

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2019

The figures have not been audited

### I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.12.2019 RM'000	COMPARATIVE QUARTER ENDED 31.12.2018 RM'000	12 MONTHS CUMULATIVE TO 31.12.2019 RM'000	12 MONTHS CUMULATIVE TO 31.12.2018 RM'000
Revenue		319,243	274,549	850,011	784,904
Operating expenses		(375,047)	(227,692)	(1,238,556)	(725,273)
Other operating income		259,267	113,958	384,706	159,812
Profit/(loss) from operations		<u>203,463</u>	<u>160,815</u>	<u>(3,839)</u>	<u>219,443</u>
Finance costs		(23,504)	(24,679)	(96,484)	(90,896)
Share of (loss)/profit of associates		(7,406)	26,020	(113,623)	180,052
Share of (loss)/profit of joint ventures		(959)	(177)	(911)	15
Profit/(Loss) before tax	B5	<u>171,594</u>	<u>161,979</u>	<u>(214,857)</u>	<u>308,614</u>
Tax benefit/(expense)	B6	<u>13,252</u>	<u>(66,088)</u>	<u>3,739</u>	<u>(72,885)</u>
Profit/(Loss) for the year		<u>184,846</u>	<u>95,891</u>	<u>(211,118)</u>	<u>235,729</u>
Attributable to:					
Owners of the Company		184,553	95,904	(211,875)	235,699
Non-controlling interests		<u>293</u>	<u>(13)</u>	<u>757</u>	<u>30</u>
Profit/(Loss) for the year		<u>184,846</u>	<u>95,891</u>	<u>(211,118)</u>	<u>235,729</u>
Earnings/(Loss) per share (sen):-					
- Basic/Diluted	B11	<u>57.77</u>	<u>30.02</u>	<u>(66.32)</u>	<u>73.78</u>

(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 <b>31.12.2019</b> RM'000	COMPARATIVE QUARTER ENDED <b>31.12.2018</b> RM'000	12 MONTHS CUMULATIVE TO <b>31.12.2019</b> RM'000	12 MONTHS CUMULATIVE TO <b>31.12.2018</b> RM'000 RESTATED
Profit/(Loss) for the year	<b>184,846</b>	95,891	<b>(211,118)</b>	235,729
Exchange reserves transfer to profit or loss upon disposal of an associate	<b>(92,185)</b>	-	<b>(92,185)</b>	-
Foreign currency translation differences for foreign operations	<b>45,924</b>	(60,054)	<b>(41,015)</b>	(211,405)
Net change in fair value of equity instruments designated at FVOCI	-	(7,693)	-	(52,405)
Share of other comprehensive income/ (expense) of associates	<b>12</b>	(3,643)	<b>12</b>	(3,372)
Revaluation of property, plant and equipment	-	2,293	-	2,293
Other comprehensive expense for the year, net of tax	<b>(46,249)</b>	(69,097)	<b>(133,188)</b>	(264,889)
<b>Total comprehensive income/(expense) for the year</b>	<b>138,597</b>	26,794	<b>(344,306)</b>	(29,160)
<b>Attributable to:</b>				
Owners of the Company	<b>138,313</b>	26,804	<b>(345,058)</b>	(29,199)
Non-controlling interests	<b>284</b>	(10)	<b>752</b>	39
Total comprehensive income/(expense) for the year	<b>138,597</b>	26,794	<b>(344,306)</b>	(29,160)

*(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

	<i>Note</i>	UNAUDITED AS AT 31.12.2019 RM'000	AS AT 31.12.2018 RM'000 RESTATED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>A10</i>	1,022,286	1,068,355
Right-of-use assets		13,658	-
Investment properties		1,051,756	1,104,808
Investment in associates		126,984	1,475,785
Investment in joint ventures		59,199	18,398
Investment securities		534,296	1,205
Other investments		5,086	5,084
Goodwill		2,705	2,708
Inventories		496,403	629,009
Trade and other receivables		52,028	31,645
Other non-current assets		15,851	12,807
Deferred tax assets		12,936	12,935
		<b>3,393,188</b>	<b>4,362,739</b>
<b>Current assets</b>			
Inventories		878,885	752,435
Contract assets		492	573
Trade and other receivables		396,962	324,073
Other current assets		34,867	29,402
Investment securities		166,994	251,189
Income tax recoverable		2,380	1,296
Cash and cash equivalents		351,851	150,570
		<b>1,832,431</b>	<b>1,509,538</b>
Assets classified as held for distribution		-	31,460
Assets classified as held for sale		79,757	-
		<b>1,912,188</b>	<b>1,540,998</b>
<b>TOTAL ASSETS</b>		<b>5,305,376</b>	<b>5,903,737</b>

