MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT
Quarterly report on consolidated results for the second financial quarter ended 30 June 2019
The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	CURRENT QUARTER ENDED 30.06.2019 RM'000	COMPARATIVE QUARTER ENDED 30.06.2018 RM'000	6 MONTHS CUMULATIVE TO 30.06.2019 RM'000	6 MONTHS CUMULATIVE TO 30.06.2018 RM'000
Revenue		**173,683**	159,987	**320,235**	341,810
Operating expenses		**(193,055)**	(158,242)	**(351,022)**	(335,694)
Other operating income		**11,651**	7,472	**113,716**	34,077
(Loss)/Profit from operations		**(7,721)**	9,217	**82,929**	40,193
Finance costs		**(25,013)**	(21,837)	**(49,025)**	(43,811)
Share of (loss)/profit of associates		**(141,748)**	122,367	**(118,214)**	149,824
Share of profit of joint ventures		**22**	39	**36**	137
(Loss)/Profit before tax	*B5*	**(174,460)**	109,786	**(84,274)**	146,343
Income tax benefit/(expense)	*B6*	**8,183**	4,410	**(12,731)**	77
(Loss)/Profit for the period		**(166,277)**	114,196	**(97,005)**	146,420
Attributable to:					
Owners of the Company		**(166,344)**	114,014	**(97,104)**	146,444
Non-controlling interests		**67**	182	**99**	(24)
(Loss)/Profit for the period		**(166,277)**	114,196	**(97,005)**	146,420
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	*B11*	**(52.07)**	35.69	**(30.40)**	45.84

(The Condensed Consolidated Profit or Loss should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.06.2019 RM'000	COMPARATIVE QUARTER ENDED 30.06.2018 RM'000	6 MONTHS CUMULATIVE TO 30.06.2019 RM'000	6 MONTHS CUMULATIVE TO 30.06.2018 RM'000
(Loss)/Profit for the period	**(166,277)**	114,196	**(97,005)**	146,420
Foreign currency translation differences for foreign operations	**5,062**	(17,985)	**(17,102)**	(164,911)
Fair value movement of available-for-sale financial assets	**-**	(21,679)	**-**	(40,196)
Other comprehensive income/(expense) for the period, net of tax	**5,062**	(39,664)	**(17,102)**	(205,107)
Total comprehensive (expense)/income for the period	**(161,215)**	74,532	**(114,107)**	(58,687)
Attributable to:				
Owners of the Company	**(161,282)**	74,358	**(114,206)**	(58,671)
Non-controlling interests	**67**	174	**99**	(16)
Total comprehensive (expense)/income for the period	**(161,215)**	74,532	**(114,107)**	(58,687)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2019	AS AT 31.12.2018
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	*A10*	**1,184,001**	1,068,355
Investment properties		**1,101,810**	1,104,808
Investment in associates		**1,349,060**	1,475,785
Investment in joint ventures		**18,193**	18,398
Investment securities		**1,050**	1,205
Other investments		**5,084**	5,084
Goodwill		**10,273**	2,708
Inventories		**611,755**	629,009
Trade and other receivable		**5,446**	31,645
Other non-current assets		**11,430**	12,807
Deferred tax assets		**12,935**	12,935
		4,311,037	4,362,739
Current assets			
Inventories		**772,989**	752,435
Contract assets		**2,385**	573
Trade and other receivables		**274,620**	324,073
Other current assets		**29,025**	29,402
Investment securities		**251,142**	251,189
Income tax recoverable		**15,072**	8,842
Cash and cash equivalents		**155,894**	150,570
		1,501,127	1,517,084
Assets classified as held for distribution		**-**	31,460
		1,501,127	1,548,544
TOTAL ASSETS		**5,812,164**	5,911,283

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2019 RM'000	AS AT 31.12.2018 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**2,037,459**	2,037,459
Treasury shares	*A6*	**(318)**	(318)
Reserves		**75,567**	33,595
Retained earnings		**1,029,846**	1,186,024
		3,142,554	3,256,760
Non-controlling interests		**(483)**	(81)
Total equity		**3,142,071**	3,256,679
Non-current liabilities			
Trade and other payables		**37,044**	32,174
Provision for liabilities		**4,130**	5,696
Deferred tax liabilities		**136,328**	125,942
Loans and borrowings	*B8*	**1,805,050**	1,408,625
		1,982,552	1,572,437
Current liabilities			
Trade and other payables		**118,579**	192,651
Contract liabilities		**30,581**	19,241
Provision for liabilities		**21,408**	24,043
Loans and borrowings	*B8*	**515,664**	845,105
Current tax liabilities		**1,309**	1,127
		687,541	1,082,167
Total liabilities		**2,670,093**	2,654,604
TOTAL EQUITY AND LIABILITIES		**5,812,164**	5,911,283
Net assets per share (RM)		9.84	10.19

