprises key control activities and oversight mechanisms concerning governance, risk management, financial, operational, strategic, compliance and regulatory matters. At all times, the Group conducts its operations in accordance with the Board's mandate for effective and efficient management of risk in the pursuit of organisational strategy and achievement of business objectives.

To this end, the system of risk management and internal control acts to protect shareholders' investment, the Group's assets and reputation, and the health and safety of workers and customers; as well as safeguarding against material misstatement, loss and fraud.

Senior management and the ARMC review the adequacy, appropriateness and integrity of the system of risk management and internal control employed across the Group on an annual basis. During the financial year, the ARMC concluded that the Group's risk management and internal control activities remain appropriate, and that suitable and sufficient information is provided to those charged with governance, and that the Group's material business risks are being properly managed.

All internal control and risk management matters that warrant further scrutiny or the attention of the Board are escalated as and when appropriate by the Chairman of the ARMC and/or executive management. Minutes of all ARMC meetings are circulated to the full Board, and the Chairman of the ARMC reports to the Board after each ARMC meeting.

RISK MANAGEMENT

Risk management is considered an integral part of the Group's business operations and a key management capability.

In pursuing its strategy, the Group has established an Enterprise Risk Management **("ERM")** Framework encompassing a group-wide risk policy and appetite statement, roles and responsibilities for the oversight and management of risk, and formalised risk management and reporting processes.

The Group's ERM Framework aligns with Malaysian Standard ISO 31000:2010 – Risk Management Principles and Guidelines.

The Group has adopted a decentralised approach to risk management, whereby individual Risk Management Units **("RMUs")** led by a Head of Department are responsible for the systematic identification, assessment and management of risk within their respective business units. The identification, assessment, management and monitoring of risk is conducted in accordance with the Group's risk management methodology, as approved by the Board.

In addition to the day-to-day management of risk as part of business as usual activities, RMUs are required to formally profile their risk environment on a semi-annual basis. This is achieved through the completion of a detailed risk register that captures risk items, their classification and description, risk ratings, mitigating controls and any action plans and responsible owner(s).

RMU risk registers are consolidated and reviewed by the IARMD, which produces an Enterprise Risk Report articulating the Group's material business risks and risk profile (heat map), including trends in risk ratings and any new or emergent exposures.

The Enterprise Risk Report is tabled at the Mulpha Group Risk Management Committee, a management committee chaired by the CEO, for discussion prior to being escalated to the ARMC and Board.

In December 2018, the IARMD commenced a review of the Group's ERM Framework to update Mulpha's risk policies and to identify potential improvements in line with the recently revised risk management standard ISO 31000:2018. The results of this exercise are expected to be reported to the ARMC in the first quarter of 2019.

INTERNAL AUDIT

The IARMD is responsible for the independent appraisal of the Group's system of risk management and internal control.

Led by the Group Head of Audit & Risk, the IARMD reports to the ARMC Chairman and provides the Board with assurance over the adequacy, effectiveness and efficiency of risk management, control and governance processes employed across the Group. To assist Management, the IARMD also provides insight and recommendations on business process improvement and the management of material business risks.

The IARMD conducts audit engagements as part of a Board approved programme of work, comprising risk advisory and assurance services. The primary responsibility of the IARMD is to provide the Board with assurance that the internal control system and risk management framework of the Group are sound, adequate and operating satisfactorily. Where improvement opportunities are identified, the IARMD agrees corrective actions with Management and tracks these through the completion. The outcome of each audit engagement and the status of corrective actions are reported to the ARMC regularly.

In financial year 2018, the IARMD completed 7 audit engagements in line with its risk-based annual audit plan. Areas of focus included key financial and operating controls at Rydges Hotel Cairns; Norwest sales and development; investment property management; sales and cash processes across various operating businesses; first-mortgage debt fund activities; and information technology network security controls.

KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control system include:

- Clearly defined roles and responsibilities, organisation structure and appropriate delegated authority limits approved by the Board for both the Board sub-committees and Management.
- Operational policies and procedures, which are updated as and when required.
- Whistleblowing Policy and Procedures are in place to provide employees and stakeholders with confidential reporting channels to escalate suspected inappropriate behaviour or misconduct relating to fraud, bribery and/or corruption.
- A Conflict of Interest Policy is in place to manage, address and report on any actual or potential conflict of interest faced by Management.
- Reporting systems are in place that provide Directors and senior management with suitable, sufficient and regular financial, operational, legal and strategic information. Comprehensive board papers are prepared by senior management and circulated to Directors prior to each Board/Committee meeting; with monthly management meetings held to discuss business performance and to formulate action plans.
- Annual business plans and budgets are prepared by individual entities and business units within the Group. Actual performance is monitored against budget on a monthly basis, with significant variances flagged for investigation and follow-up.
- The design and operating effectiveness of key internal controls is periodically assessed by the IARMD. Where control weaknesses are identified, remedial action plans are developed in consultation with Management.
- Management self-assess the effectiveness of key controls as part of the Group's bi-annual enterprise risk reporting process.
- Sufficient insurance cover is held to reduce the financial impact of any significant insurable losses.

SCOPE AND ATTESTATION

This Statement on Risk Management and Internal Control does not extend to any associated companies, as the Group does not have management control over their operations.

The Board has received assurance from the CEO and the Group General Manager, Finance that the Group's risk management and internal controls system is operating adequately and effectively, in all material aspects.

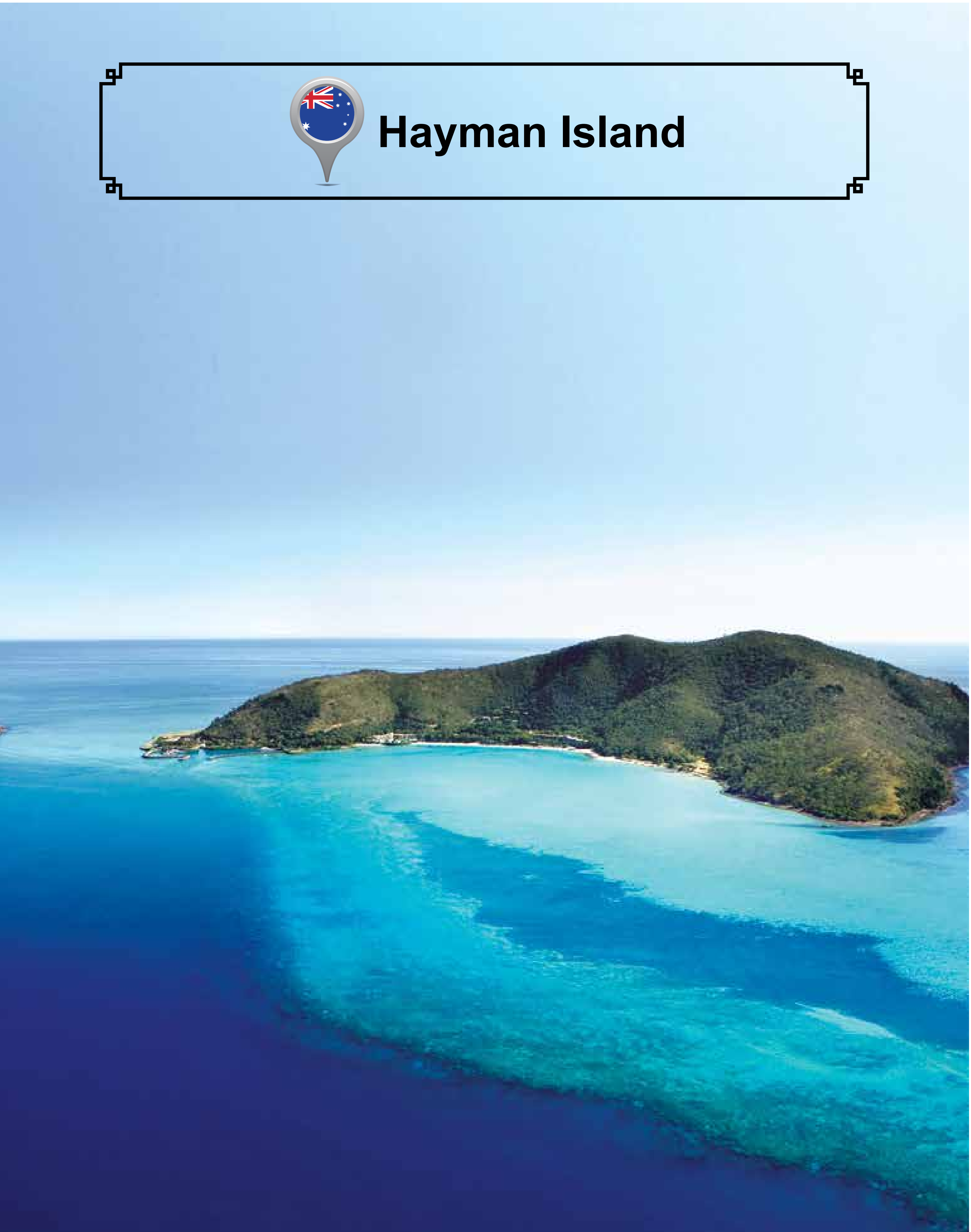
Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2018 Annual Report, and have reported to the Board that nothing came to their attention that would suggest this Statement has not been prepared, in all material aspects, with the disclosures required under paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*.

This Statement on Risk Management and Internal Control was approved by the Board on 27 February 2019.

A secluded paradise of serenity and idyllic beauty, the Hayman Island is Australia's most iconic private island resort. Surrounded by cascading cliffs, crescent moon-shaped white beaches and turquoise blue waters, Hayman Island by InterContinental is a spectacular sensory experience predicated on abundance of natural beauty and the enrichment mind and soul.

Hayman Island nestled within the Great Barrier Reef, is adorned with 166 elegantly renovated rooms, suites and villas across three distinct wings of the Resort. The Resort also features a collection of meetings & event spaces, wedding venues, exciting restaurant and bars, and an enriching spa.

Hayman Island



SUSTAINABILITY STATEMENT

1. SCOPE OF STATEMENT

Mulpha International Berhad is pleased to present its Sustainability Statement for 2018, covering the year ended 31 December 2018. In this report we share our continuous commitment towards sustaining our values and goals through our corporate activities and performance groupwide.

2. OUR SUSTAINABILITY PHILOSOPHY

Mulpha's sustainability commitment is through its strategy of pursuing **long term value creation**. We believe in our corporate citizenship role that impacts environmental, economic, social concerns and governance, being always mindful of our responsibility towards our environment, workplace, marketplace and community.

Our sustainability agenda

- Upholding high corporate governance standards and ethics throughout the organisation
- Streamlining all policies, processes and internal controls, and strengthening compliance with the relevant laws and regulations
- Extending local and international standards on health, safety, security, environment, human rights and ethics to all business partners

SUSTAINABILITY STATEMENT (cont'd)

Typically our sustainability commitment is reflected in our mission statements, as demonstrated by the Environmental Statement for Sanctuary Cove below

SANCTUARY COVE.
MARINA

Mulpha Sanctuary Cove Marina Pty Ltd is committed to minimising the impact of its activities on the environment. Mulpha Sanctuary Cove has achieved the Enviro Development Certification for Waste, Energy, Water and Community and the Marina, Level 3 Clean Marinas.

The key points of its strategy to achieve this are:

- Meet or exceed all the environmental legislation that relates to the Company.
- Minimise waste by continually evaluating our operations and ensuring they are as efficient as possible.
- Actively promote recycling both internally and amongst its customers and tenants.
- Incorporate environmental considerations into our business decision-making processes.
- Continuously reviewing our environmental aspects and impacts.
- Share best practices for environmental management.
- Communicating relevant environmental information to facilitate a strong environmental ethos within the marina, including staff, tenants and other stakeholders.
- Maintain our certification by the EnviroDevelopment Certification in Waste, Energy Water, Community.

Signed by

....

Stephen Anderson
General Manager,
Mulpha Sanctuary Cove Developments

3. CORPORATE GOVERNANCE

Mulpha has in place procedures in line with our commitment and our approach to sustainability. At the most basic we comply with all regulatory requirements in every country of operations, and strive to surpass them by adhering to voluntary international standards, industry guidelines and sustainability-related initiatives. Our procedures thus cover programmes and activities in our workplace, marketplace, for our communities and for the environment.

Code of conduct

Mulpha's Code of Conduct underlies the Group behavior, applying globally to all Mulpha's interests, including third parties. We promote the highest level of integrity and ethical behavior. Thus all our employees have to be familiar with this Code of Conduct as well as our corporate compliance policies. Our policies cover the issues of

Child and forced labor

Environmental matters

Usage of confidential and proprietary business information

Accurate reporting and record keeping

Anti-corruption practices

Equal rights

Mulpha ensures a discrimination-free working environment, in line with our corporate policy, through resolving any issues in a fair and timely manner. We do not tolerate any forms of discrimination, including gender, age, physical characteristics, race, religion, political beliefs, social status, and disability.

Whistle-blowing

In line with good corporate governance, we encourage all employees and stakeholders to report inappropriate behavior or misconduct relating to fraud, corrupt practices, abuse and/or bribery involving the company's resources. To this end, we have established a Whistleblowing Policy and Procedure which is used as the ultimate solution should every other means fail to address the problems. This policy is made known to all staff.

An individual can choose to make a report anonymously or identify himself/herself. All reports received are treated with the highest confidentiality. The whistleblower will be subjected to the provisions under the relevant whistleblower protection legislation in the respective country the impropriety arises.

An investigation will be carried out after a report. The findings will be presented to either the Audit Committee or the Board as the case may be. If need be, the matter will be referred to the Authorities.

4. RISK MANAGEMENT

Mulpha's strategies and plans have been developed and continue to evolve keeping in mind the need to mitigate major risks, encompassing environmental, social risks in addition to economic risks that could affect our business.

Risks that we take into consideration and address include:

- Financial risks;
- Supply chain;
- Human capital;
- Employees rights;
- Environmental risks;
- Natural resources;
- Climate change;
- Regulations related to property and construction.

In order to address these risks we have regular reviews and situational analyses to monitor and strategise options for mitigating as well as adapting to such risks. This has enabled to weather situations such as adverse climate conditions, global economic crises and pay close attention towards Group efforts in local environmental and waste management, resource management, corporate social responsibility and stakeholder engagement.

5. STAKEHOLDER ENGAGEMENT

At the core of our business and sustainability strategies is our commitment to engage with our stakeholders in all aspects of our local and global activities and programmes. We strive to strengthen our involvement with our stakeholders for our mutual growth and sustainability, and this is reflected in our reporting.

Our key stakeholders include those from within the Group as well outside of the Group. They include those that either significantly impact or influence the behavior and performance of our organization, namely:

Internal Stakeholders	External Stakeholders
Employees Investors	Government Communities Customers Suppliers

The table below outlines our stakeholder engagement approach for our key stakeholders.

Stakeholder Group	Engagement Approach	Frequency	Engagement Focus / Objectives
Employees	• Benefits and compensation • Employee dialogue • Employee satisfaction surveys	• Annually • Annually • Annually	• Employee empowerment • Employee motivation • Workplace efficiency
Customers/ Tenants/ Residents	• Quality delivery • Workmanship and design • Facilities management • Satisfaction surveys • Events and engagement programmes	• At project completion • Project cycle • Daily • Annually • Annually	• Improved customer experience • Building Relationships • Increased Operational efficiency
Shareholders/ Investors/ Analysts	• Annual general meetings • Financial results and announcements • Quarterly reports	• Annually • Quarterly • Quarterly	• Operational efficiency • ESG risks and opportunities • Transparency • High-quality assets
Communities	• Local partnerships • Involvement in the community • Infrastructure improvements • Job opportunities • Community events • Donations and sponsorships	• Ad-hoc • Annually	• Community involvement • Community support • Community relationships • Community resources
Government	• Compliance reporting • Sustainable building developments • Regular meetings especially during approval processes	• Annually • Ad-hoc • Regular	• Compliance • Collaborations
Supply chain	• One-to-one meetings • Supplier briefings • Supplier evaluations including events, meetings and training programmes	• Ad-hoc	• Business relationships • Development opportunities • Supply and service efficiencies

6. MATERIALITY ANALYSIS

Mulpha's materiality analysis takes into account the issues and concerns of our key stakeholders, and these have been incorporated into our sustainability strategies. Conversely these material issues and relevant sustainability information can be accessed by our stakeholders to also support their sustainability journey.

We conduct regular global materiality assessments that evaluate the existing local and international sustainability frameworks, standards and ratings that interest our key stakeholder groups. At the same time our engagement efforts and impacts on our stakeholders and business are reviewed, enabling us to make more strategic business decisions, prioritising on focus areas, for sustainability in the long-run.

Material issues identified

Sector	Material issue
Marketplace	Quality Products/Services Customer satisfaction Customer privacy Managing risks Buying local Business Ethics
Workplace	Employee Benefits Occupational Safety and Health (OSH) Responsible operations Employee engagement
Community	Building communities
Environment	Biodiversity Energy Water Waste Green building

Materiality, as a critical component of our corporate sustainability strategy, helps us provide stakeholders with sustainability information that is relevant to them. A global materiality assessment is conducted regularly to:

- Evaluate local and international sustainability frameworks, standards and ratings that represent the interests of our key stakeholder groups;
- Review the outcomes of stakeholder engagement efforts on sustainability issues; and
- Gather feedback from senior management to clearly understand their points of view on issues relevant to their respective areas.

This process delivers a list of material aspects that guide us in making sustainable business decisions and strategies and identifying areas of focus.

Understanding and prioritising key impacts, risks and opportunities is an ongoing process. In reviewing and analysing our material issues regularly, we are currently focused on the following priority issues:

Product quality

Responsible operations

OSH compliance

Training

Employee benefits

Managing risks

Customer satisfaction

Customer privacy

Business ethics

Career development

Energy

Water

Waste

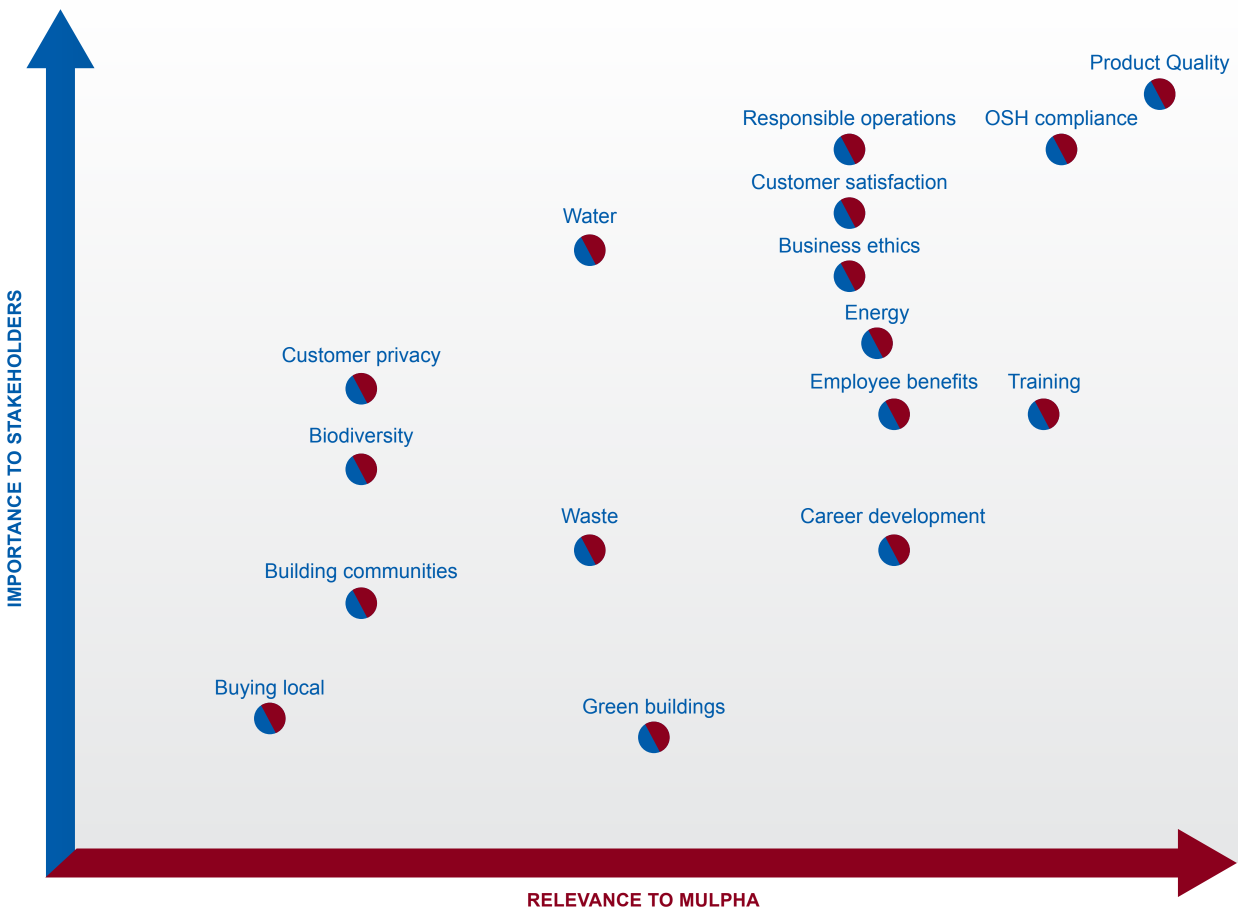
Biodiversity

Green buildings

Building communities

Buying local

The following materiality matrix displays the extent of the relevance of these material issues to Mulpha and their importance to our stakeholders, ranging from the most significant Product Quality (attract and maintain loyal customers, improve portfolio, adhere to product standards and compliance, sustain performance, increase revenue and profitability) to Buying Local (benefit our local vendors, reduce our carbon footprint, reduce foreign currency transactions, and reduce costs)



7. ECONOMY

Mulpha's strategic sustainability management concepts guide our project planning, development and execution. In an ever-changing dynamic business landscape, the Group balances commercial viability with managing the environment for its development projects to enhance its sustainability. Our current investments in the infrastructure, hospitality, real estate and education sectors serve to create long-term value for each respective industry.