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.12.2019 RM'000	AS AT 31.12.2018 RM'000 RESTATED
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		2,037,459	2,037,459
Treasury shares	A6	(318)	(318)
Reserves		(36,376)	38,860
Retained earnings		868,946	1,141,339
		<b>2,869,711</b>	3,217,340
Non-controlling interests		20,898	(81)
<b>Total equity</b>		<b>2,890,609</b>	3,217,259
<b>Non-current liabilities</b>			
Trade and other payables		4,808	32,174
Provision for liabilities		6,404	5,696
Deferred tax liabilities		95,732	144,318
Loans and borrowings	B8	645,631	1,408,625
Lease liabilities		46,027	-
		<b>798,602</b>	1,590,813
<b>Current liabilities</b>			
Trade and other payables		154,994	192,651
Contract liabilities		45,811	19,241
Provision for liabilities		28,106	24,043
Loans and borrowings	B8	1,340,966	845,105
Lease liabilities		3,096	-
Current tax liabilities		43,192	14,625
		<b>1,616,165</b>	1,095,665
<b>Total liabilities</b>		<b>2,414,767</b>	2,686,478
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,305,376</b>	5,903,737
<b>Net assets per share (RM)</b>		8.98	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				Non-	Total
	Share	Exchange	Revaluation	Other	Treasury	Retained	Total	Controlling	Equity
Note	Capital	Reserve	Reserve	Reserve	Shares	Earnings	RM'000	Interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019, restated</b>	2,037,459	32,520	68,545	(62,205)	(318)	1,141,339	3,217,340	(81)	3,217,259
Exchange reserve transfer to profit or loss upon disposal of an associate	-	(92,185)	-	-	-	-	(92,185)	-	(92,185)
Share of other comprehensive income of associates	-	12	-	-	-	-	12	-	12
Foreign currency translation differences for foreign operations	-	(41,010)	-	-	-	-	(41,010)	(5)	(41,015)
Total other comprehensive expense for the year	-	(133,183)	-	-	-	-	(133,183)	(5)	(133,188)
(Loss)/Profit for the year	-	-	-	-	-	(211,875)	(211,875)	757	(211,118)
<b>Total comprehensive (expense)/income for the year</b>	-	<b>(133,183)</b>	-	-	-	<b>(211,875)</b>	<b>(345,058)</b>	<b>752</b>	<b>(344,306)</b>
Acquisition of a subsidiary	-	-	-	-	-	-	-	20,721	20,721
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(494)	(494)
Transfer within reserve	-	-	-	60,518	-	(60,518)	-	-	-
Share of other reserve of associates	-	-	-	(2,571)	-	-	(2,571)	-	(2,571)
<b>Total transactions with owners of the Company</b>	-	-	-	<b>57,947</b>	-	<b>(60,518)</b>	<b>(2,571)</b>	<b>20,227</b>	<b>17,656</b>
<b>At 31 December 2019</b>	<b>2,037,459</b>	<b>(100,663)</b>	<b>68,545</b>	<b>(4,258)</b>	<b>(318)</b>	<b>868,946</b>	<b>2,869,711</b>	<b>20,898</b>	<b>2,890,609</b>
<b>At 1 January 2018</b>	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)
Adjustments due to adoption of MFRS 15	-	-	-	-	-	6,174	6,174	-	6,174
Prior year adjustments	-	1,890	-	-	-	(44,685)	(42,795)	-	(42,795)
<b>At 1 January 2018, restated</b>	2,037,459	247,306	66,252	(9,800)	(318)	937,262	3,278,161	(120)	3,278,041
<b>Total comprehensive (expense)/income for the year (restated)</b>	-	<b>(214,786)</b>	<b>2,293</b>	<b>(52,405)</b>	-	<b>235,699</b>	<b>(29,199)</b>	<b>39</b>	<b>(29,160)</b>
Dividend payable to owners of the Company	-	-	-	-	-	(31,622)	(31,622)	-	(31,622)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>(31,622)</b>	<b>(31,622)</b>	-	<b>(31,622)</b>
<b>At 31 December 2018, restated</b>	<b>2,037,459</b>	<b>32,520</b>	<b>68,545</b>	<b>(62,205)</b>	<b>(318)</b>	<b>1,141,339</b>	<b>3,217,340</b>	<b>(81)</b>	<b>3,217,259</b>

(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	<---12 MONTHS ENDED-->	
		31.12.2019	31.12.2018
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before tax		(214,857)	308,614
Adjustments for non-cash items:			
Bad debts written off		3,301	-
Change in fair value of investment properties		(62,895)	(35,174)
Dividend income		(157)	(122)
Exchange reserve transfer to profit or loss upon disposal of an associate		(92,185)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss		(1,180)	832
Impairment loss on investment in an associate		312,710	-
Impairment loss on financial assets:			
- Investment securities		35	104
- Trade and other receivables		1,859	102
Interest income		(20,690)	(19,840)
Interest expense		96,484	90,896
Inventories written down		2,117	113
Investment properties written off		49	-
Loss on disposal of investment securities		31	-
Net unrealised foreign exchange gain		(12)	(69)
Property, plant and equipment:			
- Depreciation		45,074	38,614
- Gain on disposal		(82,968)	(161)
- Impairment loss		75,264	68,065
- Written off		36	883
Right-of-use assets:			
- Depreciation		3,734	-
- Impairment loss		3,416	-
Provision for staff benefits		30,227	23,733
Provision for/(Reversal of) repairs		910	(77,762)
Reversal of impairment loss on trade and other receivables		(228)	-
Share of loss/(profit) of associates		113,623	(180,052)
Share of loss/(profit) of joint ventures		911	(15)
Operating profit before changes in working capital		<u>214,609</u>	<u>218,761</u>
Changes in working capital			
Contract assets		81	(573)
Contract liabilities		26,898	19,241
Inventories		31,057	(62,647)
Other current assets		(6,180)	(43,730)
Other non-current assets		4,244	(27,667)
Other non-current liabilities		1,530	30,403
Payables		(5,090)	(69,856)
Receivables		(18,923)	(44,283)
Net change in working capital		<u>33,617</u>	<u>(199,112)</u>
Cash generated from operations		248,226	19,649