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	< ---- *Attributable to owners of the Company*					---- >			
	< ---- *Non-distributable*				---->	*Distributable*			
	Share Capital	**Exchange Reserve**	**Revaluation Reserve**	**Other Reserve**	**Treasury Shares**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2019	2,037,459	27,255	68,545	(62,205)	(318)	1,186,024	3,256,760	(81)	3,256,679
Total comprehensive (expense)/income for the period	-	(17,102)	-	-	-	(97,104)	(114,206)	99	(114,107)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(501)	(501)
Transfer within reserve	-	-	-	59,074	-	(59,074)	-	-	-
At 30 June 2019	**2,037,459**	**10,153**	**68,545**	**(3,131)**	**(318)**	**1,029,846**	**3,142,554**	**(483)**	**3,142,071**
At 1 January 2018	2,037,459	245,416	66,252	(9,800)	(318)	976,043	3,315,052	(120)	3,314,932
Adjustments due to adoption of MFRS 9	-	-	-	-	-	(270)	(270)	-	(270)
At 1 January 2018, restated	2,037,459	245,416	66,252	(9,800)	(318)	981,947	3,320,956	(120)	3,320,836
Total comprehensive income/(expense) for the period	-	(164,919)	-	(40,196)	-	146,444	(58,671)	(16)	(58,687)
At 30 June 2018	**2,037,459**	**80,497**	**66,252**	**(49,996)**	**(318)**	**1,128,391**	**3,262,285**	**(136)**	**3,262,149**

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---6 MONTHS ENDED-->	
		30.06.2019	**30.06.2018**
		RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(84,274)	146,343
Adjustments for non-cash items:			
Bad debts written off		190	-
Change in fair value of investment properties		571	522
Dividend income		(22)	(16)
Fair value (gain)/loss on financial assets at fair value through profit or loss		(610)	284
Gain on disposal of investment securities		(3)	-
Impairment loss on:			
- Investment securities		58	52
- Trade and other receivables		3,684	328
Interest income		(10,024)	(10,356)
Interest expense		49,025	43,811
Inventories written down		-	114
Net unrealised foreign exchange (gain)/loss		(10)	120
Property, plant and equipment			
- Depreciation		20,200	18,550
- Loss/(Gain) on disposal		741	(178)
- Written off		11	37
Provision for staff benefits		12,877	8,045
Share of loss/(profit) of associates		118,214	(149,824)
Share of profit of joint ventures		(36)	(137)
Operating profit before changes in working capital		110,592	57,695
Changes in working capital			
Contract assets		(1,812)	-
Contract liabilities		11,340	-
Inventories		(6,820)	(54,305)
Other current assets		31,837	(5,074)
Other non-current assets		27,526	(23,405)
Other non-current liabilities		7,695	(1,016)
Payables		(74,092)	(85,727)
Receivables		44,698	(21,419)
Net change in working capital		40,372	(190,946)
Cash from/(used in) operations		150,964	(133,251)

PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---6 MONTHS ENDED--> 30.06.2019 RM'000	30.06.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)			
Interest paid		(50,855)	(44,810)
Interest received		10,090	10,552
Income tax paid		(7,390)	(1,686)
Staff benefits paid		(16,565)	(6,728)
Net cash from/(used in) operating activities		86,244	(175,923)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash and cash equivalents acquired		(4,350)	-
Dividend received		22	16
Dividend received from associates and joint ventures		117	244
Purchase of property, plant and equipment		(125,983)	(89,345)
Proceeds from disposal of:			
- Property, plant and equipment		-	219
- Investment securities		158	-
Refurbishment of investment properties		(3,709)	(1,008)
Net cash used in investing activities		(133,745)	(89,874)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company		(162)	-
Dividend paid to non-controlling interests of subsidiaries		(501)	-
Payment of finance lease liabilities		(1,384)	(21)
(Placement)/Withdrawal of pledged deposits		(275)	27,329
Net drawdown of borrowings		60,264	5,322
Net cash generated from financing activities		57,942	32,630
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10,441	(233,167)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		124,031	383,839
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(7,759)	(34,031)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	**Note A**	126,713	116,641