For example, in Johor, Malaysia, the Group has participated in construction of the Coastal Highway Southern Link (completed at the end of 2017) and the Gerbang Interchange (scheduled to complete in 2020). These projects will contribute towards infrastructure development in the state of Johor. This will result in improved connectivity for Leisure Farm Resort in Iskandar Johor, and its environs, including local communities and surrounding developments. This will also raise the economic status and value of local developmental and commercial activities.

Buying Local

At Mulpha we continue to use locally-sourced materials as far as possible for our building construction, while ensuring the quality of the final delivered product. At the same time we work with local and regional contractors, suppliers, manufacturers, collaborating with local businesses that are familiar with local regulatory requirements. Buying local besides reducing costs also decreases our carbon footprint and increases the economic benefits of the supply chain.

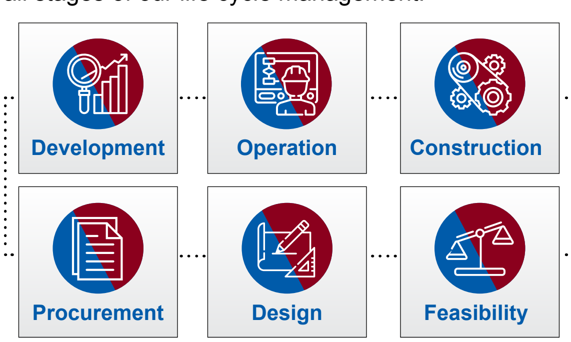
Our Supply Chain

Our operational efficiency continues to benefit from economies of scale from the integration of sustainability elements into our operations and along our supply chain. We require our direct suppliers to abide by environmental and labour laws of the countries in which we operate. In choosing our suppliers our preference would be for those that are able to show competence, capability, environmental and social responsibility. Contract agreements with suppliers specify that they meet environmental requirements, such as material usage and management of wastes, with inclusion of health and safety clauses. In this way we promote environmental stewardship along the supply chain.

8. ENVIRONMENT

As a real estate investor and developer, Mulpha is committed towards minimising environmental impacts from its activities and operations. We strive to reduce our environmental footprint through innovations for the greening of our buildings and properties as well as value creation for customers and other stakeholders.

We consider environmental sustainability aspects into all stages of our life cycle management:



Sustainable design

Mulpha's homes are designed according to its SEEDS philosophy, is namely Sustainability, Energy, Environment, Design and Security. In this way, not only do we look at minimizing environmental impacts, but also provide more cost-effective and operationally efficient housing for our customers. We thus are in a position to promote the principles and concepts of Green Buildings in our future portfolios.

Compliance

Mulpha requires that all our contractors must comply with:

The Malaysian Environmental Quality Act 1974	**The Australian Environmental Protection Act 1994**

and all relevant regulatory and legislative documents issued such as regulations and policies on water, air and noise.

Biodiversity

We ensure the preservation of trees as far as possible in our landscaping activities. This has resulted in transplanting of trees from Leisure Farm Resort to other parks. Undeveloped land can be a cause for concern due to nuisance insects breeding, such as mosquitoes, and other pests. These are monitored by Mulpha for the health and safety of the communities in such areas.

Leisure Farm Resort has maintained its extensive green spaces that cover more than 24% of the site area. These areas consist of parks, camping grounds as well as fruit and vegetable orchards that promote a greener lifestyle for residents, local communities and visitors. Trees shade 74% of hardscape areas and 20% of green spaces. Also, canals and ponds occupy 15% of open space.

Sanctuary Cove Marina in Australia has maintained its International Clean Marina Level 4 Accreditation, and continues to support the Marine Industries International Environmental Clean Marina Programme. Sanctuary Cove currently has a kangaroo population in excess of 350 animals. This habitat is managed with the community of Sanctuary Cove.

Waste Management

Mulpha's corporate culture looks towards the minimization of materials consumption, whilst maximizing recycling.

At Leisure Farm's Residensi Bayou, we uphold the development design specifications for the usage of 20% recycled content materials and 30% of regional materials, by cost. In 2018 a waste recycling initiative was the placement of a yellow recycling bin at the Club House. A further initiative has been the adoption of the Green Building Index for our building and operations specifications. This will reduce wastage of materials and promote the usage of more green, environmental-friendly materials.

We had set up a compost system at Leisure Farm that converts plant wastes such as tree branches and dry leaves into fertilizer for application in Leisure Farm.

Transport House in Australia had proposed a waste management plan to reduce the amount of general waste ending up on the landfill, with a disposal price of more than AUD1 per kg. This would reduce the overall costs of waste management and also reduce the environmental footprint of the operation. The waste management system is based on 3 main waste types:

- General Waste – Mixed rubbish containing contaminated recyclables, un-recyclable materials and other types of waste material;
- Cardboard and Paper Recycling;
- Commingled Recycling – Aluminum Cans and plastic bottles.

Our initial aim is to reduce the general waste by around 60% in the first year.

Energy Management

The consumption of fuel and electricity is linked to its contribution to climate change. Mulpha, in managing its risks towards climate change, has initiated the following in 2018.

- Monitoring of electricity usage at all Mulpha Hotel, Australia, beginning December 2018.
- As an energy efficiency initiative, the installation of solar panels for water heaters at project Residensi Bayou has been promoted at Leisure Farm.

Water Management

The cost of water supply is not significant in Malaysia, but is significant in Australia, and can be viewed as a significant environmental resource. Therefore initiatives for more efficient water usage and water-saving features are continually introduced in projects both in Malaysia and Australia.

A number of water reduction initiatives have also been implemented. In Malaysia, rain water harvesting systems have been installed for our latest project, Residensi Bayou, and our various villa projects. Further, creek water is used a source of water for maintenance of watering plants and trees at Leisure Farm.

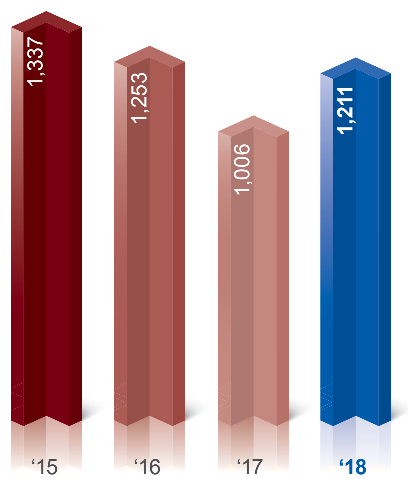
Air Emissions Management

Mulpha is conscious of the adverse effects of ozone depletion, especially in Australia, which is highly susceptible to the impact of the thinning ozone layer, which has been linked to higher risk of skin damage. In view of this we have phased out the use of the ozone depleting gas HCFC-22 in the air conditioning units of our properties. Air conditioning units at Norwest Marketown Shopping Centre were replaced from the use of R-22 gas to 410A gas. 410A is a more efficient refrigerant and does not contain Freon (contained in R-22, which is ozone depleting and carcinogenic).

9. PEOPLE

At Mulpha, we do not just provide a job, we provide careers; and hence employees are a critical component of our business. Each employee has a specific role to accomplish in order to ensure that Mulpha performs at its optimum. As such, we sought those who share our vision and goals. Once they are a part of the Mulpha family, we provide all the necessary training, tools, coaching and skills development for them to help them to be the best they can. They are presented with a variety of opportunities and challenges to keep them motivated and to grow from strength to strength.

TOTAL NO. OF EMPLOYEEES

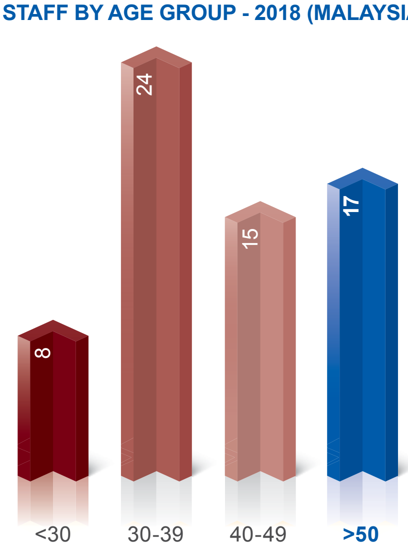


The above chart reflects our total employees both in Malaysia and Australia. For the past 3 years, we have been streamlining our operations; hence the reduction in the number of headcount. Although there is an increase in headcount in 2018, 21% of these are contract workers.

In our Malaysian operations, we have a total of 64 staff. Due to privacy restrictions in Australia, we are unable to publish the following equivalent statistics for our Australian office.

The following is a breakdown of our personnel by age group.

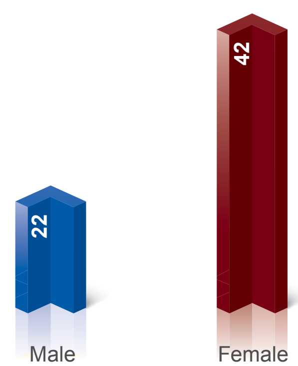
STAFF BY AGE GROUP - 2018 (MALAYSIA)



Our staff is well balanced between the younger generation and the more mature staff. More than 25% of our staff is aged 50 and above. We appreciate them as they serve to guide the younger employees with their experience and knowledge. In this manner, we can ensure that the corporate culture will carry on and the high standards that we are known for will continue.

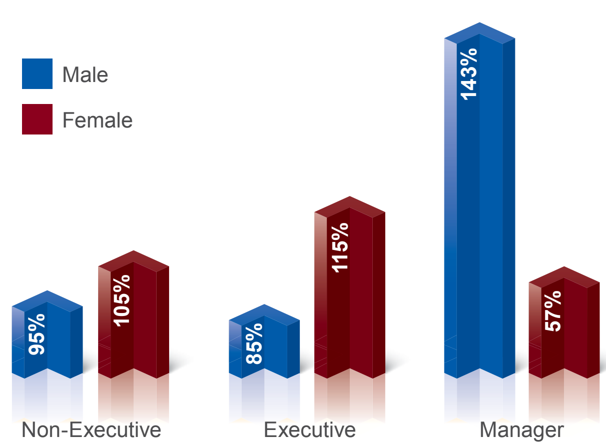
The following chart demonstrates our employee mix by gender. Mulpha prides itself on being an equal opportunities employer, candidates are assessed based on their capabilities, qualifications, and integrity.

STAFF BY GENDER - 2018 (MALAYSIA)



We believe that as a result of a larger female employee population in Mulpha Malaysia, the salary comparison between male and female staff is skewed in favour of the females for the non-executive and executive levels. As for the managerial levels, there is a big difference in favour of the males as the senior management is predominantly male.

AVG. SALARY COMPARISON BY GENDER - 2018 (MALAYSIA)



Staff Engagement

We engage our staff through various ways, some formally while others are on an informal basis.

Formal Channels

A Performance Appraisal Annual Review is conducted for all staff whereby the employee work performance is reviewed against the specified criteria. Following a discussion, a plan made on how and where improvements can be made in order for them to achieve their full potential and more. Together with their managers, the staff will jointly set the Key Result Areas for the following year.

Informal Channels

Employees are encouraged to attend casual gatherings such as weekly evening refreshments, morning tea as well as festive celebrations. These gatherings serve to create bonding with one another and thus help to create better team work. Additionally, employees are encouraged to initiate departmental activities and gatherings.

- **Staff Benefits**

Mulpha offers competitive staff benefits and they include:

Health coverage	Employee service awards
Dental coverage	Education assistance
Insurance	Study Leave
Travel allowance	Employee discounts
Professional Society Membership	Maternity and Paternity Leave

- **Training**

We believe that employees should all be given proper training in order for them to perform their jobs effectively. It is mandatory for all new staff to attend an induction programme as well as work health and safety training.

Aside from classroom training, we believe that conferences and dialogues are excellent platforms to pick up skills and knowledge as well. In 2018, 20% of our staff received functional training at an average cost of RM810 spent per person. Out of those who received training, 38% of them received training more than once in 2018. For the future, we will be looking to expand our training to include leadership and soft skills conducted in-house and professionally.

- **Workplace Health & Safety**

Our employees, residents, visitors, and students' health and safety are of paramount importance to us at all of our locations and we are committed to protecting that. To this end, we have in place our Workplace Health & Safety Policy which will be continuously monitored, audited and review to ensure that it remain effective.

We have an all-encompassing contractor management policy and procedure listing all mandatory safety requirements which our contractors must adhere to.

Through our Workplace Health & Safety Policy, we are committed to:

- Comply with all applicable health and safety laws, regulations & standards;
- Provide safe plant and equipment;
- Implement risk and hazard management systems which are relevant and suitable for the organisation's risk exposure as well as identify, promote and continuously improve health and safety performance;

- Ensure all managers remain directly responsible and accountable for health, safety and welfare of their staff and to provide adequate resources to assist managers in this cause;
- Maintain relevant policies, procedures, systems, information, training and organizational structures to support and communicate effective health and safety practices throughout the Group;
- Utilise appropriate internal and/or external expertise when required in all related activities;
- Establish clear targets and objectives to improve health and safety in the workplace;
- Disseminate effectively health and safety information to all employees as part of each business unit's consultative process including via forums and publications;
- Maintain a positive safety culture through encouraging the active participation, consultation and cooperation of all employees, contractors and visitors in promoting and developing measures to improve health and safety at work; and
- Respond actively to and investigate all incidents and ensure injured employees are returned to suitable work at the earliest possible opportunity through equitable claims management and rehabilitation practices.

10. SOCIAL

"Charity begins at home" is our philosophy for contributions back to society. Thus, most of our Corporate Social Responsibilities activities have been targeted at our own communities which we have created.

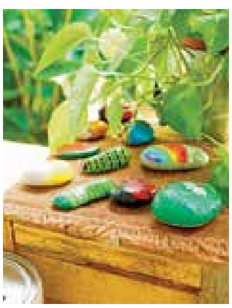
FUND RAISING

In collaboration with the Jolly Wallabies Cricket team, the Jolly Wallabies Cricket Tournament was held on 13th October 2018 in aid of the Malaysian Deaf & Dumb Karate team. To enhance the event, we organized a fund raising dinner. The event was a success and we managed to raised RM17,000. We are happy to be able to contribute in a small way to keep the karate team motivated to continue in their pursuit of sporting glory not only for themselves but for the country as well

CUSTOMER ENGAGEMENT

Cultural Events

Cultural activities are organised for our residents at Leisure Farm Resort, Johor for occasions such as Christmas and Chinese New Year. Bazaars, Lion Dance and Drum Performances were carried out to celebrate these events. In line with keeping our residents engaged, activities such as horse riding, calligraphy, clay animal art, 3D paper cutting and Junior Lion Dance workshops, cookie decorations, soap making, Christmas cards making are held for both adults and children.



Social Events

The Leisure Farm Resort resident's committee together with our Sustainability Squad launched our inaugural Farmer's Market in June 2018. This successful event served to encourage everyone to lead a greener, healthier lifestyle through implementing zero plastic-bags, offering products such as organic vegetables, home-grown herbs and plants, recycled toys and bags and handmade soaps.

In addition to products for sales, talks and demonstrations were held as well for the participants. To top it all, charity activities were conducted as well with the recipients being the orang asli students of the local school, SK Ladang Pendas, an organisation which supports orphanages around Johor Bahru as well as the World Wildlife Fund.

Aside from the Farmer's Market, we collaborated with De'Feel Art Market to host an Arts Market whereby a Live Painting demonstration was conducted by TJILI, whose works are critically acclaimed and recognised globally. TJILI is a talented young artist with cerebral palsy which resulted in her not able to hear nor speak.

At the Arts Market, various performances such as zumba, belly, modern and contemporary dancing were featured. As with our other events, activities and workshops were planned for both young and old to provide an opportunity for social interaction and learning.

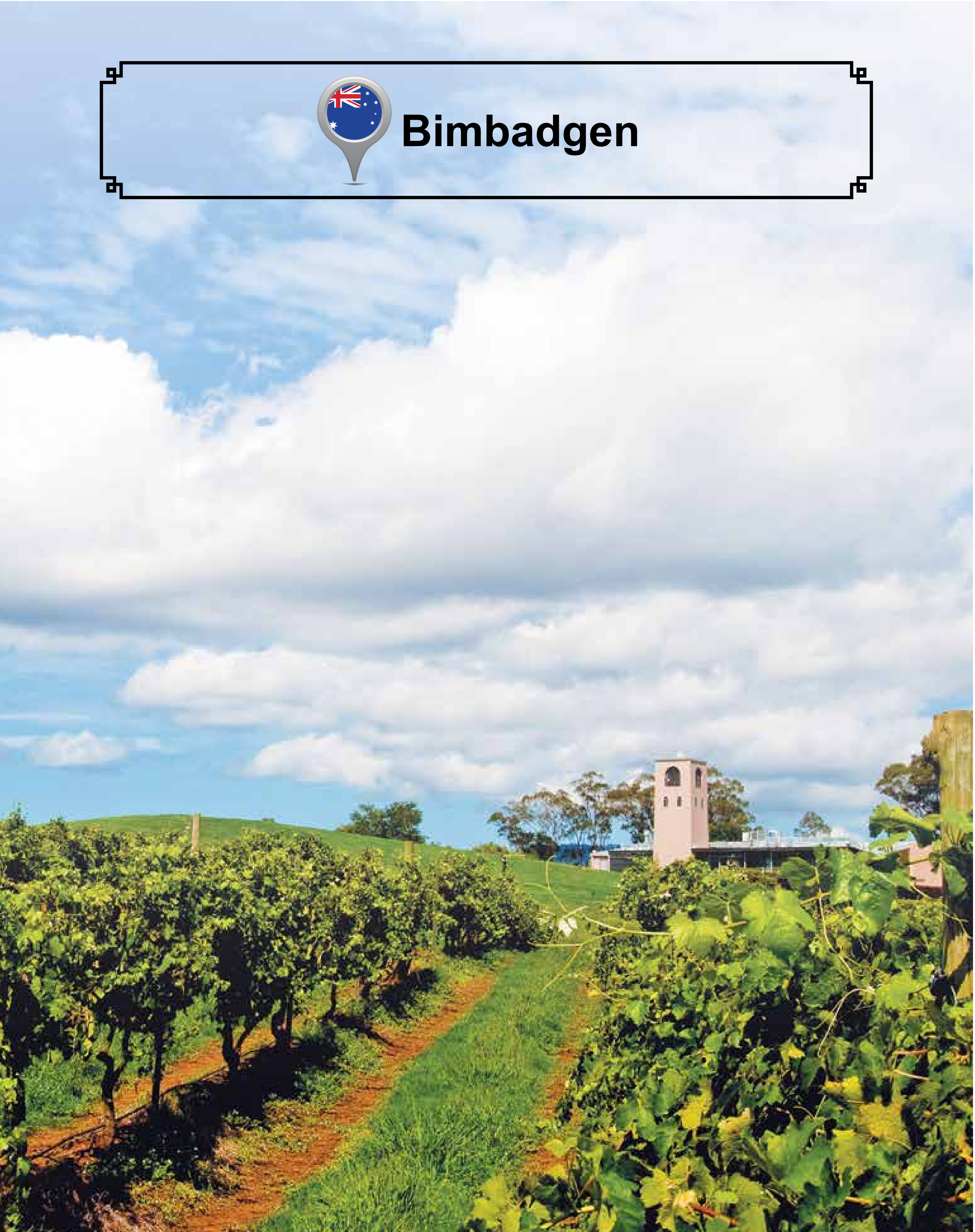
Sporting Events

The English Football School Junior Tournament 2018 was held on 7th October 2018 at Bale Club, Leisure Farm. The English Football School (EFS) students of Malaysia and Singapore participated in the tournament. Besides having fun, this event presented the students the opportunity to forge new friendships and to enhance their social integration skills. A total of RM3,070 was collected at this event which were donated to the Calicut Orphanage in Kerala, India.

Located high on a hill in Pokolbin, at the heart of the Hunter Valley wine region is Bimbadgen, a winery adorned with visionary architecture and a majestic bell tower, the iconic image of the 'Bimbadgen' brand.

A great exemplary of fine dining in the Hunter Valley, Esca Bimbadgen embodies the unique nature of a winery restaurant. The restaurant has won two awards at the 2018 National Savour Australia Restaurant & Catering Hostplus Awards for Excellence. Additionally, it has been recognised for the second consecutive year as Australia's best National Restaurant in a winery. Esca is also proud to be labelled 2019's best National Tourism Restaurant.