# MULPHA INTERNATIONAL BHD (19764-T)

## PART A1 : QUARTERLY REPORT

### IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---12 MONTHS ENDED-->	
		31.12.2019	31.12.2018
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>			
Interest paid		(98,337)	(94,485)
Interest received		19,671	20,130
Income tax paid		(14,904)	(7,753)
Staff benefits paid		(25,278)	(14,329)
Net cash generated from/(used in) operating activities		<u>129,378</u>	<u>(76,788)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of business		-	(12,080)
Acquisition of investment properties		-	(191,065)
Acquisition of joint ventures, net of cash and cash equivalents acquired		(42,132)	(100)
Acquisition of other investments		(2)	(4)
Acquisition of subsidiary, net of cash and cash equivalents acquired		(3,595)	-
Additional investment in associates and joint ventures		-	(56,136)
Capital return from an associate		-	14,742
Dividend received		157	122
Dividend received from associates and joint ventures		25,861	66,512
Purchase of property, plant and equipment		(189,843)	(268,879)
Proceeds from disposal of:			
- Property, plant and equipment		181,030	321
- investment in an associate		280,420	-
- Investment securities		218	-
Redemption of investment securities		82,800	-
Refurbishment of investment properties		(18,035)	(9,840)
Net cash generated from/(used in) investing activities		<u>316,879</u>	<u>(456,407)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid to non-controlling interests of subsidiaries		(494)	-
Net (repayment)/drawdown of borrowings		(232,645)	254,277
Payment of finance lease liabilities		-	(21)
Payment of lease liabilities		(3,958)	-
(Placement)/Withdrawal of pledged deposits		(7,585)	78,785
Net cash (used in)/generated from financing activities		<u>(244,682)</u>	<u>333,041</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		201,575	(200,154)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		124,031	383,839
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(7,296)	(59,654)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<b>Note A</b>	<u>318,310</u>	<u>124,031</u>
<b>Note A</b>			
Included in cash and cash equivalents as at 31 December are the following:			
- Cash and deposits with licensed banks		351,851	150,570
- Bank overdrafts		(1,028)	(1,611)
- Pledge bank balances and deposits		(32,513)	(24,928)
		<u>318,310</u>	<u>124,031</u>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 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 ("ROU") 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. Under this approach, the Group measures the ROU asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before 1 January 2019.



**A1. Basis of Preparation (Cont'd)**

**i) MFRS 16, Leases (Cont'd)**

The impact of the adoption is summarised as follows:

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

**ii) AVEO's financial results**

Aveo Group ("AVEO"), an Australian-listed associate with its financial year ending in June, releases its financial statements on a 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 previously relied on the full year profit guidance issued by AVEO adjusted to its quarterly components. On 14 November 2018, AVEO announced that it would not re-confirm FY2019 profit guidance. As a result, for the first financial quarter ended March 2019, the Group's share of results in AVEO was adjusted based on equity research analyst reports adjusted to quarterly components.

For the financial year ended 31 December 2019, the Group's share of results in AVEO was accounted based on AVEO's last announced financial results up to 30 June 2019 and AVEO's management accounts for the remaining five months financial results up to the implementation date of AVEO's privatisation scheme on 29 November 2019 as disclosed in Section B(7)(i).

At the date of authorisation of this condensed financial statements, the following Standards and amendments to Standards have been issued by MASB but are not yet effective. These pronouncement are either not relevant or do not have material impact on the financial statements of the Group.

***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
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures –Interest Rate Benchmark Reform

***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

**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 Cyclicity of Operations**

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

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

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

**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 year.

**A6. Changes in Debt And Equity Securities**

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

**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:-

	<b>Total Amount RM'000</b>	<b>Payment Date</b>
<u>2018</u>		
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	

**MULPHA INTERNATIONAL BHD (19764-T)**  
**FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2019**

**A8. Segment Information**

Segment analysis for the 12 months period ended 31 December 2019 and 2018 are set out below:

	Revenue		(Loss)/Profit Before Tax	
	12 months ended	12 months ended	12 months ended	12 months ended
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Property	347,658	333,004	147,339	152,886
Hospitality	408,246	370,216	109,308	92,826
Investment and others	94,107	81,684	(260,486)	(26,269)
	<u>850,011</u>	<u>784,904</u>	<u>(3,839)</u>	<u>219,443</u>
Finance costs	-	-	(96,484)	(90,896)
Share of results of associates/joint ventures	-	-	(114,534)	180,067
	<u>850,011</u>	<u>784,904</u>	<u>(214,857)</u>	<u>308,614</u>
	Total Assets		Total Liabilities	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Property	2,405,584	1,600,379	1,100,470	1,059,335
Hospitality	1,099,917	1,092,374	506,738	391,688
Investment and others	3,143,286	4,544,631	2,558,639	2,982,653
	<u>6,648,787</u>	<u>7,237,384</u>	<u>4,165,847</u>	<u>4,433,676</u>
Adjustment and eliminations	(1,343,411)	(1,333,647)	(1,751,080)	(1,747,198)
	<u>5,305,376</u>	<u>5,903,737</u>	<u>2,414,767</u>	<u>2,686,478</u>