Note A

Included in cash and cash equivalents as at 30 June are the following:		
- Cash and deposits with licensed banks	155,894	193,212
- Bank overdrafts	(3,978)	(187)
- Bank balances and deposits pledged	(25,203)	(76,384)
	126,713	116,641

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

PART A

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2018.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018 except for the adoption of the following:

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 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

The adoption of the above is not expected to have any material impact on the financial statements of the Group except as mentioned below:

i) 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.

A1. Basis of Preparation (Cont'd)

i) MFRS 16, Leases (Cont'd)

The impact of the adoption is summarised as follows:

	Audited as at 31.12.2018	Adjustments due to adoption of MFRS 16	Adjusted opening balance at 01.01.2019
	RM'000	**RM'000**	**RM'000**
Right-of-use assets	-	11,938	11,938
Lease liabilities	-	(11,938)	(11,938)

ii) AVEO financial results

Aveo Group ("AVEO"), an Australian-listed associate with its financial year ending in June, releases its financial statements on half-yearly basis i.e. for the periods ending June and December. In accounting for the Group's share of results in AVEO for the quarters ending March and September, the Group has relied on the full year profit guidance issued by AVEO adjusted to its quarterly components. AVEO's profit guidance do not include any non-operational exceptional items. However, in its Annual General Meeting held on 14 November 2018, AVEO announced that it would not re-confirm FY2019 profit guidance. Accordingly, until such time that AVEO provides more specific guidance, for the intervening quarters of March and September, the Group's share of results in AVEO will be modified based on equity research analysts reports adjusted to the quarterly components. The Group's share of results for the June and December financial periods will continue to be based on AVEO's publicly released results.

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

A3. Seasonal or Cyclicality of Operations

Except for the hotel division whose performance is influenced by the festive and holiday periods, the other businesses of the Group are generally not subject to seasonal or cyclical fluctuations.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

A5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period.

A6. Changes in Debt And Equity Securities

There were no changes in debt and equity securities during the current financial period.

A7. Dividend Paid

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. The dividend was paid as detailed below:-

	Total Amount RM'000	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	18 Jan 2019
b) Entitled shareholders of the Company who hold less than 354 of the Company shares:		
Distribution by cash payment	162	18 Jan 2019
Total	31,622	

A8. Segment Information

Segment analysis for the 6 months period ended 30 June 2019 and 2018 are set out below:

	Revenue		(Loss)/Profit Before Tax	
	6 months ended 30.06.2019	6 months ended 30.06.2018	6 months ended 30.06.2019	6 months ended 30.06.2018
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	103,689	127,346	25,453	46,456
Hospitality	166,588	174,155	70,172	7,193
Investment and others	49,958	40,309	(12,696)	(13,456)
	320,235	341,810	82,929	40,193
Finance costs	-	-	(49,025)	(43,811)
Share of results of associates/ joint ventures	-	-	(118,178)	149,961
	320,235	341,810	(84,274)	146,343

	Total Assets		Total Liabilities	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	2,412,081	1,600,379	1,059,736	1,059,335
Hospitality	1,130,450	1,092,374	433,927	391,688
Investment and others	3,667,407	4,552,177	2,984,862	2,950,779
	7,209,938	7,244,930	4,478,525	4,401,802
Adjustment and eliminations	(1,397,774)	(1,333,647)	(1,808,432)	(1,747,198)
	5,812,164	5,911,283	2,670,093	2,654,604

A8. Segment Information (Cont'd)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets ^	
	30.06.2019	30.06.2018	30.06.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Australia	296,718	317,792	2,314,655	2,208,315
Malaysia	16,967	24,018	400,349	405,358
New Zealand	6,550	-	192,835	191,207
	320,235	341,810	2,907,839	2,804,880

^Non-current assets information presented above consist of property, plant and equipment, investment properties, goodwill and inventories.