Bimbadgen



FINANCIAL STATEMENTS

DIRECTORS' REPORT

for the year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is not a subsidiary of any corporation, which is regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	235,699	107,313
Non-controlling interests	30	–
	235,729	**107,313**

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

Dividends

The Board of Directors had on 16 November 2018 and 6 December 2018 announced the proposed Dividend-In-Specie which involves the distribution of up to 90,327,000 shares in Mudajaya Group Berhad ("Mudajaya Shares"), representing approximately 15.31% equity interest in Mudajaya (excluding treasury shares), on the basis of 1 Mudajaya Share for every 3.537 shares held in Mulpha International Bhd. ("Mulpha") or the Company, to the shareholders of the Company, whose names appear in the Record of Depositors of the Company on the entitlement date of 26 December 2018.

The distribution of Dividend-In-Specie was completed on 18 January 2019 with the distribution of 89,884,299 Mudajaya Shares and entitled shareholders of Mulpha who hold less than 354 the Mulpha shares, have received cash of RM0.38 per Mudajaya Share in lieu of the actual number of Mudajaya Shares that they would otherwise be entitled to receive under the Dividend-In-Specie.

DIRECTORS' REPORT (cont'd)
for the year ended 31 December 2018

Directors of the Company

Directors who served during the financial year until the date of this report are:

Lee Seng Huang
Lee Eng Leong
Chew Hoy Ping
Dato' Yusli bin Mohamed Yusoff
Loong Caesar
Kong Wah Sang (retired on 7.6.2018)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' interests in shares

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
The Company	**At 1.1.2018**	**Acquired**	**Sold**	**At 31.12.2018**
Direct interest				
Lee Seng Huang	12,000,000	–	–	12,000,000
Deemed interest				
Lee Seng Huang	143,650,108	–	–	143,650,108

By virtue of Lee Seng Huang's substantial interest in the shares of the Company, he is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2018 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 36 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (cont'd)

for the year ended 31 December 2018

Issue of shares and debentures

There were no changes in the issued share capital of the Company during the financial year.

There were no debentures issued during the financial year.

Treasury shares

There were no changes in the treasury shares of the Company during the financial year. As at 31 December 2018, the treasury shares of the Company stands at 152,210 and the total number of ordinary shares in issue (inclusive of treasury shares) is 319,618,640.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of sum insured and premium paid for Directors and officers of the Group are RM64,430,000 and RM196,546 respectively. There is no indemnity and insurance purchased for the auditors of the Group and of the Company.

Qualification of subsidiaries' financial statements

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (cont'd)

for the year ended 31 December 2018

Other statutory information (cont'd)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

The subsequent event is as disclosed in Note 38 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang
Director

Lee Eng Leong
Director

Date: 4 April 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**1,068,355**	955,760	**85**	6
Investment properties	4	**1,104,808**	941,078	**–**	–
Investments in subsidiaries	5	**–**	–	**1,618,735**	1,477,555
Investments in associates	6	**1,475,785**	1,427,056	**15,622**	15,622
Investments in joint ventures	7	**18,398**	20,217	**–**	–
Investment securities	8	**1,205**	328,667	**1,198**	1,043
Other investments	9	**5,084**	5,080	**5,055**	5,051
Goodwill	10	**2,708**	2,725	**–**	–
Inventories	11	**629,009**	665,651	**–**	–
Trade and other receivables	12	**31,645**	10,189	**276,188**	305,161
Other non-current assets	13	**12,807**	8,431	**–**	–
Deferred tax assets	14	**12,935**	12,935	**–**	–
Total non-current assets		**4,362,739**	4,377,789	**1,916,883**	1,804,438
Inventories	11	**752,435**	714,622	**–**	–
Contract assets	22	**573**	–	**–**	–
Trade and other receivables	12	**324,073**	259,652	**440,861**	443,011
Other current assets	15	**29,402**	17,705	**46**	10
Investment securities	8	**251,189**	3,167	**–**	–
Current tax assets		**8,842**	1,278	**126**	126
Cash and cash equivalents	17	**150,570**	488,350	**24**	4,470
		1,517,084	1,484,774	**441,057**	447,617
Assets classified as held for distribution	16	**31,460**	–	**31,460**	–
Total current assets		**1,548,544**	1,484,774	**472,517**	447,617
Total assets		**5,911,283**	5,862,563	**2,389,400**	2,252,055

STATEMENTS OF FINANCIAL POSITION (cont'd)

as at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Equity					
Share capital	18	**2,037,459**	2,037,459	**2,037,459**	2,037,459
Treasury shares	18	**(318)**	(318)	**(318)**	(318)
Reserves	19	**33,595**	301,868	**(393)**	107
Retained earnings		**1,186,024**	976,043	**239,129**	163,438
Total equity attributable to owners of the Company		**3,256,760**	3,315,052	**2,275,877**	2,200,686
Non-controlling interests		**(81)**	(120)	**–**	–
Total equity		**3,256,679**	3,314,932	**2,275,877**	2,200,686
Liabilities					
Loans and borrowings	20	**1,408,625**	1,313,718	**–**	–
Trade and other payables	21	**32,174**	1,923	**–**	–
Provision for liabilities	23	**5,696**	3,429	**–**	–
Deferred tax liabilities	14	**125,942**	41,140	**–**	–
Total non-current liabilities		**1,572,437**	1,360,210	**–**	–
Loans and borrowings	20	**845,105**	827,795	**77,452**	49,732
Trade and other payables	21	**192,651**	227,174	**36,071**	1,637
Contract liabilities	22	**19,241**	–	**–**	–
Current tax liabilities		**1,127**	19,475	**–**	–
Provision for liabilities	23	**24,043**	112,977	**–**	–
Total current liabilities		**1,082,167**	1,187,421	**113,523**	51,369
Total liabilities		**2,654,604**	2,547,631	**113,523**	51,369
Total equity and liabilities		**5,911,283**	5,862,563	**2,389,400**	2,252,055

The notes on pages 84 to 185 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations					
Revenue	24	**784,904**	1,170,015	**135,119**	35,178
Other income	25	**159,812**	544,534	**18,462**	25,451
Land and property development costs		**(125,576)**	(285,025)	**–**	–
Finished goods and services rendered		**(86,909)**	(102,986)	**–**	–
Employee benefits expenses		**(252,344)**	(291,027)	**(1,267)**	(994)
Depreciation		**(38,614)**	(73,138)	**(24)**	(5)
Other expenses		**(221,830)**	(643,418)	**(41,631)**	(51,349)
Results from operating activities		**219,443**	318,955	**110,659**	8,281
Finance costs	27	**(90,896)**	(99,732)	**(3,310)**	(3,590)
Share of profit of associates		**180,052**	214,035	**–**	–
Share of profit of joint ventures		**15**	18,957	**–**	–
Profit before tax	26	**308,614**	452,215	**107,349**	4,691
Tax expense	28	**(72,885)**	(83,026)	**(36)**	–
Profit for the year		**235,729**	369,189	**107,313**	4,691
Other comprehensive (expense)/income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment arising from business combination		**2,293**	–	**–**	–
Net change in fair value of equity investments designated at fair value through other comprehensive income		**(52,405)**	–	**(500)**	–
		(50,112)	–	**(500)**	–
Items that are or may be reclassified subsequently to profit or loss					
Fair value movement of available-for-sale financial assets		**–**	2,747	**–**	–
Foreign currency translation differences for foreign operations		**(214,780)**	(37,662)	**–**	–
Share of other comprehensive (expense)/income of associates		**(3,372)**	3,094	**–**	–
		(218,152)	(31,821)	**–**	–
Other comprehensive expense for the year		**(268,264)**	(31,821)	**(500)**	–
Other comprehensive (expense)/income for the year		**(32,535)**	337,368	**106,813**	4,691

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit attributable to:					
Owners of the Company		**235,699**	369,315	**107,313**	4,691
Non-controlling interests		**30**	(126)	**–**	–
Profit for the year		**235,729**	369,189	**107,313**	4,691
Total comprehensive (expense)/income attributable to:					
Owners of the Company		**(32,574)**	337,488	**106,813**	4,691
Non-controlling interests		**39**	(120)	**–**	–
Total comprehensive (expense)/income attributable to:		**(32,535)**	337,368	**106,813**	4,691
Earnings per ordinary share (sen)	29	**73.78**	115.60		

The notes on pages 84 to 185 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Attributable to owners of the Company										
	Non-distributable							Distributable			
Group	**Share capital RM'000**	**Share premium RM'000**	**Exchange reserve RM'000**	**Capital reserve RM'000**	**Revaluation reserve RM'000**	**Other reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2017	1,598,096	217,861	278,684	215,037	66,252	(12,547)	(266)	614,499	2,977,616	–	2,977,616
Fair value movement of available -for-sale financial assets	–	–	–	–	–	2,747	–	–	2,747	–	2,747
Foreign currency translation differences for foreign operations	–	–	(37,668)	–	–	–	–	–	(37,668)	6	(37,662)
Share of other comprehensive income of associates	–	–	3,094	–	–	–	–	–	3,094	–	3,094
Total other comprehensive (expense)/income for the year	–	–	(34,574)	–	–	2,747	–	–	(31,827)	6	(31,821)
Profit for the year	–	–	–	–	–	–	–	369,315	369,315	(126)	369,189
Total comprehensive (expense)/ income for the year	–	–	(34,574)	–	–	2,747	–	369,315	337,488	(120)	337,368
Purchase of treasury shares	–	–	–	–	–	–	(52)	–	(52)	–	(52)
Reclassification	–	–	1,306	6,465	–	–	–	(7,771)	–	–	–
Total transactions with owners of the Company	–	–	1,306	6,465	–	–	(52)	(7,771)	(52)	–	(52)
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016	439,363	(217,861)	–	(221,502)	–	–	–	–	–	–	–
At 31 December 2017	2,037,459	–	245,416	–	66,252	(9,800)	(318)	976,043	3,315,052	(120)	3,314,932
	Note 18	**Note 18**	**Note 19**	**Note 19**	**Note 19**	**Note 19**	**Note 18**				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

for the year ended 31 December 2018

	Attributable to owners of the Company									
	Non-distributable						Distributable			
Group	Share capital RM'000	Exchange reserve RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018, as previously reported	2,037,459	245,416	–	66,252	(9,800)	(318)	976,043	3,315,052	(120)	3,314,932
Impact of change in accounting policy (see Note 40)	–	–	–	–	–	–	5,904	5,904	–	5,904
Adjusted balance at 1 January 2018	2,037,459	245,416	–	66,252	(9,800)	(318)	981,947	3,320,956	(120)	3,320,836
Net change in fair value of equity investments designated at FVOCI	–	–	–	–	(52,405)	–	–	(52,405)	–	(52,405)
Foreign currency translation differences for foreign operations	–	(214,789)	–	–	–	–	–	(214,789)	9	(214,780)
Share of other comprehensive income of associates	–	(3,372)	–	–	–	–	–	(3,372)	–	(3,372)
Revaluation of property, plant and equipment	–	–	–	2,293	–	–	–	2,293	–	2,293
Total other comprehensive (expense)/ income for the year	–	(218,161)	–	2,293	(52,405)	–	–	(268,273)	9	(268,264)
Profit for the year	–	–	–	–	–	–	235,699	235,699	30	235,729
Total comprehensive (expense)/ income for the year	–	(218,161)	–	2,293	(52,405)	–	235,699	(32,574)	39	(32,535)
Dividend payable to owners of the Company	–	–	–	–	–	–	(31,622)	(31,622)	–	(31,622)
Total transactions with owners of the Company	–	–	–	–	–	–	(31,622)	(31,622)	–	(31,622)
At 31 December 2018	2,037,459	27,255	–	68,545	(62,205)	(318)	1,186,024	3,256,760	(81)	3,256,679
	Note 18	**Note 19**	**Note 19**	**Note 19**	**Note 19**	**Note 18**				

The notes on pages 84 to 185 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

Company	Non-distributable: Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2017	1,598,096	217,861	221,502	107	(266)	158,747	2,196,047
Profit and total comprehensive income for the year	–	–	–	–	–	4,691	4,691
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016	439,363	(217,861)	(221,502)	–	–	–	–
Purchase of treasury shares	–	–	–	–	(52)	–	(52)
At 31 December 2017/1 January 2018	2,037,459	–	–	107	(318)	163,438	2,200,686
Profit and total comprehensive income for the year	–	–	–	–	–	107,313	107,313
Net change in fair value of equity investments designated at FVOCI	–	–	–	(500)	–	–	(500)
Dividend payable to owners of the Company	–	–	–	–	–	(31,622)	(31,622)
At 31 December 2018	2,037,459	–	–	(393)	(318)	239,129	2,275,877
	Note 18	**Note 18**	**Note 19**	**Note 19**	**Note 18**		

The notes on pages 84 to 185 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		**308,614**	452,215	**107,349**	4,691
Adjustments for:					
Bad debts recovered		**–**	(13)	**–**	–
Bad debts written off		**–**	61	**–**	–
Dividend income		**(122)**	(138)	**(135,119)**	(35,178)
Change in fair value of investment properties	4	**(35,174)**	(152,346)	**–**	–
Fair value loss/(gain) on financial assets at fair value through profit or loss		**832**	(588)	**–**	–
Gain on disposal of investment securities		**–**	(924)	**–**	–
Gain on partial disposal of an associate		**–**	(25)	**–**	(25)
Gain on disposal of investment properties		**–**	(2,325)	**–**	–
Impairment loss on financial assets:					
- Investment securities		**104**	–	**–**	–
- Trade and other receivables		**102**	1,190	**–**	–
Interest income		**(19,840)**	(23,510)	**(18,387)**	(24,525)
Interest expense		**90,896**	99,732	**3,310**	3,590
Inventories written down		**113**	81,083	**–**	–
Impairment loss on investments in subsidiaries	5	**–**	–	**4,882**	1,262
Net unrealised foreign exchange (gain)/loss		**(69)**	422	**27,745**	(900)
Property, plant and equipment:					
- Depreciation	3	**38,614**	73,138	**24**	5
- Written off		**883**	29,919	**–**	–
- (Gain)/loss on disposal		**(161)**	230	**(74)**	–
- Impairment loss	3	**68,065**	133,152	**–**	–
Provision for foreseeable loss on inventories		**–**	2,296	**–**	–
Provision for foreseeable loss on contract		**–**	1,411	**–**	–
(Reversal of)/Provision for repairs		**(77,762)**	98,338	**–**	–
Provision for staff benefits	23	**23,733**	20,237	**–**	–
Reversal of impairment loss on:					
- Investments securities		**–**	(68)	**–**	–
- Trade and other receivables		**–**	(165)	**–**	–
Share of profit of associates	6	**(180,052)**	(214,035)	**–**	–
Share of profit of joint ventures	7	**(15)**	(18,957)	**–**	–
Operating profit/(loss) before changes in working capital		**218,761**	580,330	**(10,270)**	(51,080)
Inventories		**(62,647)**	(18,790)	**–**	–
Contract assets		**(573)**	–	**–**	–
Receivables		**(44,283)**	(20,052)	**(36)**	118
Other current assets		**(43,730)**	267	**–**	–
Other non-current assets		**(27,667)**	(96)	**–**	–
Payables		**(69,856)**	(86,776)	**(119)**	(303)
Contract liabilities		**19,241**	–	**–**	–
Other non-current liabilities		**30,403**	(1,063)	**–**	–
Intercompany balances		**–**	–	**112,403**	896,859

STATEMENTS OF CASH FLOWS (cont'd)

for the year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash generated from operations		**19,649**	453,820	**101,978**	845,594
Interest paid		**(94,485)**	(100,497)	**(3,310)**	(3,590)
Interest received		**20,130**	23,510	**18,387**	24,525
Income tax (paid)/refunded		**(7,753)**	662	**(36)**	679
Staff benefits paid		**(14,329)**	(19,140)	**–**	–
Net cash (used in)/from operating activities		**(76,788)**	358,355	**117,019**	867,208
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(268,879)**	(64,404)	**(104)**	–
Acquisition of other investments		**(4)**	–	**(4)**	–
Acquisition of investment properties	4	**(191,065)**	–	–	–
Acquisition of joint venture	7	**(100)**	–	–	–
Acquisition of business	3	**(12,080)**	–	–	–
Proceeds from disposal of:					
- Property, plant and equipment		**321**	5,074	**75**	–
- Investment securities		**–**	10,979	**–**	–
- Investment properties		**–**	4,696	**–**	–
Proceeds from disposal of associates		**–**	59	**–**	59
Capital expenditure of investment properties	4	**(9,840)**	(1,649)	**–**	–
Additional investments in subsidiaries	5(a)	**–**	–	**(146,062)**	(880,000)
Additional investments in securities		**–**	–	**(32,115)**	–
Additional investments in associates		**(56,136)**	(50,192)	**–**	–
Capital return from an associate		**14,742**	–	**–**	–
Dividend received		**122**	138	**29,025**	1,170
Dividend received from associates and joint ventures		**66,512**	53,229	**–**	–
Net cash used in investing activities		**(456,407)**	(42,070)	**(149,185)**	(878,771)
Cash flows from financing activities					
Purchase of treasury shares		**–**	(52)	**–**	(52)
Payment of finance lease liabilities		**(21)**	(90)	**–**	–
Withdrawal/(Placement) of pledged deposits		**78,785**	(94,580)	**–**	–
Net drawdown/(repayment) of borrowings		**254,277**	(211,452)	**26,656**	(26,150)
Net cash from/(used in) financing activities		**333,041**	(306,174)	**26,656**	(26,202)
Net (decrease)/increase in cash and cash equivalents		**(200,154)**	10,111	**(5,510)**	(37,765)
Effect of exchange rate fluctuations on cash held		**(59,654)**	18,222	**–**	–
Cash and cash equivalents at 1 January		**383,839**	355,506	**4,068**	41,833
Cash and cash equivalents at 31 December		**124,031**	383,839	**(1,442)**	4,068

STATEMENTS OF CASH FLOWS (cont'd)

for the year ended 31 December 2018

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	17	**104,572**	432,677	**24**	55
Deposits	17	**45,998**	55,673	**–**	4,415
		150,570	488,350	**24**	4,470
Less: Pledged bank balances and deposits		**(24,928)**	(103,713)	**–**	–
Bank overdraft	20	**(1,611)**	(798)	**(1,466)**	(402)
		124,031	383,839	**(1,442)**	4,068

The notes on pages 84 to 185 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Mulpha International Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business	**Registered office**
PH2, Menara Mudajaya	No. 8, Jalan Peranginan
No.12A, Jalan PJU 7/3	Leisure Farm
Mutiara Damansara	81560 Gelang Patah
47810 Petaling Jaya	Johor Darul Taksim
Selangor Darul Ehsan	

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2018 also include joint operations.

The Company is principally engaged in investment holding activities while the other Group entities are as stated in Note 5.

These financial statements were authorised for issue by the Board of Directors on 4 April 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement**
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except that marked with "*" which is not applicable to the Company.

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 January 2019 as below. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

Group	As reported at 31 December 2018 RM'000	Estimated adjustments due to adoption of MFRS 16 RM'000	Estimated adjusted opening balance at 1 January 2019 RM'000
Right-of-use assets	–	16,385	16,385
Lease liabilities	–	(16,385)	(16,385)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – valuation of property, plant and equipment
- Note 4 – valuation of investment properties
- Note 10 – measurement of recoverable amounts of cash generating units
- Note 11 – recoverability of development inventories
- Note 14 – recognition of deferred tax assets/liabilities

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 40.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(v) Associates (cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate increase while continuing to apply equity accounting, then it does not remeasure the existing interest if an acquisition results in a change in status from an associate. Therefore, an existing interest should also not be remeasured if the increase does not change the classification as an associate. Any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interests in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(i) Recognition and initial measurement (cont'd)

Current financial year (cont'd)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

***(b) Fair value through other comprehensive income* ("FVOCI")**

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

(c) Fair value through profit or loss ("FVTPL") (cont'd)

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(l)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Previous financial year (cont'd)

(c) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Current financial year (cont'd)

(a) Fair value through profit or loss (cont'd)

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Aircraft	18 years
• Freehold buildings	14 - 99 years
• Leasehold buildings	over period of lease
• Leasehold land	perpetuity
• Land improvements	10 - 40 years
• Plant, machinery, office equipment and furniture	3 - 20 years
• Motor vehicles	4 - 8 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Investment in works of art and club memberships

Works of art and club memberships are measured at cost less any accumulated impairment losses. Works of art are deemed inexhaustible and are not depreciated.

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leased assets (cont'd)

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(ii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investment property (cont'd)

(i) Investment property carried at fair value (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Inventories

(i) Properties held for development

Properties held for development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is measured at cost less any accumulated impairment losses.

Properties held for development is classified as property under development at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories (cont'd)

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Completed properties

Completed properties held for sale are measured at the lower of cost and net realisable value. The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion and borrowing costs.