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

	Revenue		Non-current assets ^	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Australia	800,370	738,082	1,965,817	2,208,315
Malaysia	38,332	42,979	402,031	405,358
New Zealand	11,309	3,843	218,960	191,207
	<u>850,011</u>	<u>784,904</u>	<u>2,586,808</u>	<u>2,804,880</u>

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

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**A9. Related Party Disclosures**

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

	4th Quarter Ended		12 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
<b>A. Associates</b>				
Asset management service income	-	(1)	-	375
Dividend income	7,318	7,974	25,799	66,150
Director fees received	94	122	449	569
Project services fee and net sales commission	-	(30)	-	9,059
Rental income	745	1,103	4,044	4,635
Rental expense	388	438	1,588	1,527
Share service expense	-	91	198	407
	<u>-</u>	<u>91</u>	<u>198</u>	<u>407</u>
<b>B. Joint Ventures</b>				
Dividend income	-	120	117	362
	<u>-</u>	<u>120</u>	<u>117</u>	<u>362</u>
<b>C. Other related parties</b>				
Companies related to directors				
- Rendering of services	1,177	1,573	4,061	3,519
- Rental expense	53	18	344	191
- Share service income	111	112	439	543
Companies related to a person connected to a director				
- Rendering of services	-	780	803	3,214
- Rental income	41	113	380	479
	<u>41</u>	<u>113</u>	<u>380</u>	<u>479</u>

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 31 December 2019 are as below:

	RM'000
(a) Approved and contracted for	23,542
(b) Approved but not contracted for	47,103
	<u>47,103</u>

**A12. Material Events Subsequent To The Reporting Date**

There were no material events subsequent to 31 December 2019 to be disclosed.

**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.

Mulpha Asset Services Pty Ltd ("MASPL"), a wholly-owned subsidiary of the Mulpha Australia Limited, which in turn is a wholly-owned subsidiary of the Company. MASPL was incorporated in Australia on 3 February 2020 with a paid-up capital of AUD2.00 and its intended principal activity is provision of assets management services.

**A14. Changes in Contingent Liabilities or Contingent Assets**

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

**A15. Prior Year Adjustments**

During the financial year, the Group has assessed and made adjustments to reverse prior years' income tax benefit relating to the recognition of losses as a deferred tax asset which exceeded the actual losses available for recognition, as follows:

	As previously stated RM'000	Effects of prior year adjustments RM'000	As restated RM'000
<b>At 31 December 2018</b>			
<b>Statement of financial position</b>			
<b>Assets</b>			
Income tax recoverable	8,842	(7,546)	1,296
<b>Liabilities</b>			
Current tax liabilities	1,127	13,498	14,625
Deferred tax liabilities	125,942	18,376	144,318
<b>Equity</b>			
Reserves	33,595	5,265	38,860
Retained earnings	1,186,024	(44,685)	1,141,339
<b>Statement of other comprehensive income</b>			
Foreign currency translation differences for foreign operations	(214,780)	3,375	(211,405)
Total comprehensive expense for the year	(32,535)	3,375	(29,160)

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**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	COMPARATIVE QUARTER ENDED			12 MONTHS ENDED	12 MONTHS ENDED		
	31.12.2019	31.12.2018	RM'000	RM'000	31.12.2019	31.12.2018	RM'000	%
Revenue	<b>319,243</b>	274,549	44,694	16%	<b>850,011</b>	784,904	65,107	8%
Profit/(Loss) from operations	<b>203,463</b>	160,815	42,648	27%	<b>(3,839)</b>	219,443	(223,282)	>(100%)
Profit/(Loss) before interest and tax	<b>195,098</b>	186,658	8,440	5%	<b>(118,373)</b>	399,510	(517,883)	>(100%)
Profit/(Loss) before tax	<b>171,594</b>	161,979	9,615	6%	<b>(214,857)</b>	308,614	(523,471)	>(100%)
Profit/(Loss) after tax	<b>184,846</b>	95,891	88,955	93%	<b>(211,118)</b>	235,729	(446,847)	>(100%)
Profit/(Loss) attributable to: Owners of the Company	<b>184,553</b>	95,904	88,649	92%	<b>(211,875)</b>	235,699	(447,574)	>(100%)

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

The Group reported revenue of RM319.24 million and pre-tax profit of RM171.59 million for the 4th quarter ended 31 December 2019 as compared to revenue of RM274.55 million and pre-tax profit of RM161.98 million in the previous year's corresponding quarter. The increase in the Group's revenue by 16% was primarily attributed to the hospitality and property divisions. The Group's pre-tax profit increased by RM9.62 million was attributed to the better performance in investment and property divisions by RM87.14 million and RM8.83 million respectively, which were, however, offset by the weaker performance in the hospitality division by RM53.32 million and a lower share of associated profits by RM33.43 million.