A9. Related Party Disclosures

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

	2nd Quarter Ended		6 Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Asset management service income	-	(6)	-	379
Director fees received	63	93	127	226
Project services fee and net sales commission	-	(4,455)	-	9,149
Rental income	1,143	1,166	2,176	2,371
Rental expense	368	319	738	558
Share service expense	61	111	171	244
B. Joint Ventures				
Dividend income	-	120	117	244
C. Other related parties				
Companies related to directors				
- Rendering of services	245	-	2,118	1,288
- Rental expense	158	60	133	121
- Share service income	110	24	221	292
Companies related to a person connected to a director				
- Rendering of services	-	-	803	731
- Rental income	107	117	242	241

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

A10. Valuation Of Property, Plant And Equipment

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

A11. Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at 30 June 2019 are as below:

		RM'000
(a)	Approved and contracted for	25,229
(b)	Approved but not contracted for	27,368

A12. Material Events Subsequent To The Reporting Date

i) Disposal of Rydges Esplanade Resort

Perpetual Corporate Trust Limited (as custodian for the Mulpha Cairns Esplanade Fund), Cairns Esplanade Operations Pty Ltd and Mulpha Funds Management Pty Ltd, which are indirect wholly-owned trust/subsidiaries of the Company, had on 16 July 2019, entered into a Property and Business Asset Sale Agreement with JY Cairns Esplanade Hotel Pty Ltd (as Trustee for JY Cairns Esplanade Hotel Unit Trust) and JY Cairns Esplanade Operations Pty Ltd, for the proposed disposal of Rydges Esplanade Resort located in Cairns, Australia for a total cash consideration of A$65 million (equivalent to approximately RM187.91 million) [hereinafter referred to as “Proposed Disposal”]. The Proposed Disposal is expected to result in a net gain after tax of A$14.9 million (equivalent to approximately RM43.1 million) after deducting the performance obligation, agency commission, legal and all incidental costs relating to the Proposed Disposal.

ii) AVEO's Proposed Scheme

AVEO, a 24.39% indirectly owned Australian listed associate of the Company, has on 14 August 2019 announced that it has entered into a Scheme Implementation Deed (“Proposed Scheme”) with Hydra RL BidCo Pty Ltd (“BidCo”) and Hydra RL TopCo Pty Ltd, entities controlled by Brookfield Property Group on behalf of its managed fund. Under the Proposed Scheme, BidCo undertakes to acquire 100% of the outstanding securities of AVEO for a cash consideration of A$2.195 (including the A$0.045 dividend announced on 24 June 2019) per security, or a conditional scrip consideration alternative which would give AVEO security holders future exposure to AVEO. The Proposed Scheme is subject to regulatory approvals including AVEO securityholder approval and court approval. It is expected the closure of Proposed Scheme will occur on 28 November 2019. Details of the scheme are available on the AVEO website with further details will be provided by AVEO, the next expected communication is expected to be the release of a scheme booklet to the shareholders in mid-October. The Directors are evaluating the Proposed Scheme and will continue to do so as more information is released.

A13. Changes in The Composition Of the Group

Acquisition/Incorporation of subsidiaries

Mulpha Finance Holdings Pty Ltd, a wholly-owned subsidiary of the Mulpha Australia Limited, which in turn is a wholly-owned subsidiary of the Company has on 29 March 2019 acquired Pindari Capital Pty Ltd and Pindari Capital Asset Management Pty Ltd. Both companies are incorporated in Australia and principally involved in fund and investment management.

Pindari Capital Pty Ltd, an indirect wholly-owned subsidiary of the Company has on 18 July 2019 set up Pindari (Shenzen) Commercial Information Consulting Limited, China which principally involved in administration services.