(iv) Others

Other inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their existing location and condition are accounted for as follows:

- Raw material: Purchase costs on a first-in-first-out/weighted average basis.
- Finished goods and work-in-progress: Costs of direct materials and labour, and a proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in-first-out/weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment (cont'd)

(i) Financial assets (cont'd)

Current financial year (cont'd)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates and joint venture) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, lease receivables, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Employee benefits (cont'd)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Revenue and other income (cont'd)

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(v) Management fee income

Management fee income from the provision of management services is recognised when services are rendered.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the Group's chief operating decision maker, which in this case is the Exco Committee which comprises Executive Chairman, Executive Director, Chief Executive Officer and Head of Finance, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in the circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2017	186,995	22,723	886,695	562,170	111,635	36,997	1,807,215
Additions	1,879	3,706	3,045	8,058	–	47,716	64,404
Disposals	–	–	–	(14,860)	–	–	(14,860)
Written off	–	–	(16,355)	(65,307)	–	(99)	(81,761)
Reclassifications	–	–	605	30,384	–	(30,989)	–
Effect of movements in exchange rates	(4,592)	(716)	(20,824)	(11,461)	(10,467)	(1,621)	(49,681)
At 31 December 2017/ 1 January 2018	184,282	25,713	853,166	508,984	101,168	52,004	1,725,317
Additions	**–**	**63**	**1,178**	**8,761**	**–**	**258,877**	**268,879**
Acquisition of business#	**9,385**	**–**	**7,760**	**779**	**–**	**–**	**17,924**
Disposals	**–**	**–**	**–**	**(1,484)**	**–**	**–**	**(1,484)**
Written off	**–**	**–**	**–**	**(1,468)**	**–**	**–**	**(1,468)**
Reclassifications	**–**	**–**	**990**	**8,520**	**–**	**(9,510)**	**–**
Revaluation arising from business combination	**3,388**	**–**	**–**	**–**	**–**	**–**	**3,388**
Effect of movements in exchange rates	**(14,670)**	**(2,030)**	**(66,096)**	**(38,686)**	**2,243**	**(12,345)**	**(131,584)**
At 31 December 2018	**182,385**	**23,746**	**796,998**	**485,406**	**103,411**	**289,026**	**1,880,972**

Note:
In 2018, the Group acquired a business comprised a restaurant and recreation club for a total consideration of RM17,924,000, out of which, RM12,080,000 has been paid and the remaining sum of RM5,844,000 is payable within a year.

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2017							
Accumulated depreciation	–	9,530	196,081	287,930	2,084	–	495,625
Accumulated impairment losses	–	–	150,929	–	–	–	150,929
	–	9,530	347,010	287,930	2,084	–	646,554
Depreciation for the year	–	567	22,828	43,764	5,979	–	73,138
Impairment for the year	9,169	–	34,932	63,102	–	25,949	133,152
Disposals	–	–	–	(9,556)	–	–	(9,556)
Written off	–	–	(6,415)	(45,427)	–	–	(51,842)
Reclassifications	–	–	(74,513)	74,513	–	–	–
Effect of movements in exchange rates	(388)	(259)	(7,418)	(12,171)	(555)	(1,098)	(21,889)
At 31 December 2017							
Accumulated depreciation	–	9,838	206,963	270,514	7,508	–	494,823
Accumulated impairment losses	8,781	–	109,461	131,641	–	24,851	274,734
	8,781	9,838	316,424	402,155	7,508	24,851	769,557

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (cont'd)							
At 1 January 2018							
Accumulated depreciation	–	9,838	206,963	270,514	7,508	–	494,823
Accumulated impairment losses	8,781	–	109,461	131,641	–	24,851	274,734
	8,781	9,838	316,424	402,155	7,508	24,851	769,557
Depreciation for the year	**–**	**582**	**13,805**	**18,649**	**5,578**	**–**	**38,614**
Impairment for the year	**–**	**–**	**–**	**–**	**–**	**68,065**	**68,065**
Disposals	**–**	**–**	**–**	**(1,324)**	**–**	**–**	**(1,324)**
Written off	**–**	**–**	**(2)**	**(583)**	**–**	**–**	**(585)**
Reclassifications	**–**	**–**	**2**	**(2)**	**–**	**–**	**–**
Effect of movements in exchange rates	**(693)**	**(795)**	**(24,952)**	**(31,389)**	**333**	**(4,214)**	**(61,710)**
At 31 December 2018							
Accumulated depreciation	**–**	**9,625**	**204,449**	**266,247**	**13,419**	**–**	**493,740**
Accumulated impairment losses	**8,088**	**–**	**100,828**	**121,259**	**–**	**88,702**	**318,877**
	8,088	9,625	305,277	387,506	13,419	88,702	812,617
Carrying amounts							
At 1 January 2017	186,995	13,193	539,685	274,240	109,551	36,997	1,160,661
At 31 December 2017/ 1 January 2018	175,501	15,875	536,742	106,829	93,660	27,153	955,760
At 31 December 2018	**174,297**	**14,121**	**491,721**	**97,900**	**89,992**	**200,324**	**1,068,355**

* Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	* Plant and equipment RM'000
Cost	
At 1 January 2017	1,631
Additions	–
At 31 December 2017/1 January 2018	**1,631**
Additions	**104**
Disposal	**(642)**
At 31 December 2018	**1,093**
Accumulated Depreciation	
At 1 January 2017	1,620
Depreciation for the year	5
At 31 December 2017/1 January 2018	1,625
Depreciation for the year	**24**
Disposal	**(641)**
At 31 December 2018	**1,008**
Carrying amounts	
At 1 January 2017	11
At 31 December 2017/1 January 2018	6
At 31 December 2018	**85**

* Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.

(i) Net carrying amounts of assets pledged as security for bank borrowings as disclosed in Note 20 are as follows:

		Group	
	Note	2018 RM'000	2017 RM'000
Land		**151,346**	137,580
Land improvements		**245**	266
Buildings		**422,887**	469,973
Plant and equipment		**72,177**	84,507
Aircraft		**89,992**	93,660
Capital work-in-progress	a	**189,428**	–
		926,075	785,986

Note a

Capital work-in-progress mainly comprise of Hayman Island Resort major rebuild and refurbishment.

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(ii) The recoverable amount of the hotel assets, Hayman Island Resort, determined based on value in used by discounting the future cash flows expected to be generated from its business operations.

The key assumptions used in the determination of the recoverable amount are as follows:-

Items	Assumptions used 2018	2017
Growth rate	**4%**	4%
Discount rate	**9.5%**	9.5%
Terminal yield	**8%**	8%

Based on the impairment test undertaken, the Group recognised an impairment loss of RM68,065,000 (2017:RM133,152,000).

(iii) The following are assets held by the Group which earn rental income under operating leases. The details of future annual rentals receivable under the operating leases are included in Note 34.

Group	Land and buildings RM'000
At 31 December 2018	
Cost	20,143
Accumulated depreciation	(12,050)
Net carrying amount	**8,093**
At 31 December 2017	
Cost	21,474
Accumulated depreciation	(12,072)
Net carrying amount	9,402

(iv) Included in the total carrying amounts of land are:

	Group 2018 RM'000	Group 2017 RM'000
Freehold land	**174,297**	175,501
Leasehold land with unexpired lease period of more than 50 years	**8,088**	8,781
Less: Accumulated impairment losses	**(8,088)**	(8,781)
	–	–
	174,297	175,501

(v) The Group's capital work-in-progress mainly relates to refurbishment of hotels' assets.

4. INVESTMENT PROPERTIES

	Group 2018 RM'000	2017 RM'000
At 1 January	**941,078**	813,098
Addition	**191,065**	–
Capitalised lease cost	**1,637**	1,845
Capital expenditure capitalised	**9,840**	1,649
Change in fair value of investment properties	**35,174**	152,346
Disposal	**–**	(2,469)
Effect of movements in exchange rates	**(73,986)**	(25,391)
At 31 December	**1,104,808**	941,078
Included in the above are:		
Freehold land and buildings	**1,104,808**	941,078

Valuation reconciliation:

Valuation is reconciled to the investment properties carrying amount as follows:

	Note	Group 2018 RM'000	2017 RM'000
Carrying amount of investment properties		**1,104,808**	941,078
Add:			
Accrued income		**9,347**	10,966
Deferred lease incentive		**4,378**	5,409
Deferred revenue		**(237)**	(362)
Advance deposits		**(695)**	(850)
Ground rental payable	21(c)	**(31,394)**	–
Valuation		**1,086,207**	956,241

Investment properties mainly comprise of commercial properties that leased to third parties (see Note 34). Each of the leases contains an initial non-cancellable period of 1 to 15 years, with annual rental increases either fixed, indexed to consumer prices or market rental reviews.

Investment properties of the Group with a carrying amount of RM1,100,180,000 (2017: RM938,320,000) is pledged as a security for bank borrowings as disclosed in Note 20.

In September 2018, Jumbo Hill Group Limited, an indirect wholly-owned subsidiary of the Company had acquired Waldorf Stadium Apartment Hotel, located at Auckland, New Zealand for a consideration of RM191,065,000.

4. INVESTMENT PROPERTIES (cont'd)

The following are recognised in profit or loss in respect of investment properties:

	Group 2018 RM'000	Group 2017 RM'000
Rental income	**69,611**	70,693
Direct operating expenses:		
- income generating investment properties	**23,625**	23,406
- non-income generating investment properties	**226**	228

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	2018		2017	
Group	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Freehold land and buildings	**1,086,207**	**1,086,207**	956,241	956,241

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	**956,241**	829,976
Addition	**191,065**	–
Capitalised lease cost	**1,637**	1,845
Capital expenditure capitalised	**9,840**	1,649
Disposal	**–**	(2,469)
Accrued income	**(1,619)**	(998)
Deferred lease incentive	**(1,031)**	(768)
Deferred revenue	**125**	901
Advance deposits	**155**	(850)
Ground rental payable	**(31,394)**	–
Change in fair value of investment properties	**35,174**	152,346
Effect of movements in exchange rates	**(73,986)**	(25,391)
At 31 December	**1,086,207**	956,241

4. INVESTMENT PROPERTIES (cont'd)

4.1 Fair value information (cont'd)

Level 3 fair value (cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: Sale price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot from RM90 to RM1,309 (2017: RM94 to RM1,309)	The estimated fair value would increase / (decrease) if the price per square foot is higher / (lower).
Capitalisation approach: The capitalisation rates were determined with regards to recent market transactions of similar properties in similar locations to the Group's investment properties, capitalised rental returns/passing income and assessment of development potential.	Capitalisation rate range from 5.25% to 7.0% (2017: 5.1% to 7.5%)	The estimated fair value would increase / (decrease) if the expected capitalisation rate was (lower) / higher.

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined based on:

i) the external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued; and

ii) internal valuation using the capitalisation rate method which is the rate of return on investment properties based on the income that the property is expected to generate.

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

5. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
At cost		
Unquoted shares in Malaysia	**1,440,079**	1,294,017
Foreign unquoted shares	**242,271**	242,271
	1,682,350	1,536,288
Less: Accumulated impairment losses	**(63,615)**	(58,733)
	1,618,735	1,477,555

Movement in the accumulated impairment losses are as follows:

	Company 2018 RM'000	Company 2017 RM'000
At 1 January	**58,733**	57,471
Addition	**4,882**	1,262
At 31 December	**63,615**	58,733

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
Subsidiaries of Mulpha International Bhd.				
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property development, property investment and resort operation	100	100
M Sky Services Sdn. Bhd.	Malaysia	Private air transportation services	100	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Property development	100	100
Mulpha Ventures Sdn. Bhd.	Malaysia	Licensed money lending and trading in securities	100	100

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries of Mulpha International Bhd. (cont'd)				
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Far East Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Infrastructure Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100	100
Mulpha Australia Limited [1]	Australia	Investment holding	100	100
Rosetec Investments Limited [3]	British Virgin Islands	Investment holding	100	100
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.				
Leisure Farm Resort Services Sdn. Bhd. (formerly known as Leisure Farm Horticulture Services Sdn. Bhd.)	Malaysia	Dormant	100	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Investment holding, property development and property investment	100	100
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100	100

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.				
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Provision of corporate advisory and professional services and investment holding	100	100
Mulpha Capital Asset Management Sdn. Bhd.	Malaysia	Dormant	70	70
Mulpha Investments (S) Pte. Limited [2]	Singapore	Investment holding and provision of corporate services	100	–
Subsidiary of Mulpha Capital Markets Sdn. Bhd.				
Mulpha Credit Sdn. Bhd.	Malaysia	Investment holding	100	100
Subsidiaries of Mulpha Group Services Sdn. Bhd.				
Mulpha Strategic Limited [3]	British Virgin Islands	Investment holding	100	100
Manta Equipment (Malaysia) Sdn. Bhd.	Malaysia	Dormant	70	70
Subsidiaries of Mulpha Australia Limited				
Bimbadgen Estate Pty. Limited [1]	Australia	Winery and vineyard	100	100
Mulpha Australia (Holdings) Pty. Limited [1]	Australia	Investment holding	100	100
Caldisc Pty. Limited [1]	Australia	Administration	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries of Mulpha Australia Limited (cont'd)				
Enacon Parking Pty. Limited [1]	Australia	Car park operator	100	100
HD Diesels Pty. Limited [1]	Australia	Investment holding and hotelier	100	100
Mulpha Investments Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel Investments (Australia) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel Management Pty. Limited [1]	Australia	Dormant	100	100
Mulpha (Hotel Bonds) Group Pty. Limited [1]	Australia	Dormant	100	100
Mulpha Core Plus Trust [1]	Australia	Investment holding	100	100
Mulpha Core Plus Pty. Limited [1]	Australia	Trustee	100	100
Mulpha Education Group Pty. Limited [1]	Australia	Education and investment holding	100	100
Norwest City Pty. Limited [1]	Australia	Trustee	100	100
MAL Hayman Pty. Limited [1]	Australia	Dormant	100	100
Norwest Flexi Pty. Limited [1]	Australia	Trustee	100	100
Mulpha Funds Management Pty. Limited [1]	Australia	Trustee/asset management	100	100

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries of Mulpha Australia Limited (cont'd)				
Circa 1 Pty. Limited [1]	Australia	Property development	100	100
Cairns Esplanade Operations Pty. Limited [1]	Australia	Hotelier	100	100
Mulpha Finance Pty. Limited [1]	Australia	Financial services provider	100	100
Mulpha Cairns Esplanade Fund [1]	Australia	Property ownership	100	100
Mulpha Finance Holdings Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha MTN Limited [1]	British Virgin Islands	Medium Term Note Issuer	100	100
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited				
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property development	100	100
Mulpha Sanctuary Cove International Boat Show Pty. Limited [1]	Australia	Boat show operator	100	100
Sanctuary Cove (Real Estate) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	100
Mulpha Sanctuary Cove Marine Village Pty. Limited [1]	Australia	Property ownership	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (cont'd)				
Mulpha Sanctuary Cove Marina Pty. Limited [1]	Australia	Marina operations	100	100
Mulpha Sanctuary Cove Hotel Investments Pty. Limited [1]	Australia	Property ownership	100	100
Mulpha Sanctuary Cove Rec Club Pty. Limited [1] [2]	Australia	Gym operation	100	–
Mulpha Sanctuary Cove Investments Pty. Limited [1] [2]	Australia	Property ownership	100	–
Subsidiaries of Mulpha Sanctuary Cove (Developments) Pty. Limited				
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Property development	100	100
Mulpha SPV 2 Pty. Limited [1]	Australia	Dormant	100	100
Subsidiary of HD Diesels Pty. Limited				
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Serviced apartment operator	100	100

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited				
Mulpha Hotels Holdings Trust [1]	Australia	Investment holding	100	100
Mulpha Hotels Holdings Pty. Limited [1]	Australia	Trustee	100	100
Subsidiaries of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust [1]	Australia	Investment holding	100	100
Mulpha Hotels Australia Pty. Limited [1]	Australia	Trustee	100	100
Subsidiaries of Mulpha Australia (Holdings) Pty. Limited				
Mulpha Hotel (Sydney) Pty. Limited [1]	Australia	Trustee	100	100
Mulpha Transport House Pty. Limited [1]	Australia	Property ownership	100	100
Mulpha Hotel (Sydney) Trust [1]	Australia	Property ownership	100	100
Mulpha Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	100
Subsidiary of Mulpha Investments Pty. Limited				
Mulpha Norwest Pty. Limited [1]	Australia	Property development	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiary of Mulpha Education Group Pty. Limited				
iLead Training Pty. Limited [1]	Australia	Dormant	100	100
Mulpha HTMi Australia Pty. Limited [1] [2]	Australia	Education	100	–
Subsidiaries of Mulpha Hotels Australia Trust				
Mulpha Hotel Pty. Limited [1]	Australia	Hotelier	100	100
Mulpha Hotel Trust [1]	Australia	Property ownership	100	100
Subsidiaries of Mulpha Norwest Pty. Limited				
Norwest Real Estate Pty. Limited [1]	Australia	Dormant	100	100
Subsidiaries of Mulpha Hotel Trust				
Hotel Land Trust [1]	Australia	Property ownership	100	100
Mulpha Hotel Bonds (Holdings) Pty. Limited [1]	Australia	Dormant	100	100
Bistrita Pty. Limited [1]	Australia	Trustee	100	100
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited				
Mulpha Hotel Bonds Pty. Limited [1]	Australia	Bond issuer	100	100

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
Subsidiaries of Mulpha Core Plus Trust				
Norwest City Trust [1]	Australia	Property ownership and development	100	100
Flexi Trust [1]	Australia	Property ownership	100	100
Subsidiary of Mulpha Finance Holdings Pty. Limited				
Multiple Capital Pty. Limited [1]	Australia	Financial services provider	80	80
Subsidiaries of Mulpha Strategic Limited				
AFO Assets Limited	Malaysia (Labuan)	Leasing business	100	100
Jumbo Hill Group Limited [3]	British Virgin Islands	Investment holding and property ownership	100	100
Flame Gold Group Limited [3]	British Virgin Islands	Investment holding	100	100
View Link Global Limited [3]	British Virgin Islands	Investment holding	100	100

[1] Subsidiaries audited by other member firms of KPMG International.
[2] Subsidiaries incorporated/established during the financial year.
[3] Not required to be audited pursuant to the relevant regulations of the country of incorporation.

(a) Additional investment in a subsidiary

During the financial year, the Company increased investment in two subsidiaries amounting to RM146,062,000.

6. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At cost:				
Quoted shares in Malaysia	**30,779**	30,779	**22,876**	22,876
Foreign quoted shares	**1,288,731**	1,232,595	**–**	–
Foreign unquoted shares	**147,496**	162,238	**–**	–
Exchange difference	**111,488**	223,157	**–**	–
	1,578,494	1,648,769	**22,876**	22,876
Share of post-acquisition reserves	**(85,213)**	(204,217)	**–**	–
	1,493,281	1,444,552	**22,876**	22,876
Less: Accumulated impairment losses	**(17,496)**	(17,496)	**(7,254)**	(7,254)
	1,475,785	1,427,056	**15,622**	15,622
At market value:				
Quoted shares				
- In Malaysia	**23,047**	19,800	**23,047**	19,800
- Foreign	**661,343**	1,120,299	**–**	–
	684,390	1,140,099	**23,047**	19,800

Movement in the accumulated impairment losses account is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 January	**17,496**	17,512	**7,254**	7,270
Partial disposal/disposal of associates	**–**	(16)	**–**	(16)
At 31 December	**17,496**	17,496	**7,254**	7,254

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
Held by Mulpha International Bhd.				
Thriven Global Berhad [1] ("Thriven")	Malaysia	Investment holding, property development and property investment	24.39	24.39
Held through Mulpha Australia Limited				
AVEO Group [1] ("AVEO")	Australia	Ownership and management of retirement villages and property development	–	2.36
Held through Rosetec Investments Limited				
AVEO [1]	Australia	Ownership and management of retirement villages and property development	24.23	20.27
Held through Mulpha Strategic Limited				
AVEO [1]	Australia	Ownership and management of retirement villages and property development	0.16	0.07
Held through View Link Global Limited				
New Pegasus Holdings Limited [2] ("New Pegasus")	British Virgin Islands	Investment holding	33.00	33.00
Held through Mulpha Credit Sdn. Bhd.				
Education Perfect Group Limited [1] ("Education Perfect") (formerly known as St. Hilda NZ Holdco Limited)	New Zealand	Education software business	39.30	40.00

[1] Associates not audited by other member firms of KPMG International.
[2] Associate audited by other member firms of KPMG International.