The property division recorded revenue of RM174.46 million and pre-tax profit of RM96.54 million for the 4th quarter ended 31 December 2019 as compared to revenue of RM147.65 million and pre-tax profit of RM87.72 million in the previous year's corresponding quarter. Lower interest rates, post-federal election certainty in May 2019 and increase in consumer sentiments have improved the Australian residential property market which was evidenced by higher settlements in the Sanctuary Cove and Mulpha Norwest projects in the current quarter.

The hospitality division registered revenue of RM122.83 million and pre-tax profit of RM27.61 million for the 4th quarter ended 31 December 2019 as compared to revenue of RM104.69 million and pre-tax profit of RM80.93 million in the previous year's corresponding quarter. Despite the increase in revenue following the reopened Hayman Island Resort under the name of InterContinental Hayman Island on 1 July 2019, the lower pre-tax profit was attributed to the net insurance recoveries and rebuild provision released for Hayman Island Resort in the previous year's corresponding quarter was not repeated in the current quarter.

The investment and other activities division recorded a pre-tax profit of RM79.31 million for the 4th quarter ended 31 December 2019 as compared to a pre-tax loss of RM7.83 million in the previous year's corresponding quarter. The better performance was mainly due to the transfer of exchange reserves to profit or loss upon the disposal of an associate, AVEO of RM92.18 million.

**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 RM850.01 million and pre-tax loss of RM214.86 million for the year ended 31 December 2019 as compared to revenue of RM784.90 million and pre-tax profit of RM308.61 million in the previous year. The Group's unfavourable performance was adversely impacted by the underperformance of an associate, AVEO by RM171.85 million mainly due to sluggish retirement assets sales and a loss relating to an adverse change in fair value of its retirement investment portfolio valuation. In addition, the Group also recognised an impairment loss on investment in an associate, AVEO of RM312.71 million following AVEO's privatisation scheme which was completed on 29 November 2019 as further elaborated in section B7(i).

The property division registered revenue of RM347.66 million and pre-tax profit of RM147.34 million for the year ended 31 December 2019 as compared to revenue of RM333.00 million and pre-tax profit of RM152.89 million in the previous year. Despite the increase in revenue due to higher settlements from the Sanctuary Cove developments in Australia, the lower pre-tax profit was mainly due to the increase in land tax and the lower fair value gain of investment properties in Australia as compared to the previous year.

The hospitality division reported revenue of RM408.25 million and pre-tax profit of RM109.31 million for the year ended 31 December 2019 as compared to revenue of RM370.22 million and pre-tax profit of RM92.83 million in the previous year. The better performance was mainly attributed to the sale of Rdyges Esplanade Resort located in Cairns, Australia.

The investment and other activities division recorded pre-tax loss of RM260.49 million for the year ended 31 December 2019 as compared to pre-tax loss of RM26.27 million in the previous year mainly due to the impairment loss on investment in an associate, AVEO of RM312.71 million which was offset by the transfer of exchange reserves to profit or loss upon the disposal of AVEO as mentioned above.

**(ii) Financial Position Analysis**

	AS AT 31.12.2019	AS AT 31.12.2018
	RM'000	RM'000
<b>Total Assets</b>		
Property, plant and equipment	1,022,286	1,068,355
Right-of-use assets	13,658	-
Inventories	1,375,288	1,381,444
Investment in associates	126,984	1,475,785
Investment properties	1,051,756	1,104,808
Investment securities	701,290	252,394
Cash and cash equivalents	351,851	150,570
Trade and other receivables	448,990	355,718
Assets classified as held for distribution	-	31,460
Assets classified as held for sale	79,757	-
Others	133,516	83,203
<b>Total</b>	<b>5,305,376</b>	<b>5,903,737</b>

The Group's assets decreased by 10% to RM5.31 billion as at 31 December 2019 mainly attributable to decreases in investment in associates, investment properties and property, plant and equipment.

The decrease in investment in associates was mainly due to the impairment loss of an associate and share of associated companies' losses recognised as mentioned in B1(i)(b). The decrease in property, plant and equipment was mainly due to the disposal of Rydges Esplanade Resort, Cairns. An investment property located in Australia was reclassified to assets held for sale during the financial year as the sale is expected to be completed in 2nd quarter of 2020.

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**B1. Review of performance (Cont'd)**

**(ii) Financial Position Analysis (Cont'd)**

The increase in investment securities was mainly related to investment in Hydra RL TopCo Pty Ltd held through 96.1% partnership interest in AOG L.P pursuant to the implementation of AVEO's privatisation scheme as detailed in section B7(i).

	AS AT 31.12.2019	AS AT 31.12.2018
	RM'000	RM'000
<b>Total Liabilities</b>		
Loans and Borrowings	1,986,597	2,253,730
Others	428,170	432,748
<b>Total</b>	<b>2,414,767</b>	<b>2,686,478</b>

The Group's total liabilities decreased by 10% to RM2.41 billion as at 31 December 2019, mainly attributable to repayment during the year and favourable foreign exchange movement for Australian Dollar denominated loans and borrowings.