A14. Changes in Contingent Liabilities or Contingent Assets

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

PART B

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

B1. Review of performance

(i) Profit or Loss Analysis

	INDIVIDUAL PERIOD		CHANGES		CUMULATIVE PERIOD		CHANGES	
	CURRENT QUARTER ENDED 30.06.2019	COMPARATIVE QUARTER ENDED 30.06.2018			6 MONTHS ENDED 30.06.2019	6 MONTHS ENDED 30.06.2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	**173,683**	159,987	13,696	9%	**320,235**	341,810	(21,575)	(6%)
(Loss)/Profit from operations	**(7,721)**	9,217	(16,938)	>(100%)	**82,929**	40,193	42,736	>100%
(Loss)/Profit before interest and tax	**(149,447)**	131,623	(281,070)	>(100%)	**(35,249)**	190,154	(225,403)	>(100%)
(Loss)/Profit before tax	**(174,460)**	109,786	(284,246)	>(100%)	**(84,274)**	146,343	(230,617)	>(100%)
(Loss)/Profit after tax	**(166,277)**	114,196	(280,473)	>(100%)	**(97,005)**	146,420	(243,425)	>(100%)
(Loss)/Profit attributable to:								
Owners of the Company	**(166,344)**	114,014	(280,358)	>(100%)	**(97,104)**	146,444	(243,548)	>(100%)

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

The Group reported revenue of RM173.68 million and pre-tax loss of RM174.46 million for the 2nd quarter ended 30 June 2019 as compared to revenue of RM159.99 million and pre-tax profit of RM109.79 million in the previous year's corresponding quarter. The increase in the Group's revenue by 9% was primarily attributed to the property and investment divisions. The Group's pre-tax profit decreased by RM284.25 million was significantly impacted by the underperformance of an associate, AVEO by RM264.3 million. The unfavourable performance of AVEO is due to the sluggish retirement assets sales, a loss on change in fair value of its retirement investment portfolio valuation primarily driven by the downwards revision of the key assumption of property price growth.

The property division recorded revenue of RM64.90 million and pre-tax profit of RM18.39 million for the 2nd quarter ended 30 June 2019 as compared to revenue of RM53.80 million and pre-tax profit of RM15.97 million in the previous year's corresponding quarter. The better performance was mainly attributed to higher settlements in the Sanctuary Cove developments in Australia and Leisure Farm in Iskandar Malaysia.

The hospitality division registered revenue of RM80.07 million and pre-tax loss of RM19.40 million for the 2nd quarter ended 30 June 2019 as compared to revenue of RM81.45 million and pre-tax loss of RM0.42 million in the previous year's corresponding quarter. The higher pre-tax loss was mainly due to pre-opening expenses incurred on Hayman Island Resort. After 2 years of extensive refurbishment, the resort reopened under the name of InterContinental Hayman Island Resort on 1 July 2019.

The investment and other activities division recorded a pre-tax loss of RM6.71 million for the 2nd quarter ended 30 June 2019 as compared to pre-tax loss of RM6.33 million in the previous year's corresponding quarter. The weaker performance was due to unfavourable foreign exchange movement on US Dollar denominated bonds and deposits held by the Group in the current quarter.

B1. Review of performance (Cont'd)

(i) Profit or Loss Analysis (Cont'd)

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

The Group reported revenue of RM320.24 million and pre-tax loss of RM84.27 million for the 6 months period ended 30 June 2019 as compared to revenue of RM341.81 million and pre-tax profit of RM146.34 million in the previous year's corresponding period. The underperformance was significantly impacted by an associate, AVEO as mentioned above offset by higher contribution from hospitality and investment divisions.

The property division recorded revenue of RM103.69 million and pre-tax profit of RM25.45 million for the 6 months period ended 30 June 2019 as compared to revenue of RM127.35 million and pre-tax profit of RM46.46 million in the previous year's corresponding period. The underperformance was mainly due to lesser settlements in the Sanctuary Cove developments in Australia attributed to the softening of property market conditions, greater restriction on lending policies and increased taxes on foreign buyers.

The hospitality division recorded revenue of RM166.59 million and pre-tax profit of RM70.17 million for the 6 months period ended 30 June 2019 as compared to revenue of RM174.16 million and pre-tax profit of RM7.19 million in the previous year's corresponding period. The higher profit contribution was mainly due to a receipt of final insurance claims on Hayman Island Resort in the current financial period attributable to the Cyclone Debbie catastrophe in 2017.

The investment and other activities division recorded pre-tax loss of RM12.70 million for the 6 months period ended 30 June 2019 as compared to pre-tax loss of RM13.46 million in the previous year's corresponding period due to a favourable foreign exchange movement on US Dollar denominated bonds held by the Group in the current financial period.