6. INVESTMENTS IN ASSOCIATES (cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates:

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000
2018				
Summarised financial information as at 31 December				
Non-current assets	47,607	Note 6.1	135,911	591,287
Current assets	334,873	Note 6.1	12,457	82,571
Total assets	382,480	19,609,844	148,368	673,858
Non-current liabilities	(24,102)	Note 6.1	(53,407)	(368,200)
Current liabilities	(182,716)	Note 6.1	(35,592)	(21,744)
Total liabilities	(206,818)	(13,035,464)	(88,999)	(389,944)
Net assets	175,662	6,574,380	59,369	283,914
Year ended 31 December				
Profit/(Loss)	21,520	519,039	(15,694)	28,112
Other comprehensive income	–	1,212	56	–
Total comprehensive income/(expense)	21,520	520,251	(15,638)	28,112
Included in the total comprehensive income is:				
Revenue	239,079	1,094,739	39,579	146,017

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000	Total RM'000
2018					
Reconciliation of net assets to carrying amount as at 31 December					
Group's share of net assets	22,471	1,344,139	23,295	85,880	1,475,785
Group's share of results for the year ended 31 December					
Group's share of profit/(loss)	4,813	171,852	(5,890)	9,277	180,052
Group's share of other comprehensive expense	–	(3,372)	–	–	(3,372)
Group's share of total comprehensive income/(expense)	4,813	168,480	(5,890)	9,277	176,680
Other information					
Dividends received	–	35,942	–	30,208	66,150

6. INVESTMENTS IN ASSOCIATES (cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (cont'd):

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000
2017				
Summarised financial information as at 31 December				
Non-current assets	56,939	Note 6.1	579	627,962
Current assets	352,537	Note 6.1	144,569	55,409
Total assets	409,476	20,399,267	145,148	683,371
Non-current liabilities	(51,218)	Note 6.1	(22,021)	(322,140)
Current liabilities	(202,008)	Note 6.1	(9,415)	(26,856)
Total liabilities	(253,226)	(13,649,069)	(31,436)	(348,996)
Net assets	156,250	6,750,198	113,712	334,375
Year ended 31 December				
(Loss)/Profit	(10,180)	929,448	(1,775)	22,473
Other comprehensive income	–	6,951	–	–
Total comprehensive (expense)/income	(10,180)	936,399	(1,775)	22,473
Included in the total comprehensive income is:				
Revenue	122,870	1,313,739	–	144,464

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000	Other immaterial associates RM'000	Total RM'000
2017						
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets	11,189	1,260,038	45,485	110,344	–	1,427,056
Group's share of results for the year ended 31 December						
Group's share of (loss)/profit	(4,432)	210,603	(710)	7,416	1,158	214,035
Group's share of other comprehensive income	–	3,094	–	–	–	3,094
Group's share of total comprehensive (expense)/income	(4,432)	213,697	(710)	7,416	1,158	217,129
Other information						
Dividends received	–	39,263	–	7,326	1,158	47,747

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN ASSOCIATES (cont'd)

Note 6.1

AVEO has adopted the liquidity basis for presenting its balance sheets, under which assets and liabilities are presented in order of their liquidity because AVEO does not have a clearly identified operating cycle and the liquidity basis provides more relevant information that is also reliable.

Details of AVEO's total assets and total liabilities are as follows:

	2018 RM'000	2017 RM'000
Assets		
Cash and cash equivalents	**127,020**	150,892
Receivables	**476,836**	530,975
Assets held for sale	**11,972**	695,498
Inventories	**283,824**	434,290
Property, plant and equipment	**409,676**	349,017
Investment properties	**18,287,084**	18,223,062
Intangible assets	**13,432**	15,533
Total assets	**19,609,844**	20,399,267
Liabilities		
Payables	**(579,036)**	(625,758)
Provisions	**(21,900)**	(44,063)
Interest bearing loans and borrowings	**(2,194,088)**	(2,535,366)
Deferred revenue	**(878,044)**	(764,604)
Resident loans	**(8,856,068)**	(9,183,173)
Deferred tax liabilities	**(506,328)**	(496,105)
Total liabilities	**(13,035,464)**	(13,649,069)
Net assets	**6,574,380**	6,750,198

Note 6.2

In October and November 2018, the Group further acquired 1.7% investment in AVEO from the open market at a total consideration of RM56,136,000 which is below the net fair value of AVEO's identifiable assets and liabilities. As such, the Group recognised an income of RM56,643,000 arising from the additional acquisition as part of share of profit of associate in the statement of profit or loss and other comprehensive income.

Note 6.3

On 27 December 2017, the Group acquired 16,040,000 ordinary shares of Education Perfect which is principally involved in education software business. The acquisition represents 40% of the issued and paid-up share capital of Education Perfect for a total consideration of RM46,355,000. During the current financial year, the shareholding in Education Perfect was diluted to 39.3%. As at 31 December 2018, the Group holds 12,504,754 ordinary shares in Education Perfect after its share buy back exercise completed in December 2018.

6. INVESTMENTS IN ASSOCIATES (cont'd)

Note 6.4

The quoted shares of a foreign associate with a carrying value of RM1,344,139,000 (2017: RM1,260,038,000) are pledged as security for bank borrowings as disclosed in Note 20.

7. INVESTMENTS IN JOINT VENTURES

	Group 2018 RM'000	Group 2017 RM'000
Unquoted shares at cost	**1,795**	3,268
Share of post-acquisition profit	**16,604**	16,951
Exchange differences	**(1)**	(2)
	18,398	20,217

The movements of investments in joint ventures are as follows:

	2018 RM'000	2017 RM'000
Carrying amount at 1 January	**20,217**	7,496
Addition	**100**	–
Share of net result from investment in joint ventures	**15**	18,957
Dividend received	**(362)**	(5,482)
Exchange differences	**(1,572)**	(754)
Carrying amount at 31 December	**18,398**	20,217

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
Held through Mulpha Sanctuary Cove (Management) Pty. Limited				
SC Realty Pty. Limited [1]	Australia	Real estate agency	50.00	50.00
Held through Mulpha Norwest Pty. Limited				
Spamb Pty. Limited [1]	Australia	Property develepement	60.00	60.00
Held through Leisure Farm Corporation Sdn. Bhd.				
Gerbang Leisure Park Sdn. Bhd.	Malaysia	Property development	50.00	50.00

[1] Joint ventures not audited by other member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENTS IN JOINT VENTURES (cont'd)

The following table summarises the financial information of joint ventures and also reconcile the summarised financial information to the carrying amount of the Group's interests in joint ventures, which is accounted for using the equity method.

	Group	
	2018 RM'000	**2017 RM'000**
Summarised financial information as at 31 December		
Non-current assets	**157**	140
Current assets	**37,041**	43,178
Current liabilities	**(11,277)**	(15,241)
Net assets	**25,921**	28,077
Year ended 31 December		
Total comprehensive income	**127**	31,756
Included in the total comprehensive income is:		
Revenue	**7,567**	51,063
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**18,398**	20,217
Group's share of results for the year ended 31 December		
Group's share of total comprehensive income	**15**	18,957
Other information		
Dividends received	**362**	5,482

8. INVESTMENT SECURITIES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Foreign quoted bond	a	**–**	243,600	**–**	–
Foreign quoted shares		**5**	18	**–**	–
Quoted shares					
- In Malaysia		**155**	84,004	**155**	–
Unquoted shares					
- In Malaysia		**1,000**	1,000	**1,000**	1,000
- Foreign		**45**	45	**43**	43
		1,205	328,667	**1,198**	1,043
Current					
Foreign quoted bond	a	**249,000**	–	**–**	–
Quoted shares					
- In Malaysia		**129**	328	**–**	–
- Foreign		**2,060**	2,839	**–**	–
		251,189	3,167	**–**	–
		252,394	331,834	**1,198**	1,043
Market value of quoted investments		**251,349**	330,789	**155**	–

The investment securities with a carrying value of RM249,000,000 (2017: RM243,600,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 20.

Note a

On 28 December 2016, Mulpha Strategic Limited, a wholly-owned subsidiary of Mulpha Group Services Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, had subscribed for Series 1 USD60 million (equivalent to RM249,000,000 and RM243,600,000 in 2018 and 2017 respectively) 7% Notes due in 2019 issued by Mudajaya Ventures Limited under its USD200 million Euro Medium Term Note Programme. This investment is recognised as amortised cost financial assets and pledged to a financial institution for credit facilities granted.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. OTHER INVESTMENTS

	Club memberships RM'000	Investments in works of art RM'000	Total RM'000
Group			
At 1 January 2017/31 December 2017	959	4,121	5,080
Additions	4	–	4
At 31 December 2018	**963**	**4,121**	**5,084**
Company			
At 1 January 2017/31 December 2017	930	4,121	5,051
Additions	4	–	4
At 31 December 2018	**934**	**4,121**	**5,055**

10. GOODWILL

	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Group			
At 1 January 2017	2,512	219	2,731
Exchange differences	–	(6)	(6)
At 31 December 2017/1 January 2018	2,512	213	2,725
Exchange differences	–	(17)	(17)
At 31 December 2018	**2,512**	**196**	**2,708**

10. GOODWILL (cont'd)

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating units identified according to the country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2018			
Boat show	**–**	**196**	**196**
Investment business	**2,512**	**–**	**2,512**
	2,512	**196**	**2,708**
At 31 December 2017			
Boat show	–	213	213
Investment business	2,512	–	2,512
	2,512	213	2,725

Key assumptions used

The recoverable amount of quoted securities held is determined based on observable market prices, less costs to sell.

Where there is no observable market price for unquoted securities, the recoverable amount is based on fair value less cost of disposal by estimating the fair value of the underlying assets and liabilities of the investment.

Based on the impairment test undertaken, no impairment loss is required to be recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. INVENTORIES

	Group 2018 RM'000	2017 RM'000
Non-current		
Properties held for development		
- Cost of acquisition for freehold land	**395,782**	431,532
- Capitalised development cost	**233,227**	234,119
Total non-current inventories	**629,009**	665,651
Current		
Properties under development		
- Cost of acquisition for freehold land	**163,458**	168,723
- Capitalised development cost	**449,126**	399,538
	612,584	568,261
Completed properties	**118,054**	124,417
Finished goods	**6,924**	6,354
Work-in-progress	**6,573**	6,424
Other consumables	**8,300**	9,166
	139,851	146,361
Total current inventories	**752,435**	714,622
Total inventories	**1,381,444**	1,380,273

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM3,588,900 (2017: RM765,000).

Certain properties held for development and properties under development amounting to RM814,299,000 (2017: RM816,991,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 20.

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Trade					
Accrued income	12.1	**7,261**	8,738	**–**	–
Loan receivables					
- Loan assets held at FVOCI		**24,084**	–	**–**	–
Non-trade					
Other receivables		**300**	1,451	**–**	–
Amount due from a subsidiary	12.2	**–**	–	**276,188**	305,161
		31,645	10,189	**276,188**	305,161
Current					
Trade					
Trade receivables	12.3	**74,180**	131,030	**–**	–
Less: Allowance for impairment losses		**(535)**	(660)	**–**	–
		73,645	130,370	**–**	–
Accrued income	12.1	**2,086**	2,228	**–**	–
Accrued billings	12.4	**–**	244	**–**	–
Loan receivables					
- Loan assets held at FVOCI		**53,194**	–	**–**	–
- Loan assets held at amortised cost		**15,036**	–	**–**	–
		143,961	132,842	**–**	–
Non-trade					
Other receivables		**176,974**	123,928	**103,177**	103,177
Deposits		**3,138**	2,882	**40**	40
Amounts due from subsidiaries	12.2	**–**	–	**337,644**	339,794
		180,112	126,810	**440,861**	443,011
Total current trade and non trade		**324,073**	259,652	**440,861**	443,011
Total trade and other receivables		**355,718**	269,841	**717,049**	748,172

12.1 Accrued income

Included in accrued income are rental income of investment properties amounting to RM9,347,000 (2017: RM10,966,000) relates to rental income of investment properties recognised on a straight-line basis over the lease term.

12. TRADE AND OTHER RECEIVABLES (cont'd)

12.2 Amounts due from subsidiaries

	Company	
	2018 RM'000	**2017 RM'000**
Interest bearing	**491,968**	575,759
Non-interest bearing	**121,864**	69,196
	613,832	644,955

The non-interest bearing amounts due from subsidiaries are unsecured and receivable on demand.

The non-current amount due from a subsidiary consist of the following:

(i) Foreign unquoted cumulative redeemable preference shares ("CRPS") amounted to RM236,255,000 (2017: RM256,482,000) issued by Mulpha Australia Limited ("MAL"), a wholly-owned subsidiary of the Company. The CRPS is subject to dividend of 7.50% (2017: 7.50%) per annum;

(ii) Unsecured loan owing by MAL amounted to RM35,913,000 (2017: RM38,788,000) is subject to interest of 7.00% (2017: 7.00%) per annum; and

(iii) Remaining amount owing by MAL was accrued dividend payables on CRPS and interest on the unsecured loan as mentioned in Note 12.2(i) and 12.2(ii) respectively.

The current amounts due from subsidiaries are unsecured, non–interest bearing and receivable on demand except for amounts due from subsidiaries amounting to RM18,722,000 (2017: RM17,311,000) and RM201,076,000 (2017: RM263,178,000) which are subject to interest of 4.05% (2017: 4.05%) per annum and 8.20% (2017: 8.15%) per annum respectively.

12.3 Trade receivables

In the previous financial year, included in trade receivables of the Group was an amount of RM2,265,000 due from a company related to a person connected to a director of the Company. The amount was subject to normal credit terms.

12.4 Accrued billings

The accrued billings represent the amount due from customers of which services have been rendered but billings have yet to be issued. In the previous financial year, included in accrued billings of the Group are amounts due from a company related to a person connected to a director of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. OTHER NON–CURRENT ASSETS

	Group 2018 RM'000	Group 2017 RM'000
Deferred lease incentive	**3,360**	4,164
Prepayments and others	**9,447**	4,267
	12,807	8,431

14. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 RM'000	Assets 2017 RM'000	Liabilities 2018 RM'000	Liabilities 2017 RM'000	Net 2018 RM'000	Net 2017 RM'000
Group						
Inventories	**11,800**	6,781	**–**	–	**11,800**	6,781
Provision for liabilities and other payables	**111,080**	58,354	**–**	–	**111,080**	58,354
Unabsorbed capital allowances	**6,468**	204	**–**	–	**6,468**	204
Fair value adjustment	**–**	–	**(52,000)**	(44,964)	**(52,000)**	(44,964)
Utilised tax losses	**–**	4,818	**–**	–	**–**	4,818
Capital tax losses	**–**	72,363	**–**	–	**–**	72,363
Accelerated capital allowances	**–**	–	**(128,516)**	(59,639)	**(128,516)**	(59,639)
Receivables and others	**–**	–	**(61,839)**	(66,122)	**(61,839)**	(66,122)
Tax assets/(liabilities)	**129,348**	142,520	**(242,355)**	(170,725)	**(113,007)**	(28,205)
Set off of tax	**(116,413)**	(129,585)	**116,413**	129,585	**–**	–
Net tax assets/(liabilities)	**12,935**	12,935	**(125,942)**	(41,140)	**(113,007)**	(28,205)

14. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	**108,012**	70,941	**335**	335
Unabsorbed capital allowances	**8,148**	5,768	**3,646**	3,646
Other deductible temporary differences	**73,102**	126,978	**–**	–
	189,262	203,687	**3,981**	3,981

The unutilised tax losses of RM108,012,000 in the current financial year expires in year of assessment 2025 under current tax legislation. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in subsidiaries against which the Group can utilise the benefits there from.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	**(28,205)**	31,738
Recognised in profit or loss	**(90,090)**	(62,639)
Others	**68**	550
Exchange adjustments	**5,220**	2,146
At 31 December	**(113,007)**	(28,205)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. OTHER CURRENT ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred lease incentive	**1,018**	1,245	**–**	–
Prepayments	**28,384**	16,460	**46**	10
	29,402	17,705	**46**	10

16. ASSETS HELD FOR DISTRIBUTION

	Group and Company	
	2018 RM'000	2017 RM'000
Quoted shares in Malaysia	**31,460**	–
	31,460	–

During the current financial year, the Company has announced a Dividend-In-Specie to distribute 89,884,299 Mudajaya Group Berhad shares to entitled shareholders of the Company as disclosed in Note 30.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	**104,572**	432,677	**24**	55
Deposits with licensed banks	**45,998**	55,673	**–**	4,415
	150,570	488,350	**24**	4,470

Included in cash and cash equivalents are deposits amounting to RM24,928,000 (2017: RM103,673,000) of the Group are pledged to licensed banks as security for banking facilities granted to certain subsidiaries of the Company as disclosed in Note 20.

Included in the cash and bank balances of the Group is an amount of RM212,700 (2017: RM13,200) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

The weighted average effective interest rates of deposits with licensed banks as at 31 December 2018 for the Group 1% (2017: 1.4%) and for the Company was 3.56% in previous financial year.

The average maturities of deposits with licensed banks for the Group at reporting date was 4 days (2017: 17 days) and the Company was 2 day in the previous financial year.

18. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	Share capital '000	Treasury shares '000	Share capital RM'000	Treasury shares RM'000
Ordinary shares				
Issued and fully paid:	3,196,192	(1,322)	1,598,096	(266)
Purchase of treasury shares	–	(200)	–	(52)
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016				
- Share premium	–	–	217,861	–
- Capital reserve	–	–	221,502	–
Share consolidation	(2,876,573)	1,370	–	–
At 31 December 2017/1 January 2018/ 31 December 2018	**319,619**	**(152)**	**2,037,459**	**(318)**

(a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four (24) months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016). As at the date of issuance of the financial statements, the Company did not utilise the share premium amounting to RM217,861,000.

Capital reserve mainly arising from the cancellation of treasury shares representing the nominal value of the shares repurchased and cancelled. In accordance with Section 618 of the Companies Act 2016, any amount standing to credit of the capital reserve has become part of the Company's share capital.

18. SHARE CAPITAL AND TREASURY SHARES (cont'd)

(b) Treasury shares

The purpose of current share buyback scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares.

As at 31 December 2018, the details of the Company's share purchase and share cancellation are as follows:

		Number of shares purchased/ (cancelled)	Total consideration RM'000	Average price RM
2010	Purchased	11,055,700	5,442	0.490
2011	Purchased	33,333,500	13,910	0.417
2012	Purchased	114,396,400	46,903	0.410
2013	Purchased	63,264,200	25,794	0.408
2014	Purchased	150,000	66	0.440
2015	Purchased	60,000	22	0.367
2016	Purchased	5,610,000	1,140	0.203
2016	Cancelled	(226,547,700)	(93,011)	0.411
2017	Purchased	200,000	52	0.260
		1,522,100^	318	0.209

^ Number of treasury shares stands at 152,210 after share consolidation.

During the current financial year, the Company does not buy back any of its shares.

Of the total 319,618,640 issued and fully paid up ordinary shares as at 31 December 2018, 152,210 are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

19. RESERVES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable				
Exchange reserve	**27,255**	245,416	**–**	–
Other reserve	**(62,205)**	(9,800)	**(393)**	107
Revaluation reserve	**68,545**	66,252	**–**	–
	33,595	301,868	**(393)**	107

19. RESERVES (cont'd)

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries, as well as from the translation of foreign currency loans used to hedge the investments in foreign subsidiaries.

(b) Other reserve

Other reserve comprises mainly share of post acquisition reserve of associates and cumulative net change in the fair value of equity designated at fair value through other comprehensive income, previously classified as available-for-sale reserve.

(c) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification to investment properties and also arises from a business combination (see Note 3).

20. LOANS AND BORROWINGS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Finance lease liabilities – secured		**8,089**	8,781	**–**	–
Bonds	(c)	**373,381**	377,892	**–**	–
Bills payable – secured		**–**	52,488	**–**	–
Term loans – secured		**1,027,155**	874,557	**–**	–
		1,408,625	1,313,718	**–**	–
Current					
Finance lease liabilities – secured		**–**	22	**–**	–
Bank overdrafts – secured		**1,611**	798	**1,466**	402
Bonds	(c)	**4,423**	4,438	**–**	–
Bills payable – secured		**49,340**	2,114	**–**	–
Revolving credit – secured		**90,986**	64,330	**75,986**	49,330
Term loans – secured		**687,058**	756,093	**–**	–
Terms loans– unsecured		**11,687**	–	**–**	–
		845,105	827,795	**77,452**	49,732
Total borrowings		**2,253,730**	2,141,513	**77,452**	49,732

20. LOANS AND BORROWINGS (cont'd)

(a) Obligations under finance lease:

These obligations are secured by the leased assets as disclosed in Note 3. The finance lease and hire purchase payables were subjected to interest ranging from 6.5% to 7.0% (2017: 5.5% to 7.0%) per annum during the financial year.

(b) The bank overdrafts, bills payable, revolving credit and term loans are secured by the following:

(i) Corporate guarantees by the Company;

(ii) Pledge of land, buildings and plant and equipment of certain subsidiaries, as disclosed in Note 3(i);

(iii) Pledge of investment properties of certain subsidiaries as disclosed in Note 4;

(iv) Pledge over quoted shares of a foreign associate as disclosed in Note 6.4;

(v) Pledge over investment securities of certain subsidiaries as disclosed in Note 8;

(vi) Pledge of inventories of certain subsidiaries as disclosed in Note 11;

(vii) Deposits and interest reserve account of certain subsidiaries as disclosed in Note 17; and

(viii) Floating charge over assets of certain subsidiaries.

(c) Bonds

		Group	
	Note	**2018 RM'000**	**2017 RM'000**
Unsecured	(i)	**290,500**	284,200
Secured	(ii)	**87,304**	98,130
		377,804	382,330

(i) In 2017, a foreign subsidiary issued a Nominal Fixed Rate Notes of USD70 million for a term of 3 years. The notes are listed on the Hong Kong Stock Exchange with interest payments are made semi-annually. The notes are unsecured but are guaranteed by a foreign subsidiary.