	AS AT 31.12.2019	AS AT 31.12.2018
	RM'000	RM'000
<b>Total Equity attributable to Owners of the Company</b>		
Share capital	2,037,459	2,037,459
Treasury shares	(318)	(318)
Reserves	(36,376)	38,860
Retained earnings	868,946	1,141,339
<b>Total</b>	<b>2,869,711</b>	<b>3,217,340</b>

The Group's total equity decreased by 11% to RM2.87 billion as at 31 December 2019, mainly due to loss for the financial period of RM211.12 million and decrease in foreign exchange reserves arising from translation losses for foreign subsidiaries.

**B2. Comparisons With Preceding Quarter's Results**

	CURRENT QUARTER ENDED 31.12.2019	PRECEDING QUARTER ENDED 30.09.2019	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	319,243	210,533	108,710	52%
Profit/(Loss) from operations	203,463	(290,231)	493,694	>100%
Profit/(Loss) before interest and tax	195,098	(278,222)	473,320	>100%
Profit/(Loss) before tax	171,594	(302,177)	473,771	>100%
Profit/(Loss) after tax	184,846	(298,959)	483,805	>100%
Profit/(Loss) attributable to: owners of the Company	184,553	(299,324)	483,877	>100%

The Group recorded revenue of RM319.24 million and pre-tax profit of RM171.59 million for the 4th quarter of 2019 compared with revenue of RM210.53 million and pre-tax loss of RM302.18 million for 3rd quarter of 2019. The better performance was mainly due to the impairment loss on investment in an associate, AVEO of RM315.38 million was made in the preceding quarter.

The property division recorded revenue of RM174.46 million and pre-tax profit of RM96.54 million for the 4th quarter of 2019 compared with revenue of RM69.51 million and pre-tax profit of RM25.34 million for the 3rd quarter of 2019. The stronger performance in the current quarter was mainly due to higher settlements in the Mulpha Norwest and Sanctuary Cove developments in Australia as compared to preceding quarter.



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

The hospitality division recorded revenue of RM122.83 million and pre-tax profit of RM27.61 million for the 4th quarter 2019 compared with revenue of RM118.83 million and pre-tax profit of RM11.52 million for the 3rd quarter of 2019. The better performance was mainly related to the disposal of Rydges Esplanade Resort, Cairns as mentioned above and higher occupancy rate and average room rate in InterContinental Sydney in Australia as compared to the preceding quarter.

The investment and others division recorded a pre-tax profit of RM79.31 million for the 4th quarter 2019 was favourable as compared to pre-tax loss of RM327.10 million for the 3rd quarter of 2019 was mainly due to impairment loss on investment in an associate, AVEO of RM315.38 million in the preceding quarter.

## **B3. Prospects**

The Group anticipates that trading in its hospitality division will be impacted in the short term by the China travel ban imposed by the Australian Government following the Corona Virus outbreak. While the Group's hotels generally do not attract a large amount of Chinese business, the overall impact of the travel ban across all Australian markets has seen material occupancy declines and a general reduction in room rates. These changes will place greater pressure on meeting revenue budgets until travel patterns return to more normalised levels.

Following a material slowdown in real estate markets in 2018 and during the first half of 2019, a rebound is now being experienced particularly in the Sydney market for land and townhouse product. Strong competition remains in the apartment segment and it is anticipated that recovery will be more gradual. The current travel ban from China is expected to result in slower international sales at Sanctuary Cove.

Australian banks are now re-entering the construction finance market and we expect to see increased competition for our first mortgage lending business over the coming twelve months. As a result we are actively looking to expand our finance products into new market segments.

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. Education Perfect is now actively pursuing international expansion following strong penetration in the Australian market.

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.

Following the acquisition of the Pindari funds management business, the Group successfully completed the acquisition of the Brimbank Shopping Centre as a fund asset with Mulpha investing 20% of the required equity with the support of third party fund investors. The Group continues to explore 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.

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**B5. Profit/(Loss) Before Tax**

	4th Quarter Ended		12 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Bad debts written off	3,096	-	3,301	-
Dividend income	(13)	(11)	(157)	(122)
Fair value gain on investment properties	(64,404)	(35,942)	(62,895)	(35,174)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(599)	715	(1,180)	832
Exchange reserve transfer to profit or loss upon disposal of an associate	(92,185)	-	(92,185)	-
Impairment loss/(Reversal of impairment loss) on:				
- Investment in an associate	(2,674)	-	312,710	-
- Investment securities	-	(4)	35	104
- Trade and other receivables	(2,102)	(285)	1,631	
Investment properties written off	49	-	49	-
Interest income	(5,917)	(4,823)	(20,690)	(19,840)
Interest expense	23,504	24,679	96,484	90,896
Inventories written down	2,116	-	2,117	113
Insurance recoveries	(23)	(60,401)	(87,053)	(60,415)
Net foreign exchange (gain)/loss:				
- Realised	(1,259)	(147)	681	2,938
- Unrealised	(14)	(86)	(12)	(69)
Property, plant and equipment:				
- Depreciation	12,457	10,811	45,074	38,614
- (Gain)/Loss on disposal	(83,544)	1	(82,968)	(161)
- Impairment loss	75,264	68,065	75,264	68,065
- Written off	22	(3)	36	883
Right-of-use assets:				
- Depreciation	1,054	-	3,734	-
- Impairment loss	3,416	-	3,416	-
Provision for staff benefits	30,227	23,733	30,227	23,733
Provision for/(Reversal of) repairs	910	(77,762)	910	(77,762)