(ii) Financial Position Analysis

Total Assets	AS AT 30.06.2019 RM'000	AS AT 31.12.2018 RM'000
Property, plant and equipment	**1,184,001**	1,068,355
Inventories	**1,384,744**	1,381,444
Investment in associates	**1,349,060**	1,475,785
Investment properties	**1,101,810**	1,104,808
Investment securities	**252,192**	252,394
Cash and cash equivalents	**155,894**	150,570
Trade and other receivables	**280,066**	355,718
Others	**104,397**	122,209
Total	**5,812,164**	5,911,283

The Group's assets decreased by 2% to RM5.81 billion as at 30 June 2019, mainly attributable to decreases in investment in associates, trade and other receivables, investment properties and investment securities partially offset by increases in property, plant and equipment, cash and cash equivalents and inventories.

The decrease in investment in associates was mainly due to the share of associated companies losses recognised in the current quarter as mentioned in B1(i)(a). The decrease in trade and other receivables, investment properties and investment securities were mainly due to unfavourable foreign exchange movement in the Australian Dollar.

The increase in property, plant and equipment was mainly due to Hayman Island Resort's rebuilding works post Cyclone Debbie. The increase in cash and cash equivalents was due to the higher drawdown of loans during the current period for working capital requirement.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis (Cont'd)

Total Liabilities	AS AT 30.06.2019 RM'000	AS AT 31.12.2018 RM'000
Loans and Borrowings	**2,320,714**	2,253,730
Others	**349,379**	400,874
Total	**2,670,093**	2,654,604

The Group's total liabilities increased by 1% to RM2.67 billion as at 30 June 2019, mainly attributable to new drawdown of loans to fund the Group's operating activities offset by favourable foreign exchange movement for Australian Dollar denominated loans and borrowings.

Total Equity	AS AT 30.06.2019 RM'000	AS AT 31.12.2018 RM'000
Share capital	**2,037,459**	2,037,459
Treasury shares	**(318)**	(318)
Reserves	**75,567**	33,595
Retained earnings	**1,029,846**	1,186,024
Total	**3,142,554**	3,256,760

The Group's total equity decreased by 4% to RM3.14 billion as at 30 June 2019, mainly due to the loss for the financial period of RM97.01 million.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 30.06.2019	PRECEDING QUARTER ENDED 31.03.2019	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	**173,683**	146,552	27,131	19%
(Loss)/Profit from operations	**(7,721)**	90,650	(98,371)	>(100%)
(Loss)/Profit before interest and tax	**(149,447)**	114,198	(263,645)	>(100%)
(Loss)/Profit before tax	**(174,460)**	90,186	(264,646)	>(100%)
(Loss)/Profit after tax	**(166,277)**	69,272	(235,549)	>(100%)
(Loss)/Profit attributable to:				
Owners of the Company	**(166,344)**	69,240	(235,584)	>(100%)

The Group recorded revenue of RM173.68 million and pre-tax loss of RM174.46 million for the 2nd quarter of 2019 compared with revenue of RM146.55 million and pre-tax profit of RM90.19 million for 1st quarter of 2019. The Group's weaker performance was significantly impacted by underperformance of an associate, AVEO as mentioned above.

The property division recorded revenue of RM64.90 million and pre-tax profit of RM18.39 million for the 2nd quarter 2019 compared with revenue of RM38.79 million and pre-tax profit of RM7.06 million for the 1st quarter of 2019. The stronger performance in the current quarter was mainly due to higher settlements in Sanctuary Cove as compared to previous quarter.

B2. Comparisons With Preceding Quarter's Results (Cont'd)

The hospitality division recorded revenue of RM80.07 million and pre-tax loss of RM19.40 million for the 2nd quarter 2019 compared with revenue of RM86.52 million and pre-tax profit of RM89.57 million for the 1st quarter of 2019. Lower revenue generated was due to seasonal factors in Australia and the pre-tax loss was mainly due to pre-opening expenses incurred on Hayman Island Resort in the current quarter. The preceding quarter performance was uplifted by a receipt of final insurance claims as mentioned above.

The investment and others division recorded a pre-tax loss of RM6.71 million for the 2nd quarter 2019 was marginally underperformed as compared to pre-tax loss of RM5.99 million for the 1st quarter of 2019.