(ii) In 1999, a subsidiary in Australia issued bonds for a term of 30 years. The bonds have an effective interest rate of 8.08% (2017: 8.06%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold land of a subsidiary as disclosed in Note 3(i).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. LOANS AND BORROWINGS (cont'd)

(d) Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Group						
Current						
Less than one year	**566**	**566**	**–**	637	615	22
Non-current						
Between one and five years	**2,265**	**2,265**	**–**	2,459	2,459	–
More than five years	**8,089**	**–**	**8,089**	8,781	–	8,781
	10,354	**2,265**	**8,089**	11,240	2,459	8,781
Total	**10,920**	**2,831**	**8,089**	11,877	3,074	8,803

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.1.2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.12.2018 RM'000
Group				
Finance lease liabilities – secured	**8,803**	**(21)**	**(693)**	**8,089**
Bonds	**382,330**	**26,504**	**(31,030)**	**377,804**
Bills payable – secured	**54,602**	**(988)**	**(4,274)**	**49,340**
Term loans – secured	**1,630,650**	**190,018**	**(106,455)**	**1,714,213**
Term loans – unsecured	**–**	**12,087**	**(400)**	**11,687**
Revolving credit – secured	**64,330**	**26,656**	**–**	**90,986**
Total liabilities from financing activities	**2,140,715**	**254,256**	**(142,852)**	**2,252,119**
Company				
Revolving credit – secured	**49,330**	**26,656**	**–**	**75,986**

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Non-trade				
Other payables	**32,174**	1,923	**–**	–
	32,174	1,923	**–**	–
Current				
Trade				
Trade payables	**28,577**	32,315	**–**	–
Non-trade				
Other payables	**157,653**	178,299	**32,761**	1,258
Amounts due to subsidiaries	**–**	–	**3,310**	379
Deferred revenue	**6,421**	16,560	**–**	–
	192,651	227,174	**36,071**	1,637
Total trade and other payables	**224,825**	229,097	**36,071**	1,637

(a) Trade payables

Trade payables are generally non-interest bearing. The normal credit terms granted to the Group ranges from 30 to 90 days.

(b) Amounts due to subsidiaries

The non-trade amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

(c) Other payables

The other payables are non-interest bearing and are normally settled on commercial terms except for the non-current portion where the amount due is not expected to be repaid within twelve months. Include in the other payable, there is an amount of RM31,394,000 (2017: nil) relating to long term ground rent payable on a parcel of leasehold land.

22. CONTRACT ASSETS/(CONTRACT LIABILITIES)

The following table provides information about contract liabilities from contracts with customers:

	2018 RM'000	2017* RM'000
Group		
Contract assets	**573**	–
Contract liabilities	**19,241**	–

* The Group recognised the cumulative effect of initially applying MFRS 15 as an adjustment to the opening balance at 1 January 2018.

The contract assets primarily relate to the Group's rights to consideration for services rendered but not yet billed at the reporting date. Included in the contract assets of the Group are amounts due from a company related to a person connected to a director of the Company.

The contract liabilities primarily relate to the advance consideration received from a service to be rendered to the customer. The contract liabilities are expected to be recognised as revenue over a period of contract and/or point in time when services are rendered.

Changes in the contract liabilities balances during the year are as follows:

Group	2018 RM'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	**204**

23. PROVISION FOR LIABILITIES

	Note	Group 2018 RM'000	Group 2017 RM'000
Provision for staff benefits	(a)	**29,236**	20,505
Others	(b)	**503**	95,901
		29,739	116,406
Analysed as:			
Current		**24,043**	112,977
Non-current		**5,696**	3,429
		29,739	116,406

23. PROVISION FOR LIABILITIES (cont'd)

	Group 2018 RM'000	Group 2017 RM'000
(a) Provision for staff benefits		
At 1 January	**20,505**	20,775
Provision for the year	**23,733**	20,237
Transfer employee incentives from accruals	**1,729**	–
Payments during the year	**(14,329)**	(19,140)
Exchange adjustments	**(2,402)**	(1,367)
At 31 December	**29,236**	20,505

Provision for staff benefits accrues annual leave to employees in subsidiaries in Australia, who are also entitled to a two-month paid leave after having served ten years of continuous employment.

(b) Others

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	**95,901**	8,665
Provision for the year	**–**	99,749
Reversal of provision	**(78,116)**	(7,977)
Payments during the year	**(12,306)**	–
Exchange adjustments	**(4,976)**	(4,536)
At 31 December	**503**	95,901

In 2017, others mainly related to provision of repairs on Hayman Island Resort damages caused by Tropical Cyclone Debbie, where an amount of RM77,762,000 have been reversed out during the current financial year.

24. REVENUE

	2018 RM'000	2017* RM'000
Group		
Revenue from contracts with customers		
Sale of goods and rendering of services	**450,639**	575,965
Sale of properties	**254,851**	525,317
	705,490	1,101,282
Other revenue		
Rental income	**63,283**	63,860
Interest income from money lending activities	**16,131**	4,873
	79,414	68,733
	784,904	1,170,015
Company		
Dividend Income	**135,119**	35,178

* The Group recognised the cumulative effect of initially applying MFRS 15 as an adjustment to the opening balance at 1 January 2018.

24. REVENUE (cont'd)

24.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's three strategic division, which are its reportable segments (see Note 31).

Group	Property		Hospitality		Investment & Others		Total	
	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000
Primary geographical markets								
Australia	**297,352**	642,519	**366,373**	451,107	**74,357**	52,089	**738,082**	1,145,715
Malaysia	**35,652**	15,533	**–**	–	**7,327**	8,767	**42,979**	24,300
New Zealand	**–**	–	**3,843**	–	**–**	–	**3,843**	–
	333,004	658,052	**370,216**	451,107	**81,684**	60,856	**784,904**	1,170,015
Major products and services lines								
Sale of goods and rendering of services	**18,713**	68,875	**366,373**	451,107	**65,553**	55,983	**450,639**	575,965
Sale of properties	**254,851**	525,317	**–**	–	**–**	–	**254,851**	525,317
	273,564	594,192	**366,373**	451,107	**65,553**	55,983	**705,490**	1,101,282
Timing and recognition								
At a point in time	**273,360**	594,192	**366,373**	451,107	**35,766**	55,983	**675,499**	1,101,282
Over time	**204**	–	**–**	–	**29,787**	–	**29,991**	–
	273,564	594,192	**366,373**	451,107	**65,553**	55,983	**705,490**	1,101,282
Revenue from contracts with customers	**273,564**	594,192	**366,373**	451,107	**65,553**	55,983	**705,490**	1,101,282
Other revenue	**59,440**	63,860	**3,843**	–	**16,131**	4,873	**79,414**	68,733
Total revenue	**333,004**	658,052	**370,216**	451,107	**81,684**	60,856	**784,904**	1,170,015

* The Group has initially applied MFRS15 using the cumulative effect method. Under this method, the comparative information is not restated.

24. REVENUE (cont'd)

24.2 Nature of goods and services

The following information reflects the typical transactions of the Group during the current financial year:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of goods and rendering of services	(i) Revenue is recognised at a point in time when goods are delivered and accepted by customers.	Credit term is 30 to 90 days.	Not applicable.	Not applicable.	Not applicable.
	(ii) Revenue is recognised at a point in time when services are performed and accepted by the customers.	Cash term; credit term is up to 30 days.	Not applicable.	Not applicable.	Not applicable.
	(iii) Revenue is recognised over time when services are performed over the semester terms.	Payment in advance.	Not applicable.	Not applicable.	Not applicable.
Sale of completed properties	(i) Revenue is recognised at a point in time using the completion method when vacant possession has been delivered.	The credit terms are:- i) 3-month from the Sales and Purchase Agreement ("SPA") for local purchaser (Malaysia); ii) 3-month from the SPA or 1 month from the State Consent is obtained, whichever is later, for foreign buyer (Malaysia), iii) payment is due at settlement (Australia).	Discount or incentives or rental guarantee given to buyers.	Not applicable.	Defect liability period is as per stipulated terms in the sales and purchase agreement.
	(ii) Revenue is recognised over time for maintenance services rendered to buyers.	Credit term is 60 days.	Not applicable.	Not applicable.	Not applicable.

25. OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bad debts recovered	–	13	–	–
Dividend income:				
- Unquoted shares	122	138	–	–
Fair value gain on investment properties	36,442	153,795	–	–
Fair value gain on financial assets at fair value through profit or loss	–	588	–	–
Gain on disposal of investment securities	–	924	–	–
Gain on disposal of investment properties	–	2,325	–	–
Gain on disposal of property, plant and equipment	161	–	74	–
Gain on foreign exchange:				
- Realised	81	248	–	–
- Unrealised	73	11	–	900
Gain on partial disposal of an associate	–	25	–	25
Insurance recoveries	60,415	331,369	–	–
Interest income:				
- Deposits with licensed banks	2,196	4,219	13	649
- Subsidiaries	–	–	18,374	23,876
- Others	17,644	19,291	–	–
Management fees received	120	120	–	–
Rental income and reimbursable expenses from:				
- Investment properties	6,827	6,833	–	–
- Land and buildings	8,830	8,377	–	–
Reversal of impairment loss on:				
- Investment securities	–	68	–	–
- Other non–current asset	5,706	–	–	–
- Trade and other receivables	26	165	–	–
Shared services income	9,992	4,381	–	–
Miscellaneous income	11,177	11,644	1	1
	159,812	544,534	18,462	25,451

26. PROFIT BEFORE TAX

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	**288**	298	**136**	136
Overseas affiliates of KPMG in Malaysia	**1,455**	1,525	**–**	–
Other auditor	**82**	85	**–**	–
- Non-audit fees				
KPMG in Malaysia	**14**	14	**12**	12
Overseas affiliates of KPMG in Malaysia	**97**	177	**–**	–
Bad debts written off:				
- Trade and other receivables	**–**	61	**–**	–
Fair value loss on investment properties	**1,268**	1,449	**–**	–
Fair value loss on financial assets at fair value through profit or loss	**832**	–	**–**	–
Impairment loss on financial assets:				
- Investment securities	**104**	–	**–**	–
- Trade and other receivables	**128**	1,190	**–**	–
Impairment loss on:				
- Investments in subsidiaries	**–**	–	**4,882**	1,262
Inventories written down	**113**	81,083	**–**	–
Loss on foreign exchange:				
- Realised	**3,019**	9,463	**1,880**	41,350
- Unrealised	**4**	433	**27,745**	–
Loss on derivatives	**–**	2,512	**–**	–
Management fee paid	**–**	–	**1,510**	3,233
Minimum operating lease payments:				
- Land and buildings	**8,193**	15,384	**–**	73
- Plant and equipment	**4,187**	5,703	**–**	–
Provision for foreseeable loss on inventories	**–**	2,296	**–**	–
Provision for foreseeable loss on onerous contract	**–**	1,411	**–**	–
Provision for staff benefits	**23,733**	20,237	**–**	–
Property, plant and equipment:				
- Depreciation	**38,614**	73,138	**24**	5
- Written off	**883**	29,919	**–**	–
- Loss on disposal	**–**	230	**–**	–
- Impairment loss	**68,065**	133,152	**–**	–
(Reversal of)/Provision for repairs	**(77,762)**	98,338	**–**	–
Employee benefits expenses (including key management personnel):				
- Wages, salaries and others	**225,009**	257,399	**1,148**	887
- Pension costs - defined contribution plans	**14,070**	16,585	**119**	107
- Short-term accumulating compensated absences	**13,265**	17,043	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. FINANCE COSTS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest expense on:				
- overdrafts	**34**	79	**15**	59
- revolving loans and term loans	**59,490**	71,100	**3,295**	3,531
- bonds	**33,862**	28,749	**–**	–
- others	**1,099**	569	**–**	–
	94,485	100,497	**3,310**	3,590
Less: Interest expense capitalised in properties under development (Note 11)	**(3,589)**	(765)	**–**	–
Total finance costs	**90,896**	99,732	**3,310**	3,590

28. TAX EXPENSE/(BENEFIT)

Recognised in profit or loss

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current tax expense				
Malaysian - current year	**117**	55	**36**	–
- prior year	**2**	1	**–**	–
Overseas - current year	**(17,324)**	20,331	**–**	–
	(17,205)	20,387	**36**	–
Deferred tax expense				
Origination and reversal of temporary differences	**82,670**	54,828	**–**	–
Under provision in prior year	**7,420**	7,811	**–**	–
	90,090	62,639	**–**	–
Total income tax expense	**72,885**	83,026	**36**	–

28. TAX EXPENSE/(BENEFIT) (cont'd)

Reconciliation of tax expense

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	**308,614**	452,215	**107,349**	4,691
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	**74,067**	108,532	**25,763**	1,126
Different tax rates in other countries	**6,212**	18,280	**–**	–
Non-deductible expenses	**2,730**	7,749	**10,289**	11,845
Group relief	**–**	–	**(2,959)**	(3,865)
Income not subject to taxation	**(11,648)**	(679)	**(33,057)**	(9,106)
Effect from previously unrecognised tax losses	**3,462**	(2,336)	**–**	–
Changes in deductible temporary differences	**(696)**	(414)	**–**	–
Derecognition of previously recognised tax losses	**34,552**	–	**–**	–
Under provision of deferred tax in prior year	**7,420**	7,811	**–**	–
Under provision of income tax in prior year	**2**	1	**–**	–
Shares of results of associates and joint ventures	**(43,216)**	(55,918)	**–**	–
Income tax expense recognised in profit or loss	**72,885**	83,026	**36**	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. The corporate tax rates applicable to subsidiaries located in Australia are 30% (2017: 30%).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

During the financial year, under the provision of Section 44A of the Malaysia Income Tax Act 1967, the Company has utilised RM2,959,000 (2017: RM3,865,000) of tax losses surrendered from a subsidiary.

29. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to ordinary shareholders	**235,699**	369,315

29. EARNINGS PER ORDINARY SHARE (cont'd)

Basic earnings per ordinary share (cont'd)

	Group	
	2018 **'000**	**2017** **'000**
Weighted average number of ordinary shares at 31 December		
Issued ordinary shares at 1 January	**319,467**	3,194,870
Effect of share buy back	**–**	(133)
Effect of share consolidation	**–**	(2,875,263)
Weighted average number of ordinary shares at 31 December	**319,467**	319,474

	Group	
	2018 **Sen**	**2017** **Sen**
Basic earnings per ordinary share	**73.78**	115.60

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2018 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There were no potential dilution effects on ordinary shares of the Company for the current financial year. Accordingly, the diluted earnings per ordinary share for the current and previous years are equal to the basic earnings per ordinary share.

30. DIVIDEND PAYABLE

A Dividend-In-Specie to the shareholders of the Company for the financial year ended 31 December 2018 has been declared by the Board of Directors by way of distribution of 89,884,299 ordinary shares in Mudajaya Group Berhad ("Mudajaya"), on the basis of 1 Mudajaya share for every 3.537 shares held in the Company as detailed below:-

	Total amount RM'000	**Entitlement Date**	**Payment Date**
2018			
a) Entitled shareholders of the Company who hold 354 or more of the Company shares:			
- Distribution of 89,884,299 ordinary shares in Mudajaya	31,460	26 December 2018	18 January 2019
b) Entitled shareholders of the Company who hold less than 354 of the Company shares:			
- Distribution of cash payment	162	26 December 2018	18 January 2019
	31,622		

After the distribution, the Company holds 0.08% equity interest in Mudajaya, as the entitled shareholders' fractional entitlement to the dividend shares was disregarded. Consequently, the Company has ceased to be a substantial shareholder of Mudajaya.

Other than above, there is no cumulative preference dividends not recognised in the current financial year.

31. OPERATING SEGMENTS

Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	property development and investments
Hospitality	hotels and service apartments ownership and/or operation
Investment and others	investment holding, investments in securities, licensed money lending, financial services provider and others

None of the other operations are of sufficient size to be reported separately.

Performance is measured based on segment revenue and profit before tax as included in the internal management reports that are reviewed by the Exco Committee (the Group's chief operating decision maker).

The operating results of its business units were monitored separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and finance costs.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

31. OPERATING SEGMENTS (cont'd)

Business segments (cont'd)

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property		Hospitality		Investment and others		Adjustments and eliminations			Per consolidated financial statements	
	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000	Note	2018 RM'000	2017* RM'000
Revenue											
External customers	**333,004**	658,052	**370,216**	451,107	**81,684**	60,856	**–**	–		**784,904**	1,170,015
Inter-segment	**–**	–	**–**	–	**–**	22,386	**–**	(22,386)	(i)	**–**	–
Total revenue	**333,004**	658,052	**370,216**	451,107	**81,684**	83,242	**–**	(22,386)		**784,904**	1,170,015
Results											
Inventories written down	**(113)**	(81,083)	**–**	–	**–**	–	**–**	–		**(113)**	(81,083)
Property, plant and equipment:											
- Impairment loss	**–**	–	**(68,065)**	(133,152)	**–**	–	**–**	–		**(68,065)**	(133,152)
- Written off	**–**	–	**(883)**	(29,919)	**–**	–	**–**	–		**(883)**	(29,919)
Share of profit from associates and joint ventures	**–**	–	**–**	–	**16,599**	42,080	**163,468**	190,912	(ii)	**180,067**	232,992
Depreciation	**(4,254)**	(4,094)	**(25,895)**	(60,294)	**(8,465)**	(8,750)	**–**	–		**(38,614)**	(73,138)
Segment profit/(loss)	**152,886**	345,607	**92,826**	31,849	**(33,039)**	(13,463)	**95,941**	88,222	(ii)	**308,614**	452,215
Assets and liabilities											
Investments in associates and joint ventures	**–**	–	**–**	–	**1,494,183**	1,447,273	**–**	–		**1,494,183**	1,447,273
Additions to non-current assets #	**5,909**	5,406	**443,381**	49,647	**28,578**	9,351	**–**	–		**477,868**	64,404
Segment assets	**1,600,379**	1,549,974	**1,092,374**	815,741	**4,552,177**	4,695,713	**(1,333,647)**	(1,198,865)	(iii)	**5,911,283**	5,862,563
Segment liabilities	**1,059,335**	1,053,142	**391,688**	374,239	**2,950,779**	2,768,021	**(1,747,198)**	(1,647,771)	(iii)	**2,654,604**	2,547,631

* The Group has initially applied MFRS15 using the cumulative effect method. Under this method, the comparative information is not restated.

\# Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

31. OPERATING SEGMENTS (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(i) Inter-segment revenue and dividend income are eliminated on consolidation.

(ii) The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2018 RM'000	2017* RM'000
Share of results of associates and joint ventures	**163,468**	190,912
Unallocated corporate expenses and finance costs	**(67,527)**	(102,690)
	95,941	88,222

(iii) Inter-segment balances are eliminated on consolidation.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in three main geographical areas in the Asia Pacific region.

Australia - mainly property development and investments, hotels and financial service provider.
Malaysia - property development and investments, licensed money lending and investments in securities.
New Zealand - property investments

* The Group has initially applied MFRS15 using the cumulative effect method. Under this method, the comparative information is not restated.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000
Australia	**738,082**	1,145,715	**2,208,315**	2,161,155
Malaysia	**42,979**	24,300	**405,358**	404,059
New Zealand	**3,843**	–	**191,207**	–
	784,904	1,170,015	**2,804,880**	2,565,214

31. OPERATING SEGMENTS (cont'd)

Geographical segments (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2018 RM'000	2017* RM'000
Property, plant and equipment	**1,068,355**	955,760
Investment properties	**1,104,808**	941,078
Goodwill	**2,708**	2,725
Inventories	**629,009**	665,651
	2,804,880	2,565,214

* The Group has initially applied MFRS15 using the cumulative effect method. Under this method, the comparative information is not restated.

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")
- Debt instrument ("DI")

	Carrying amount RM'000	AC RM'000	FVTPL -DUIR RM'000	FVOCI -EIDUIR RM'000	FVOCI -DI RM'000
2018					
Financial assets					
Group					
Investment securities	**252,394**	**–**	**251,189**	**1,205**	**–**
Trade and other receivables	**355,718**	**278,440**	**–**	**–**	**77,278**
Cash and cash equivalents	**150,570**	**150,570**	**–**	**–**	**–**
	758,682	**429,010**	**251,189**	**1,205**	**77,278**

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL -DUIR RM'000	FVOCI -EIDUIR RM'000	FVOCI -DI RM'000
2018					
Financial assets (cont'd)					
Company					
Investment securities	1,198	–	–	1,198	–
Trade and other receivables	717,049	717,049	–	–	–
Cash and cash equivalents	24	24	–	–	–
	718,271	717,073	–	1,198	–
Financial liabilities					
Group					
Loans and borrowings	(2,253,730)	(2,253,730)	–	–	–
Trade and other payables	(224,825)	(224,825)	–	–	–
	(2,478,555)	(2,478,555)	–	–	–
Company					
Loans and borrowings	(77,452)	(77,452)	–	–	–
Trade and other payables	(36,071)	(36,071)	–	–	–
	(113,523)	(113,523)	–	–	–

The table below provides an analysis of financial instruments as at 31 December 2017 categories as follow:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");
(c) Available-for-sale financial assets ("AFS"); and
(d) Financial liabilities measured at amortised cost ("FL").