**B6. Tax (benefit)/expense**

	4th Quarter Ended		12 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense/(benefit)</b>				
Malaysian - current year	2,126	60	4,067	117
Malaysian - prior year	(35)	-	(35)	2
Overseas - current year	37,420	1,006	38,706	(17,325)
Malaysian - prior year	-	-	8	-
	39,511	1,066	42,746	(17,206)
<b>Deferred tax (benefit)/expense</b>				
Origination and reversal of temporary differences	(52,763)	64,800	(46,511)	82,671
Underprovision in prior year	-	222	26	7,420
	(52,763)	65,022	(46,485)	90,091
Tax (benefit)/expense	(13,252)	66,088	(3,739)	72,885

The effective tax rate of the Group for the year ended 31 December 2019 under review is higher than the statutory rate of 24% was mainly due to certain expenses which are not deductible and deferred tax assets not recognised on taxable losses and different tax rates in foreign jurisdictions.

**B7. Status of Corporate Proposals**

**i) AVEO's Privatisation Scheme**

As previously announced, AVEO, a 24.39% indirectly owned Australian listed associate of the Company, has on 14 August 2019 announced that it had entered into a Scheme Implementation Deed with Hydra RL BidCo Pty Ltd ("BidCo") and Hydra RL TopCo Pty Ltd ("TopCo"), entities controlled by the Brookfield Property Group on behalf of its managed fund, under which BidCo undertook to acquire 100% of the outstanding securities of AVEO ("AVEO Securities") by way of a trust scheme and a company scheme of arrangement (collectively, the "Schemes").

On 27 September 2019, AVEO released its Scheme Booklet pertaining to the Schemes on the Australian Securities Exchange. Under the Schemes, BidCo undertook to acquire AVEO Securities for a cash consideration of AUD2.195 (including a AUD0.045 dividend announced on 24 June 2019) per AVEO Security, or a conditional scrip consideration, being 2.15 AOG L.P. Units for every AVEO Security held as at the Scheme record date. AOG L.P. is a class B securities holder of TopCo, which in turn is the ultimate holding company of BidCo.

In view of the time constraints in obtaining prior approval from the Company's shareholders of the voting decision in respect of the Schemes, the Board proposed for a ratification from the Company's shareholders from having to obtain shareholders' prior approval for the vote of the Schemes and such shareholders' ratification will be procured at a later stage, in the event the Schemes are successfully implemented ("Proposed Ratification"). An application for the Proposed Ratification was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities"), of which the approval was granted by Bursa Securities on 25 October 2019, subject to, inter alia, the Company procuring its shareholders' ratification within 3 months from the date of Scheme Meeting to be convened by AVEO.

On 25 October 2019, the Company also announced that the Board had deliberated on the terms and considerations offered as well as the recommendations by the Independent Expert as set out in the Scheme Booklet, and intended to vote in favour of the Schemes with the election of an effective combination of cash consideration and scrip consideration, as follows:

	<b>No. of AVEO Shares (unit)</b>	<b>Consideration in value (RM'000) *</b>	<b>Proportion of election based on total AVEO Shares held (%)</b>
Cash Consideration of AUD2.15 per share	46,688,878	288,133	32.97
Scrip Consideration	94,926,342	585,743	67.03
<b>Total</b>	<b>141,615,220</b>	<b>873,876</b>	<b>100.00</b>

*\*Being gross consideration prior to any deduction of relevant tax under the Taxable Australian Property.*

On 31 October 2019, the Company received approval from the Foreign Investment Review Board (Australia) ("FIRB") on its election and acceptance of the scrip consideration. The relevant Scheme meeting was held by AVEO on 6 November 2019 where the Schemes were voted in favour by the requisite majorities of AVEO Securityholders. Following this, the Supreme Court of New South Wales ("NSW Court") on 13 November 2019 made orders approving the Schemes. AVEO also confirmed that it had on even date, lodged a copy of the NSW Court orders with the Australian Securities and Investment Commission, and accordingly the Schemes have become legally effective. AVEO securities were suspended from trading on the Australian Stock Exchange effective from the close of trading on 13 November 2019 and delisted once the Schemes were implemented.

**B7. Status of Corporate Proposals (Cont'd)**

**i) AVEO's Privatisation Scheme (Cont'd)**

On 29 November 2019, the Schemes had been implemented on even date and accordingly BidCo is the registered holder of all AVEO Securities. AVEO had further announced that it intends to apply to have quotation of AVEO Securities terminated and for AVEO to be removed from the official list of the Australian Stock Exchange with effect from the close of trading on Monday, 2 December 2019.