B3. Prospects

The Group anticipates that trading in its hospitality division will be stable in the medium term. Despite a general softening in the Sydney market, an ongoing focus on operational efficiencies and market share has ensured that earnings from InterContinental Sydney are in line with expectations. As anticipated, solid bookings have been achieved upon the reopening of InterContinental Hayman Island on 1 July 2019 and profitability is expected to grow as the property is stabilised. InterContinental Sanctuary Cove trading profits will be impacted by the rooms refurbishment program in the second half of 2019 with future performance to be enhanced by a significant upgrade to Resort rooms.

The Australian residential property development business has experienced a material slowdown in the rate of sales with a direct impact on residential property pricing throughout 2018 and into the first half of 2019. This slowing commenced with greater restrictions on lending by Australian and offshore banks, increased taxes on foreign property purchasers and greater fears of oversupply in the Sydney apartment market. There are now early indications that owner occupiers are re-entering the market following recent price reductions with the rate of sales improving in the second quarter of 2019 when compared to the second half of 2018. While we do not anticipate any significant price movement in the short term it is now evident that pricing has stabilised and buyers are more confident in returning to the market. On a positive note, the reduction in lending by Australian banks has created an opportunity for Mulpha to participate in providing first mortgage lending to quality Australian developers. This business has grown in scale over the past twelve months as developers have found it increasingly difficult to obtain funding from the major trading banks.

The Leisure Farm project in Iskandar Malaysia has returned to profit through operational restructuring despite a challenging real estate market. We anticipate tough market conditions will continue for some years as a result of significant over-supply and reduced interest from offshore buyers.

Our investments in the Education sector continue to deliver strong growth and we anticipate that both The Hotel School and Education Perfect will experience positive earnings momentum in the short term.

Commercial real estate investment properties continue to benefit from strong underlying fundamentals and we expect this division to deliver consistent results supported by underlying leases to quality tenants. While the Group remains cautious in relation to further acquisitions in investment properties, good buying opportunities are starting to emerge given the shortage of funding and the withdrawal of some foreign owners.

The current disruption occurring in finance markets is expected to result in more lending and acquisition opportunities in the coming year. The Group is also exploring opportunities to expand its interests in operating businesses particularly where the Group has established operational capability.

B4. Variance from Profit Forecast or Profit Guarantee

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

B5. (Loss)/Profit Before Tax

	2nd Quarter Ended		6 Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Bad debt written off	190	-	190	-
Depreciation and amortisation	10,367	9,132	20,200	18,550
Dividend income	(11)	(8)	(22)	(16)
Fair value adjustment of investment properties	317	256	571	522
Fair value (gain)/loss on financial assets at fair value through profit or loss	(242)	(171)	(610)	284
Gain on disposal of investment securities	(3)	-	(3)	-
Interest income	(5,079)	(4,820)	(10,024)	(10,356)
Interest expense	25,013	21,837	49,025	43,811
Impairment loss on:				
- Investment securities	17	52	58	52
- Trade and other receivables	3,839	66	3,684	328
Inventories written down	-	67	-	114
Insurance recoveries	300	-	(87,600)	-
Gain on disposal of property, plant and equipment	741	(74)	741	(178)
Net foreign exchange loss/(gain)				
- Realised	(2,080)	(2,807)	891	4,722
- Unrealised	-	23	(10)	120
Property, plant and equipment written off	3	(1)	11	37
Rental income	(4,169)	(3,911)	(8,522)	(7,989)

B6. Income tax (benefit)/expense

	2nd Quarter Ended		6 Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(benefit)				
Malaysian - current year	554	17	570	51
- prior year	-	-	15	-
Overseas - current year	151	(13,673)	751	(17,650)
- prior year	8	-	8	-
	713	(13,656)	1,344	(17,599)
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	(8,896)	9,579	11,361	17,867
Underprovision in prior year	-	(333)	26	(345)
	(8,896)	9,246	11,387	17,522
Income tax (benefit)/expense	(8,183)	(4,410)	12,731	(77)

The effective tax rate of the Group for the financial period ended 30 June 2019 under review is lower than the statutory rate of 24% was mainly due to certain income which not subject to tax. This is alleviated by certain expenses which are not deductible and deferred tax assets not recognised.