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
2017				
Financial assets				
Group				
Investment securities	331,834	–	3,167	328,667
Trade and other receivables	269,841	269,841	–	–
Cash and cash equivalents	488,350	488,350	–	–
	1,090,025	758,191	3,167	328,667
Company				
Investment securities	1,043	–	–	1,043
Trade and other receivables	748,172	748,172	–	–
Cash and cash equivalents	4,470	4,470	–	–
	753,685	752,642	–	1,043
Financial liabilities				
Group				
Loans and borrowings	(2,141,513)	(2,141,513)	–	–
Trade and other payables	(229,097)	(229,097)	–	–
	(2,370,610)	(2,370,610)	–	–
Company				
Loans and borrowings	(49,732)	(49,732)	–	–
Trade and other payables	(1,637)	(1,637)	–	–
	(51,369)	(51,369)	–	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Designated upon initial recognition	**15,838**	(2,163)	**–**	–
Equity instruments designated at fair value through other comprehensive income:				
- Recognised in profit or loss	**122**	–	**–**	–
- Recognised in other comprehensive income	**(47,319)**	–	**(500)**	–
Available-for-sale financial assets:				
- Recognised in other comprehensive income	**–**	2,747	**–**	–
- Recognised in profit or loss, net	**–**	(25,393)	**–**	–
Financial assets at amortised cost	**(2,884)**	(1,789)	**18,379**	649
Financial liabilities at amortised cost	**(92,875)**	(77,213)	**(3,310)**	(3,590)
Loans and receivables	**–**	17,702	**–**	(16,575)
	(127,118)	(86,109)	**14,569**	(19,516)
Net loss on impairment of financial instruments and contract assets:				
- Financial assets at amortised cost	**(128)**	(922)	**–**	–
	(128)	(922)	**–**	–

32.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The Group's normal credit terms range from 14 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group has credit risk concentration of 43% (2017: 58%) arising from the exposure to two debtors in the outstanding amount of trade and other receivables. Management constantly monitors the recovery of these outstanding balances and is confident of its recoverability as the said amounts are fully secured.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, the Group's normal credit terms range from 14 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

Group	2018 Gross-carrying amount RM'000	Loss Allowance RM'000	Net balance RM'000
Not past due	**14,437**	**–**	**14,437**
Past due 1 - 30 days	**4,402**	**–**	**4,402**
Past due 31 - 60 days	**1,264**	**–**	**1,264**
Past due more than 60 days	**54,650**	**(535)**	**54,115**
	74,753	**(535)**	**74,218**

	Trade receivables Lifetime ECL RM'000	Total RM'000
Balance at 1 January as per MFRS 139		660
Adjustment on initial application of MFRS 9		270
Balance at 1 January as per MFRS 9	930	930
Amounts written off	(411)	(411)
Net remeasurement of loss allowance	16	16
Balance at 31 December	535	535

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

Group	Gross RM'000	Individual Impairment RM'000	Net RM'000
2017			
Not past due	64,630	–	64,630
Past due 1 - 30 days	6,922	–	6,922
Past due 31 - 60 days	2,295	–	2,295
Past due more than 60 days	57,427	(660)	56,767
	131,274	(660)	130,614

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement (cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2017 RM'000
At 1 January	1,249
Impairment loss recognised	1,190
Impairment loss reversed	(165)
Impairment loss written off	(1,548)
Exchange adjustments	(66)
At 31 December	660

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognised any allowance for impairment losses.

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM109,529,000 (2017: RM186,100,000) representing the outstanding banking facilities of the subsidiaries and guarantee given to a third party by the Company as at end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

• The subsidiary is unlikely to repay its credit obligation to the bank in full; or
• The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 12. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment losses

Generally, the Company considers advances to subsidiary has low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary's advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the amounts due from the inter-companies are not recoverable.

32.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
Group						
2018						
Non-derivative financial liabilities						
Bank overdrafts	**1,611**	8.10-8.90	**1,611**	**1,611**	**–**	**–**
Bills payable	**49,340**	2.84	**50,741**	**50,741**	**–**	**–**
Bonds	**377,804**	8.08	**458,579**	**30,449**	**363,316**	**64,814**
Revolving credit	**90,986**	4.75-5.80	**91,396**	**91,396**	**–**	**–**
Term loans	**1,725,900**	2.35-6.88	**1,822,563**	**742,290**	**1,076,747**	**3,527**
Finance lease liabilities	**8,089**	7.00	**10,920**	**566**	**2,265**	**8,089**
Trade and other payables	**224,825**	–	**224,825**	**192,651**	**782**	**31,392**
	2,478,555		**2,660,635**	**1,109,704**	**1,443,110**	**107,822**
Company						
2018						
Bank overdrafts	**1,466**	8.10-8.90	**1,466**	**1,466**	**–**	**–**
Revolving credit	**75,986**	4.75-5.80	**75,986**	**75,986**	**–**	**–**
Other payables	**36,071**	–	**36,071**	**36,071**	**–**	**–**
Financial guarantees	**–**	–	**109,529**	**109,529**	**–**	**–**
	113,523		**223,052**	**223,052**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
Group						
2017						
Non-derivative financial liabilities						
Bank overdrafts	798	7.85 - 8.65	798	798	–	–
Bills payable	54,602	2.88	56,174	2,175	53,999	–
Bonds	382,330	5.75 - 8.20	501,314	30,966	377,799	92,549
Revolving credit	64,330	4.55 - 5.27	64,594	64,594	–	–
Term loans	1,630,650	1.60 - 4.94	1,695,229	781,009	907,730	6,490
Finance lease liabilities	8,803	5.49 - 7.00	11,877	637	2,459	8,781
Trade and other payables	229,097	–	229,097	227,174	1,923	–
	2,370,610		2,559,083	1,107,353	1,343,910	107,820
Company						
2017						
Bank overdrafts	402	7.85 - 8.65	402	402	–	–
Revolving credit	49,330	4.55 - 5.27	49,330	49,330	–	–
Other payables	1,637	–	1,637	1,637	–	–
Financial guarantees	–	–	186,100	186,100	–	–
	51,369		237,469	237,469	–	–

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

32.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Hong Kong Dollar ("HKD"), Australian Dollar ("AUD"), U.S. Dollar ("USD"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD") and New Zealand Dollar ("NZD").

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in					
	HKD RM'000	**AUD RM'000**	**USD RM'000**	**GBP RM'000**	**SGD RM'000**	**NZD RM'000**
Group						
2018						
Bank loans	**(184,474)**	**(4,514)**	**(1,868)**	**–**	**–**	**–**
Other payables	**(176)**	**(3)**	**(695)**	**–**	**–**	**–**
Short term deposits	**–**	**14,854**	**–**	**28,976**	**–**	**710**
Trade receivables	**–**	**–**	**573**	**–**	**–**	**–**
Bank balances	**8**	**34**	**2,586**	**137**	**1**	**–**
	(184,642)	**10,371**	**596**	**29,113**	**1**	**710**
2017						
Bank loans	(193,722)	–	–	–	–	–
Other payables	(711)	–	(719)	–	–	–
Short term deposits	12,197	–	6,448	7,207	213	–
Trade receivables	–	–	2,509	–	–	–
Bank balances	7	240	1,623	6	5	–
	(182,229)	240	9,861	7,213	218	–

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.1 Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	Denominated in			
	HKD RM'000	AUD RM'000	USD RM'000	SGD RM'000
Company				
2018				
Amounts due from subsidiaries	**–**	**160,577**	**–**	**40**
Bank balances	**2**	**1**	**3**	**–**
	2	**160,578**	**3**	**40**
2017				
Short term deposits	–	–	–	213
Amounts due from subsidiaries	–	109,637	–	–
Bank balances	–	–	–	5
	–	109,637	–	218

Currency risk sensitivity analysis

A 5% (2017: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss Group		Profit or loss Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
HKD	**7,016**	6,925	**–**	–
AUD	**(394)**	(9)	**(6,102)**	(4,166)
USD	**(23)**	(375)	**–**	–
GBP	**(1,106)**	(274)	**–**	–
SGD	**–**	(8)	**(2)**	(8)
NZD	**(27)**	–	**–**	–

A 5% (2017: 5%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.2 Interest rate risk

The Group's placement of fixed rate deposits with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's placement of variable rate deposits with licensed banks and its variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Company's exposure to interest rate risk arises principally from its amounts due from subsidiaries. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Fixed rate instruments				
Financial assets	**94,474**	57,228	**495,985**	585,863
Financial liabilities	**(397,579)**	(584,855)	**–**	–
	(303,105)	(527,627)	**495,985**	585,863
Floating rate instruments				
Financial assets	**44,541**	30,054	**–**	4,202
Financial liabilities	**(1,856,151)**	(1,556,657)	**(77,452)**	(49,732)
	(1,811,610)	(1,526,603)	**(77,452)**	(45,530)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group		Company	
	Profit or loss			
	50bp increase RM'000	50bp decrease RM'000	50bp increase RM'000	50bp decrease RM'000
2018				
Floating rate instruments	**(6,884)**	**6,884**	**(294)**	**294**
2017				
Floating rate instruments	(5,801)	5,801	(173)	173

32.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Equity price risk sensitivity analysis

A 10% (2017: 10%) increase in equity and debt securities market prices at the end of the reporting period would have increased and post-tax profit or loss by RM19,090,000 (2017: RM240,692) for investments classified as fair value through profit or loss. A 10% (2017: 10%) weakening in equity and debt securities market prices would have had equal but opposite effect on profit or loss respectively.

32.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

32. FINANCIAL INSTRUMENTS (cont'd)

32.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2018										
Financial assets										
Quoted shares	**2,349**	**–**	**–**	**2,349**	**–**	**–**	**–**	**–**	**2,349**	**2,349**
Quoted bond	**–**	**249,000**	**–**	**249,000**	**–**	**–**	**–**	**–**	**249,000**	**249,000**
	2,349	**249,000**	**–**	**251,349**	**–**	**–**	**–**	**–**	**251,349**	**251,349**
Financial liabilities										
Loans and borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**(1,860,829)**	**(1,860,829)**	**(1,860,829)**	**(2,253,730)**
Company										
2018										
Financial liabilities										
Loans and borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**(73,889)**	**(73,889)**	**(73,889)**	**(77,452)**
Group										
2017										
Financial assets										
Quoted shares	87,189	–	–	87,189	–	–	–	–	87,189	87,189
Quoted bond	–	243,600	–	243,600	–	–	–	–	243,600	243,600
	87,189	243,600	–	330,789	–	–	–	–	330,789	330,789
Financial liabilities										
Loans and borrowings	–	–	–	–	–	–	(1,721,911)	(1,721,911)	(1,721,911)	(2,141,513)
Company										
2017										
Financial liabilities										
Loans and borrowings	–	–	–	–	–	–	(47,628)	(47,628)	(47,628)	(49,732)

32. FINANCIAL INSTRUMENTS (cont'd)

32.7 Fair value information (cont'd)

Level 2 fair value

Derivatives

The fair value of bond is estimated based on the inputs that are observable from the market for the asset. The fair value of forward exchange contracts is estimated by computing the difference between the contractual forward price and the current forward price whereas the fair value of currency option contracts is estimated based on the value given by the banks.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2017: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loans and borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

33. CAPITAL MANAGEMENT

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less capital reserve.

33. CAPITAL MANAGEMENT (cont'd)

	Note	2018 RM'000	2017 RM'000
Group			
Loans and borrowings	20	**2,253,730**	2,141,513
Trade and other payables	21	**224,825**	229,097
Less: Cash and cash equivalents	17	**(150,570)**	(488,350)
Net debt		**2,327,985**	1,882,260
Equity attributable to the owners of the Company		**3,256,760**	3,315,052
Less: Capital reserves		**–**	(221,502)
Total capital		**3,256,760**	3,093,550
Capital and net debt		**5,584,745**	4,975,810
Gearing ratio		**42%**	38%

There was no change in the Group's approach to capital management during the financial year.

34. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than 1 year	**6,195**	7,811
Later than 1 year but not later than 5 years	**12,769**	16,429
Later than 5 years	**4,749**	10,283
	23,713	34,523

The Group leases various assets under operating leases. The leases will run for a period between 1 and 9.5 years (2017: 1 and 10.5 years), with an option to renew certain leases after that date.

34. OPERATING LEASES (cont'd)

Leases as lessor

The Group lease out their property, plant and equipment (see Note 3) and investment properties (see Note 4) under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Not later than 1 year	**47,594**	54,508
Later than 1 year but not later than 5 years	**101,617**	138,133
Later than 5 years	**53,713**	69,999
	202,924	262,640

35. CAPITAL COMMITMENTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	**93,958***	273,150*
Contracted but not provided for	**43,264**	23,961
	137,222	297,111

* The capital commitments are mainly for Hayman Island Resort refurbishment primarily funded by insurance proceeds.

36. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates, joint ventures, other related parties and key management personnel.

36. RELATED PARTIES (cont'd)

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 12 and Note 21.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
A. Subsidiaries				
Interest income	**–**	–	**18,374**	23,876
Dividend income	**–**	–	**135,119**	35,178
Rental expense	**–**	–	**73**	73
Management fee expense	**–**	–	**1,510**	3,233
B. Associates				
Asset management service income	**375**	3,766	**–**	–
Dividend income	**66,150**	47,747	**–**	–
Director fees	**569**	288	**–**	–
Project services fee	**9,059**	–	**–**	–
Rental income	**4,635**	4,968	**–**	–
Rental expense	**1,527**	1,659	**–**	–
Share service expense	**407**	516	**–**	–
C. Joint ventures				
Dividend income	**362**	5,482	**–**	–
D. Other related parties				
Companies related to a director:				
- Rental expense	**191**	230	**–**	–
- Share service income	**543**	632	**–**	–
- Rendering of services	**3,519**	4,752	**–**	–
Companies related to a person connected to a director:				
- Rental income	**479**	472	**–**	–
- Rendering of services	**3,214**	3,899	**–**	–
E. Key management personnel				
Directors				
- Remuneration	**3,385**	2,585	**951**	788
- Fees	**265**	330	**265**	330
- Defined contribution plans	**268**	168	**101**	89
- Estimated money value of benefits-in-kind	**4**	18	**–**	–
	3,922	3,101	**1,317**	1,207
Other key management personnel				
- Remuneration	**43,782**	49,477	**–**	–
- Defined contribution plans	**2,230**	2,590	**–**	–
	46,012	52,067	**–**	–

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. INTEREST IN JOINT OPERATIONS

The Group has 50% (2017: 50%), 60% (2017: 57%) and 60% (2017: 51%) ownership interest in joint operations namely 6014 JV, The Hotel School Sydney and The Hotel School Melbourne respectively. 6014 JV is principally engaged in commercial property development whilst The Hotel School Sydney and The Hotel School Melbourne, both entities are principally involved in the education business.

38. SUBSEQUENT EVENTS

In February 2019, the Group's existing facilities with Westpac Banking Corporation with a combined limit of AUD153 million (equivalent to approximately RM447 million) were extended by 3 years to 28 February 2022. The outstanding balance of these facilities at 31 December 2018 was AUD119 million (equivalent to approximately RM347 million) and sits in current interest-bearing liabilities. The loans are secured against investment properties and development properties with a total carrying value of AUD388 million (equivalent to approximately RM1,132 million) at 31 December 2018.

39. 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 Trial then continued on 4 June 2018 with MIB's witnesses completing their evidence in Court and resumed once again on 26 to 27 June 2018, 29 June 2018, 7 September 2018 and 21 to 22 November 2018 with Mula's witnesses giving evidence in Court while the Trial date fixed on 19 November 2018 was vacated by the Court. Trial resumed on 18 February 2019 until 19 February 2019 with Mula's witnesses giving further evidence in Court while the Trial dates of 20 to 22 February 2019 were vacated by the Court. New Trial dates have been fixed on 9 May 2019, 23 May 2019 and 24 May 2019.

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.

39. MATERIAL LITIGATION (cont'd)

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.

40. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

40.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's and the Company's financial statements.

a. Statement of financial position

Group 31 December 2018	As reported RM'000	Impact of changes in accounting policies Adjustment Increase/ (Decrease) RM'000	Balances without adoption of MFRS 15 and MFRS 9 RM'000
Investments in associates	**1,475,785**	**(6,469)**	**1,469,316**
Contract assets	**573**	**(573)**	**–**
Trade and other receivables	**355,718**	**843**	**356,561**
Others	**4,079,207**	**–**	**4,079,207**
Total assets	**5,911,283**	**(6,199)**	**5,905,084**
Contract liabilities	**19,241**	**(19,241)**	**–**
Trade and other payables	**224,825**	**18,946**	**243,771**
Others	**2,410,538**	**–**	**2,410,538**
Total liabilities	**2,654,604**	**(295)**	**2,654,309**
Retained earnings	**1,186,024**	**(5,904)**	**1,180,120**
Others	**2,070,655**	**–**	**2,070,655**
Total equity	**3,256,679**	**(5,904)**	**3,250,775**
Total equity and liabilities	**5,911,283**	**(6,199)**	**5,905,084**

40. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

40.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Company has not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The assessment has been made based on the facts and circumstances that existed at the date of initial application:
- the determination of the business model within which a financial asset is held; and
- the designation of certain investments in equity instruments not held for trading as at FVOCI.

iii) If an investment in a debt security had low credit risk at date of initial application of MFRS 9, the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

iv) Loss allowance for receivables is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018:

		1 January 2018 Reclassification to new MFRS 9 category		
Category under MFRS 139	31 December 2017 RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000	Fair value through other comprehensive income ("FVOCI") - Equity instruments RM'000
Financial assets				
Group				
Loans and receivables				
Trade and other receivables	269,841	269,841	–	–
Cash and cash equivalents	488,350	488,350	–	–
	758,191	758,191	–	–

40. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

40.2 Accounting for financial instruments (cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (cont'd)

		1 January 2018 Reclassification to new MFRS 9 category		
Category under MFRS 139	31 December 2017 RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000	Fair value through other comprehensive income ("FVOCI") - Equity instruments RM'000
Financial assets (cont'd)				
Group (cont'd)				
Fair value through profit or loss – designated upon initial recognition				
Investment securities	3,167	–	3,167	–
Available-for-sale				
Investment in securities	328,667	–	–	328,667
Company				
Loans and receivables				
Trade and other receivables	748,172	748,172	–	–
Cash and cash equivalents	4,470	4,470	–	–
	752,642	752,642	–	–
Available-for-sale				
Investment in securities	1,043	–	–	1,043
Financial liabilities				
Group				
Other financial liabilities measured at amortised cost				
Loans and borrowings	(2,141,513)	(2,141,513)	–	–
Trade and other payables	(229,097)	(229,097)	–	–
	(2,370,610)	(2,370,610)	–	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

40.2 Accounting for financial instruments (cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (cont'd)

		1 January 2018 Reclassification to new MFRS 9 category		
Category under MFRS 139	31 December 2017 RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000	Fair value through other comprehensive income ("FVOCI") - Equity instruments RM'000
Financial liabilities (cont'd)				
Company				
Other financial liabilities measured at amortised cost				
Loans and borrowings	(49,732)	(49,732)	–	–
Trade and other payables	(1,637)	(1,637)	–	–
	(51,369)	(51,369)	–	–

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM270,000 in allowance for impairment was recognised in opening retained earnings of the Group at 1 January 2018 respectively on transition to MFRS 9.

(ii) Reclassification from AFS to FVOCI

Investment in unquoted shares are investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

(iii) Reclassification from AFS to FVOCI

Quoted bonds previously classified as available-for-sale were held by the Group primarily for collecting contractual cash flows and selling it if the need arises to meet liquidity requirements. These quoted bonds were reclassified as financial assets at FVOCI.

40.3 Accounting for revenue

In the adoption of MFRS 15, the Company has not adopted any practical expedients as permitted by the standard.

The Group has applied MFRS 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially apply MFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the comparative information has not been restated.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 74 to 185 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang
Director

Lee Eng Leong
Director

Date: 4 April 2019

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Lim Say Kien**, the officer primarily responsible for the financial management of Mulpha International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 74 to 185 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the State of Selangor Darul Ehsan on 4 April 2019.

Lim Say Kien

Before me:
Lawrence Low
No: B484
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Mulpha International Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mulpha International Bhd., which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment

Refer to Note 2(d) - Significant accounting policy: Property, plant and equipment and Note 3 - Property, plant and equipment.

The key audit matter

The Group's property, plant and equipment are predominantly hotels across Australia, which form a significant component of property, plant and equipment with a total carrying amount of RM1,068,355,000 as at 31 December 2018.

An assessment of the carrying value of these assets compared against its recoverable amount is required to be performed where indications of impairment exist. The Directors and management performed a value-in-use calculation and/or obtained a valuation from an external independent expert to support the recoverable amounts of the assets.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key underlying assumptions to be applied.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the members of Mulpha International Bhd

KEY AUDIT MATTERS (cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

For property, plant and equipment valued by external experts engaged by the Group:

- Assessed the competence and objectivity of external independent experts engaged by the Directors and management;
- Assessed whether the valuation methodology was appropriate and in accordance with the requirements of accounting standards; and
- Corroborated key assumptions, such as forecast cash flows, discount rate and growth rate with available market data and our knowledge of historical performance of the asset, adjusted for expected market conditions.

For internally valued property, plant and equipment:

- Evaluated Directors' and management's processes and controls for preparing, reviewing and approving the Group's valuations based on Group policies;
- Assessed whether the underlying calculation methodology was performed in accordance with the requirements of the accounting standards; and
- Benchmarked key assumptions used in the discounted cash flows, such as revenue growth, capital expenditure and discount rate, against external market data and the historical performance of the asset, adjusted for expected market conditions.

Valuation of investment properties

Refer to Note 2(h) - Significant accounting policy: Investment property and Note 4 - Investment properties.