B7. Status of Corporate Proposals

There were no corporate proposals announced as at the date of this report.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 June 2019 are as follows:-

	As at 2nd Quarter Ended 2019											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			3,978	RM			3,978
Revolving Credit	RM			-	RM			98,000	RM			98,000
Term Loan	RM			21,244	RM			3,700	RM			24,944
Term Loan	HKD	-	0.53	-	HKD	449,536	0.53	238,388	HKD	449,536	0.53	238,388
Term Loan	USD	17,017	4.14	70,450	USD	6,246	4.14	25,858	USD	23,263	4.14	96,308
Term Loan	AUD	423,000	2.90	1,226,699	AUD	29,927	2.90	86,788	AUD	452,927	2.90	1,313,487
Term Loan	NZD	34,043	2.78	94,640	NZD	-	2.78	-	NZD	34,043	2.78	94,640
Finance Lease	AUD	7,483	2.90	21,701	AUD	1,148	2.90	3,330	AUD	8,631	2.90	25,031
Bills Payable	AUD	-	2.90	-	AUD	16,922	2.90	49,075	AUD	16,922	2.90	49,075
Bonds	AUD	27,764	2.90	80,516	AUD	1,576	2.90	4,570	AUD	29,340	2.90	85,086
Bonds	USD	70,000	4.14	289,800	USD	-	4.14	-	USD	70,000	4.14	289,800
				1,805,050				513,687				2,318,737
Unsecured												
Term Loan	AUD	-	2.90	-	AUD	682	2.90	1,977	AUD	682	2.90	1,977
				-				1,977				1,977
				1,805,050				515,664				2,320,714

B8. Group Loans and Borrowings (Cont'd)

The details of the loans and borrowings as at 30 June 2018 are as follows:-

	As at 2nd Quarter Ended 2018											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			187	RM			187
Revolving Credit	RM			-	RM			85,152	RM			85,152
Term Loans	RM			24,742	RM			925	RM			25,667
Term Loan	HKD	357,686	0.52	184,244	HKD	-	0.52	-	HKD	357,686	0.52	184,244
Term Loan	USD	18,965	4.04	76,617	USD	1,865	4.04	7,535	USD	20,830	4.04	84,152
Term Loan	AUD	196,000	2.97	582,120	AUD	215,850	2.97	641,074	AUD	411,850	2.97	1,223,194
Finance Lease	AUD	2,770	2.97	8,227	AUD	-	2.97	-	AUD	2,770	2.97	8,227
Bills Payable	AUD	16,215	2.97	48,160	AUD	667	2.97	1,980	AUD	16,882	2.97	50,140
Bonds	AUD	28,980	2.97	86,070	AUD	1,456	2.97	4,325	AUD	30,436	2.97	90,395
Bonds	USD	70,000	4.04	282,800	USD	-	4.04	-	USD	70,000	4.04	282,800
				1,292,980				741,178				2,034,158

B9. Material Litigation

In September 2012, the Company disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn Bhd ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn Bhd ("Mula"). As part of this transaction, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("Settlement Sum") of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that the Company had previously made to Bestari and its subsidiaries, Spanstead Sdn Bhd ("Spanstead") and Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 1 August 2019 with a total of 17 days of trial. Both parties have closed their case on 1 August 2019 and thus ending the Trial. Following this, the Judge has directed both parties to prepare their written submissions which will be filed and exchanged in due course.

The outcome of this litigation is not expected to have any material financial and operational impact on the Group as the net receivables in the Group's accounts of RM103 million is below 5% of the net assets of the Group. Furthermore, the net receivables are secured by the Land. The Company is pursuing the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 and if successful, the Company expects to be able to recover substantially more than the net receivables of RM103 million. The net receivables recognised in the Company's accounts have been reduced to RM103 million, mainly due to past impairments and the loss incurred upon disposal of Bestari Sepang Sdn Bhd.

The Company's solicitors have advised that the Group has a strong case based on contemporaneous documentary evidence and the express terms of the documents with Mula and Bestari Group. Accordingly, it will be forcefully argued that the counterclaim filed by Mula and Bestari Group is without merit.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 30 June 2019.

B11. (Loss)/Earnings Per Share

(i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company as set out below:

	6 Months Ended	
	30.06.2019	**30.06.2018**
(Loss)/Profit for the period, amount attributable to equity holders of the parent (RM'000)	(97,104)	146,444
Weighted average number of ordinary shares ('000)	319,467	319,467
Basic (loss)/earnings per share (sen)	(30.40)	45.84

(ii) Diluted earnings per share

The Group has no dilution in its earnings per share for the financial period under review as there are no dilutive potential ordinaray shares.