The key audit matter

The Group's investment properties are predominantly commercial properties across Australia, which form a significant component of investment properties with a total carrying amount of RM1,104,808,000 as at 31 December 2018.

These investment properties are stated at their fair values based on independent external and internal valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation rates i.e. a small change in the assumptions can have a significant impact to the valuation.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

For investment properties valued by external experts engaged by the Group:

- Assessed the competence and objectivity of external independent valuer engaged by the Directors and management;
- Assessed whether the valuation methodology was appropriate and in accordance with the requirements of accounting standards; and
- Corroborated key assumptions, such as capitalisation rate and annual net market growth rent rate with available market data and our knowledge of historical performance of the asset, adjusted for expected market conditions.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the members of Mulpha International Bhd

KEY AUDIT MATTERS (cont'd)

How the matter was addressed in our audit (cont'd)

For internally valued investment properties:
- Evaluated Directors' and management's processes and controls for preparing, reviewing and approving the Group's valuations based on Group policies;
- Assessed whether the underlying calculation methodology was performed in accordance with the requirements of the accounting standards; and
- Assessed key valuation and the underlying assumptions, including:
  - Comparing the capitalisation rate to market data; and
  - Agreeing passing rental income to the property manager's retail tenancy schedule as well as major tenants to the underlying lease agreements.

Recoverability of development inventory

Refer to Note 2(i) - Significant accounting policy: Inventories and Note 11 - Inventories.

The key audit matter

The Group capitalises development costs into inventory over the life of its projects including the purchase of land, site infrastructure costs, construction costs and borrowing costs. Development inventory is carried at the lower of cost and net realisable value.

Recoverability of development inventory is identified as a key audit matter because of the significant judgement involved in applying the key underlying assumptions on which the feasibility of the projects are premised upon.

Accordingly, a change in the key underlying assumptions of Group's project feasibility could have a material impact on the carrying value of development inventory in the Group's financial statements.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Selected sample of development projects based on quantitative and qualitative factors such as size and risk.
- For the sample selected, depending on the size and risk of the project, we performed some or all of the following procedures in relation to the key judgements in Group's assessment of development inventory recoverability:
  - made an independent assessment of expected sales prices using benchmarking to external data sources and actual results in the period;
  - made an assessment of expected sales volumes by benchmarking to historical sales rates; and
  - tested forecast costs to complete the development project to underlying supplier contracts and/or historical experience of similar costs.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the members of Mulpha International Bhd

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the members of Mulpha International Bhd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the members of Mulpha International Bhd

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lam Shuh Siang
Approval Number: 03045/02/2021 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 4 April 2019

MATERIAL PROPERTIES OF THE GROUP

as at 31 December 2018

	Location / Address	Year of Acquisition/ Completion/ Revaluation (R)	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description/ Existing Use	Net Book Value RM'000
1.	Lot 7, 8, 679 Mukim Pulai Lot 1141, 1541 Tanjung Kupang Daerah Johor Bahru	1991	Freehold	N/A	N/A	369.91 hectares	Land being used for a resort & recreation, residential and commercial developments	573,543
2.	117 Macquarie Street Sydney New South Wales Australia	2004	Freehold	N/A	33 years	3,909.00 sq. metres	5-star hotel	531,187
3.	Norwest Marketown Norwest Boulevard Baulkham Hills New South Wales Australia	2015 2018 (R)	Freehold	N/A	19 years	4.40 hectares	Commercial property	394,200
4.	Sanctuary Cove Gold Coast Queensland Australia	2002 2018 (R)	Freehold	N/A	30 to 31 years	64.7 hectares	Integrated resort with hotel, retail/office, clubs & marina and residential development	332,217*
5.	99-113 Macquarie Street Sydney New South Wales Australia	2004 2018 (R)	Freehold	N/A	80 years	1,600.00 sq. metres	Commercial property	311,856
6.	Hayman Island Great Barrier Reef Queensland Australia	2004	Leasehold	Perpetuity	30 years	291.48 hectares	5-star island resort and residential development	255,509
7.	The Greens, Haven and Neo Baulkham Hills New South Wales Australia	2014 and 2016	Freehold	N/A	N/A	4.49 hectares	High density residential development	234,474
8.	Waldorf Stadium Apartment Hotel Auckland Central Auckland New Zealand	2018	Leasing	2146	10 years	10,630.00 sq. metres	4-star hotel	191,065
9.	Essentia 23a-29 Fairway Drive Kellyville New South Wales Australia	2016	Freehold	N/A	N/A	6.19 hectares	Medium density residential development	143,780
10.	209-217 Abbott Street Cairns Queensland Australia	2016	Freehold	N/A	31 years	6,688.00 sq. metres	4-star resort	104,545

Note: The list of properties above shows the particulars of the top 10 properties in terms of highest net book value as at the end of the financial year.

* *Included an investment property carried at fair value.*

ANALYSIS OF SHAREHOLDINGS

as at 20 March 2019

Total Number of Issued Shares	:	319,618,640 ordinary shares (including 152,210 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	1,195	5.55	23,912	0.01
100 - 1,000	14,274	66.26	5,432,709	1.70
1,001 - 10,000	5,022	23.31	17,017,494	5.33
10,001 - 100,000	889	4.13	25,264,679	7.90
100,001 - 15,973,320 (Less than 5% of issued shares)	160	0.74	113,030,588	35.38
15,973,321 (5%) and above	3	0.01	158,697,048	49.68
Total	21,543	100.00	319,466,430 *	100.00

* Excludes 152,210 treasury shares retained by the Company as per the Record of Depositors.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	% *
1.	Nautical Investments Limited	75,507,000	23.64
2.	Magic Unicorn Limited	50,019,948	15.66
3.	Alliancegroup Nominees (Asing) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited	33,170,100	10.38
4.	HSBC Nominees (Tempatan) Sdn Bhd - Exempt AN for Credit Suisse AG (HK-CLT-T-OS PR)	12,000,000	3.76
5.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Paramjit Singh Gill (Margin)	7,867,300	2.46
6.	Klang Enterprise Sendirian Berhad	6,690,660	2.09
7.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vista Power Sdn Bhd	6,463,833	2.02
8.	Yong Pit Chin	4,815,300	1.51
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited (A/C Client)	4,000,000	1.25
10.	First Positive Sdn Bhd	3,714,345	1.16
11.	Nautical Investments Limited	2,617,200	0.82
12.	Neoh Choo Ee & Company Sdn Berhad	2,600,000	0.81
13.	Vista Power Sdn Bhd	2,536,370	0.79

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 20 March 2019

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

No.	Name of Shareholders	No. of Shares	% *
14.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc (Firm A/C)	2,396,800	0.75
15.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	2,057,221	0.64
16.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,885,140	0.59
17.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah (021)	1,834,960	0.57
18.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,814,570	0.57
19.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chang Joon	1,500,000	0.47
20.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,416,378	0.44
21.	Lim Gaik Bway @ Lim Chiew Ah	1,401,090	0.44
22.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	1,305,000	0.41
23.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	1,254,030	0.39
24.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Oh Kim Sun	1,250,000	0.39
25.	Cartaban Nominees (Asing) Sdn Bhd - BCSL Client AC PB Cayman Clients	1,040,100	0.33
26.	Ong Ngoh Ing @ Ong Chong Oon	1,010,000	0.32
27.	Affin Hwang Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Rubicon Nominees Pty Ltd	1,000,000	0.31
28.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	914,058	0.29
29.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for UBS AG Singapore (Foreign)	835,000	0.26
30.	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Lee Sui Hee	815,855	0.26

* Excludes 152,210 treasury shares retained by the Company as per the Record of Depositors.

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 20 March 2019

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Substantial Shareholders	No. of Shares	% *	No. of Shares	% *
Nautical Investments Limited	78,124,200	24.45	–	–
Magic Unicorn Limited	50,019,948	15.66	–	–
Mountbatten Corporation	–	–	78,124,200 [a]	24.45
Mount Glory Investments Limited	–	–	128,144,148 [b]	40.11
Yong Pit Chin	8,815,300	2.76	134,834,808 [c]	42.20
Lee Seng Huang	12,000,000	3.76	143,650,108 [d]	44.96
Many Merit Asia Limited	23,242,900	7.28	–	–

DIRECTORS' SHAREHOLDINGS IN MULPHA INTERNATIONAL BHD AND ITS SUBSIDIARIES BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	No. of Shares	% *	No. of Shares	% *
Lee Seng Huang	12,000,000	3.76	143,650,108 [d]	44.96
Lee Eng Leong	–	–	–	–
Chew Hoy Ping	–	–	–	–
Dato' Yusli Bin Mohamed Yusoff	–	–	–	–
Loong Caesar	–	–	–	–

By virtue of Lee Seng Huang's substantial interest in the shares of Mulpha International Bhd, he is also deemed interested in the shares of all the subsidiaries to the extent that Mulpha International Bhd has an interest.

Notes:

[a] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholding in Nautical Investments Limited.

[b] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Mountbatten Corporation and Magic Unicorn Limited.

[c] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of her shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.

[d] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his family relationship with Yong Pit Chin and his shareholding in Klang Enterprise Sdn Bhd.

* Excludes 152,210 treasury shares retained by the Company as per the Record of Depositors.

NOTICE OF 45TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 45th Annual General Meeting ("**AGM**") of Mulpha International Bhd will be held at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia on Wednesday, 12 June 2019 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect the following Directors who retire by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   (a) Mr Lee Seng Huang *(Ordinary Resolution 1)*
   (b) Mr Lee Eng Leong *(Ordinary Resolution 2)*

3. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company for the period from 13 June 2019 until the next AGM of the Company to be held in 2020. *(Ordinary Resolution 3)*

4. To re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

5. **ORDINARY RESOLUTION:**
   Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT subject always to the Companies Act 2016 ("**the Act**"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company." *(Ordinary Resolution 5)*

6. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 27 June 2011 and renewed at the AGM held on 7 June 2018, the Directors be and are hereby authorised to allot and issue new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM of the Company, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company.

THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, agreements, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company." *(Ordinary Resolution 6)*

7. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Act, the Company's Articles of Association, the Main Market Listing Requirements of Bursa Securities and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the latest audited retained profits of the Company.

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:

(i) the conclusion of the next AGM of the Company at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividends and/or subsequently cancel them or such other manner as may be allowed under the Act and the Main Market Listing Requirements of Bursa Securities.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 7)*

8. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT approval be and is hereby given to Mr Chew Hoy Ping, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2017." *(Ordinary Resolution 8)*

9. **SPECIAL RESOLUTION:**
Proposed Adoption of New Constitution of the Company

"THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, to adopt the proposed new Constitution of the Company as set out in Appendix III of the Circular to Shareholders dated 30 April 2019 ("**Proposed New Constitution**").

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed New Constitution with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities." *(Special Resolution 1)*

By Order of the Board

LEE ENG LEONG (MIA 7313)
LEE SUAN CHOO (MAICSA 7017562)
Company Secretaries

Johor Darul Takzim
30 April 2019

NOTICE OF 45TH ANNUAL GENERAL MEETING (cont'd)

NOTES:
1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D'Rimbunan, No. 8, Jalan Peranginan, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **3 June 2019** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2018

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Audited Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

NOTICE OF 45TH ANNUAL GENERAL MEETING (cont'd)

2. Ordinary Resolutions 1 & 2 – Re-Election of Retiring Directors

Pursuant to Article 101 of the Company's Articles of Association, one-third or the number nearest to one-third of the Directors of the Company shall retire from office by rotation annually and subject to re-election at the AGM. All Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

Mr Lee Seng Huang and Mr Lee Eng Leong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Nomination Committee had assessed the performance and contribution of these retiring Directors and recommended them for re-election as Directors of the Company. Their profiles are set out in the Profile of Board of Directors section of this Annual Report. The Board has endorsed the Nomination Committee's recommendation subject to the shareholders' approval at this AGM.

3. Ordinary Resolution 3 – Payment of Directors' Fees and Benefits

Section 230(1) of the Act provides amongst others, that the fees and benefits ("**Remuneration**") payable to the Directors of a listed company shall be approved by the shareholders at a general meeting. The Remuneration payable to the Non-Executive Directors of the Company comprises Directors' fees, fixed allowance and meeting attendance allowance, which are the same amount as the previous year.

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 13 June 2019 until the next AGM of the Company to be held in 2020, in accordance with the remuneration structure as set out below:

	Chairman of Audit and Risk Management Committee ("ARMC")	Chairman of other Board Committees	Other Non-Executive Directors
Directors' Fees *(payable on monthly basis)*	RM90,000 per annum	RM70,000 per annum	RM70,000 per annum
Fixed Allowance *(payable on quarterly basis)*	RM45,000 per annum	RM6,000 per annum	–
Meeting Allowance for attendance of Board and Board Committee Meetings *(payable after each meeting)*	RM2,000 per meeting	RM2,000 per meeting	RM2,000 per meeting

4. Ordinary Resolution 4 – Re-Appointment of Auditors

The ARMC has considered the re-appointment of Messrs KPMG PLT as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities. Both the ARMC and the Board have recommended the re-appointment of Messrs KPMG PLT as Auditors of the Company.

NOTICE OF 45TH ANNUAL GENERAL MEETING (cont'd)

5. **Ordinary Resolution 5 – Authority to Issue Shares pursuant to Sections 75 and 76 of the Act**

   This Resolution is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

6. **Ordinary Resolution 6 – Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan**

   This Resolution is to give authority to the Directors to allot and issue new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM of the Company. A renewal of this authority will be sought at the subsequent AGM.

7. **Ordinary Resolution 7 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

   The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 30 April 2019.

8. **Ordinary Resolution 8 – Continuing in Office as Independent Non-Executive Director**

   This Resolution is to seek the shareholders' approval to retain Mr Chew Hoy Ping ("**Mr Chew**"), who has served on the Board for a cumulative term of more than 9 years, as an Independent Non-Executive Director of the Company.

   The Board has via the Nomination Committee, assessed the independence of Mr Chew and recommended him to continue to serve as an Independent Non-Executive Director based on the following justifications:

   (a) Mr Chew fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Securities and thus, he would be able to function as a check and balance to the Board.

   (b) Mr Chew performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgement to the Board without being subject to influence of the Management.

   (c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Chew has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.

   (d) Mr Chew, who is Chairman of the ARMC, has vast experience in the accounting and audit industry, which enabled him to provide constructive advice, expertise and independent judgement.

   At the last AGM held in 2018, the shareholders of the Company had approved the retention of Mr Chew as an Independent Non-Executive Director of the Company.

9. Special Resolution 1 – Proposed Adoption of New Constitution of the Company

In view of the substantial amount of proposed amendments to the existing Memorandum and Articles of Association, the Board proposed to revoke the existing Memorandum and Articles of Association in its entirety and in place thereof, to adopt a new Constitution as set out in Appendix III of the Circular to Shareholders dated 30 April 2019 ("**Proposed New Constitution**").

This Resolution, if passed, will streamline the Company's Constitution with the new provisions of the Act and the amendments made to the Main Market Listing Requirements of Bursa Securities, as well as to enhance administrative efficiency.

The Proposed New Constitution shall take effect once it has been passed by a majority of not less than 75% of such members of the Company who are entitled to attend and vote, and do vote in person or by proxy at this AGM.

Please refer to the Circular to Shareholders dated 30 April 2019 for further information.

STATEMENT ACCOMPANYING NOTICE OF 45TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking for election as a Director at the 45th AGM of the Company.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

The proposed Ordinary Resolution 5 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 7 June 2018.

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MULPHA INTERNATIONAL BHD (19764-T)
INCORPORATED IN MALAYSIA

No. of Shares held	
CDS Account No.	

PROXY FORM

I/We ________________________________ NRIC No./Company No. ____________________

Tel No. ______________________________ of ____________________________________

____ being a member of the Company, hereby appoint

________________________________ NRIC No. ____________________________

of ____

and/or ____________________________ NRIC No. ____________________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 45th Annual General Meeting of the Company to be held at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia on **Wednesday, 12 June 2019** at **2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Mr Lee Seng Huang		
Resolution 2	Re-election of Mr Lee Eng Leong		
Resolution 3	Payment of Directors' fees and benefits		
Resolution 4	Re-appointment of KPMG PLT as Auditors		
Resolution 5	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Resolution 6	Proposed renewal of authority to allot and issue shares pursuant to the Company's Dividend Reinvestment Plan		
Resolution 7	Proposed renewal of authority for the purchase by the Company of its own shares		
Resolution 8	Continuing in office as Independent Non-Executive Director – Mr Chew Hoy Ping		
SPECIAL RESOLUTION		**FOR**	**AGAINST**
Resolution 1	Proposed adoption of new Constitution of the Company		

Dated this________day of _______________ 2019

____
Signature of Member

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:

	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100%

Common Seal
(for Corporate Members)

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D'Rimbunan, No. 8, Jalan Peranginan, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **3 June 2019** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of Annual General Meeting dated 30 April 2019.

FOLD THIS FLAP TO SEAL

2ND FOLD HERE

AFFIX
STAMP
HERE

The Company Secretary
MULPHA INTERNATIONAL BHD (19764-T)
D'Rimbunan, No. 8, Jalan Peranginan
Leisure Farm
81560 Gelang Patah
Johor Darul Takzim
Malaysia

1ST FOLD HERE

CORPORATE DIRECTORY

1. **Mulpha International Bhd**
   PH1, Menara Mudajaya
   No.12A, Jalan PJU 7/3
   Mutiara Damansara
   47810 Petaling Jaya
   Selangor Darul Ehsan, Malaysia

   T: (+603) 7718 6288
   www.mulpha.com.my

2. **Leisure Farm Resort**
   D'Rimbunan
   No.8, Jalan Peranginan, Leisure Farm
   81560 Gelang Patah, Johor
   Malaysia

   T: (+607) 556 3003
   www.leisurefarm.com.my

3. **Mulpha Australia Limited**
   Level 5, 99 Macquarie Street
   Sydney, New South Wales 2000
   Australia

   T: (+612) 9239 5500
   www.mulpha.com.au

4. **Mulpha Sanctuary Cove**
   Jabiru House, Masthead Way
   Sanctuary Cove, Queensland 4212
   Australia

   T: (+617) 5577 6500
   www.sanctuarycove.com

5. **Mulpha Norwest Pty Ltd**
   Level 5, 99 Macquarie Street
   Sydney, New South Wales 2000
   Australia

   T: (+612) 9239 5500
   www.mulphanorwest.com.au

6. **Hayman Island**
   1 Raintree Avenue
   Hayman Island
   Great Barrier Reef
   Australia

   T: (+617) 4940 1234
   www.hayman.com.au

7. **InterContinental Sydney**
   117, Macquarie Street
   Sydney, New South Wales 2000
   Australia

   T: (+612) 9253 9000
   www.icsydney.com.au

8. **InterContinental Sanctuary Cove Resort**
   Manor Circle, Sanctuary Cove
   Queensland 4212
   Australia

   T: (+617) 5530 1234
   www.intercontinental sanctuarycove.com

9. **Bimbadgen**
   790 McDonalds Road
   Pokolbin New South Wales 2320
   Australia

   T: (+612) 4998 4600
   www.bimbadgen.com.au

10. **Transport House**
    99 Macquarie Street
    Sydney, New South Wales 2000
    Australia

    T: (+612) 9239 5500

11. **The Hotel School Sydney**
    60 Philip Street
    Sydney, New South Wales 2000
    Australia

    T: (+612) 8249 3200
    www.hotelschool.scu.edu.au

12. **The Hotel School Melbourne**
    Level 3, 399 Lonsdale Street
    Melbourne, Victoria 3000
    Australia

    T: (+613) 9601 3400
    www.hotelschool.scu.edu.au

13. **Marritz Hotel**
    12 Porcupine Road
    Perisher Valley
    New South Wales 2624
    Australia

    T: (+612) 6457 5220
    www.marritzsalzburg.com.au

14. **Salzburg Apartment**
    24 Porcupine Road
    Perisher Valley
    New South Wales 2624
    Australia

    T: (+612) 6457 5220
    www.marritzsalzburg.com.au

15. **Rydges Esplanade Resort Cairns**
    209-217 Abbott Street
    Cairns City, Queensland 4870
    Australia

    T: (+617) 4044 9000
    www.rydges.com/esplanade-cairns-resort

16. **Enacon Carparks**
    Level 5, 99 Macquarie Street
    Sydney, New South Wales 2000
    Australia

    T: (+612) 9239 5500
    www.enacon.com.au

17. **Norwest Marketown**
    4 Century Circuit
    Baulkham Hills
    New South Wales 2153
    Australia

    T: (+612) 8850 6444
    www.norwestmarketown.com.au

18. **Multiple Capital**
    Level 5, 99 Macquarie Street
    Sydney, New South Wales 2000
    Australia

    T: (+612) 9239 5500
    www.multiplecapital.com.au

19. **Pindari Capital**
    Level 16, 55 Clarence Street
    Sydney, New South Wales 2000
    Australia

    T: (+612) 9958 9008
    www.pindaricapital.com.au

20. **Waldorf Stadium Apartment Hotel**
    40, Beach Road
    Auckland City 1010
    New Zealand

    T: 0800 700 001
    www.waldorf.co.nz

www.mulpha.com.my

MULPHA INTERNATIONAL BHD (19764-T)

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