Pursuant to the completion of the Schemes, the Group received AUD178,580,181 in equivalent units in AOG L.P (net of withholding tax under the provision of Taxable Australia Property) which represents 16.1% indirect equity interest in TopCo which indirectly owns all the securities of AVEO and a cash consideration of approximately AUD125.89 million (inclusive of withholding tax amounting to approximately AUD28.20 million to be refunded under the provision of Taxable Australia Property). The Group has made a pre-tax loss (included impairment loss) of RM220.53 million as a consequent to the Schemes.

At the extraordinary general meeting held on 15 January 2020, the shareholders of Mulpha has ratified the acceptance of the above Schemes.

The total proceeds of AUD125.89 million was utilised or allocated as at 31 December 2019 in the following manner:

Purpose	Proposed Utilisation AUD'm	Actual Utilisation AUD'm	Timeframe for utilisation
1) Repayment of bank borrowings	92.37	58.96	May 2020
2) Future investment opportunities	20.00	-	January 2021
3) General working capital	13.29	-	January 2021
4) Estimated expenses in relation to the Proposed Ratification	0.23	-	January 2020
	125.89	58.96	

**ii) Joint Venture between Leisure Farm Corporation Sdn Bhd and UEM Land Berhad**

Leisure Farm Corporation Sdn Bhd (“LFC”), a wholly-owned subsidiary of the Company, had on 16 February 2016, entered into a joint venture cum shareholders' agreement (“JVA”) with UEM Land Berhad, a wholly-owned subsidiary of UEM Sunrise Berhad (“UEMS”) and JV Axis Sdn Bhd (“JVASB”) to work together as strategic joint development partners to jointly develop and optimise the value of 38 parcels of freehold lands located in Gerbang Nusajaya and near the Leisure Farm Resort within Mukim Pulai, District of Johor Bahru, Johor. LFC owns 36 land parcels (“LFC Lands”) whilst the balance land parcels (“UEMS Lands”) are owned by Nusajaya Seaview Sdn Bhd (“NSSB”) and Nusajaya Rise Sdn Bhd (“NRSB”), both being indirect wholly-owned subsidiaries of UEMS. [Both LFC Lands and UEMS Lands are collectively referred to as “JV Lands”]. LFC had on 16 February 2016, also entered into a master agreement (“MA”) with NSSB, NRSB and JVASB to record the agreed framework and parameters for the disposal of the JV Lands by LFC, NSSB and NRSB to JVASB. On 15 June 2016, JVASB changed its name to Gerbang Leisure Park Sdn Bhd (“GLP”). GLP is 50% owned by LFC whilst the remaining 50% is owned by UEM Land Berhad.

The MA is conditional upon certain conditions precedent to be fulfilled by the respective landowners within 24 months from the date of the MA. On 15 February 2019, both parties have agreed to extend the conditional period to 15 February 2020. Subsequently on 15 February 2020, both parties have agreed to extend the conditional period to 15 February 2021.

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**B8. Group Loans and Borrowings**

The details of the loans and borrowings as at 31 December 2019 are as follows:-

	As at 4th 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
<b>Secured</b>												
Overdraft	RM			-	RM			1,028	RM			1,028
Revolving Credit/Loan	RM			-	RM			103,000	RM			103,000
Revolving Credit/Loan	AUD	29,000	2.87	83,230	AUD	100,000	2.87	287,000	AUD	129,000	2.87	370,230
Term Loan	RM			22,164	RM			7,267	RM			29,431
Term Loan	HKD	-	0.53	-	HKD	335,414	0.53	176,663	HKD	335,414	0.53	176,663
Term Loan	USD	15,991	4.10	65,565	USD	8,976	4.10	36,802	USD	24,967	4.10	102,367
Term Loan	AUD	103,000	2.87	295,610	AUD	146,409	2.87	420,195	AUD	249,409	2.87	715,805
Term Loan	NZD	33,797	2.76	93,278	NZD	-	2.76	-	NZD	33,797	2.76	93,278
Finance Lease	AUD	2,770	2.87	7,950	AUD	-	2.87	-	AUD	2,770	2.87	7,950
Bonds	AUD	27,120	2.87	77,834	AUD	1,639	2.87	4,704	AUD	28,759	2.87	82,538
Bonds	USD	-	4.10	-	USD	70,000	4.10	287,000	USD	70,000	4.10	287,000
				645,631				1,323,659				1,969,290
<b>Unsecured</b>												
Term Loan	AUD	-	2.87	-	AUD	6,030	2.87	17,307	AUD	6,030	2.87	17,307
				-				17,307				17,307
				645,631				1,340,966				1,986,597

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**B8. Group Loans and Borrowings (Cont'd)**

The details of the loans and borrowings as at 31 December 2018 are as follows:-

	As at 4th 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
<b><u>Secured</u></b>												
Overdraft	RM			-	RM			1,611	RM			1,611
Revolving Credit/Loan	RM			-	RM			90,986	RM			90,986
Term Loan	RM			21,042	RM			3,700	RM			24,742
Term Loan	HKD	-	0.53	-	HKD	448,525	0.53	237,403	HKD	448,525	0.53	237,403
Term Loan	USD	18,017	4.15	74,769	USD	2,342	4.15	9,719	USD	20,359	4.15	84,488
Term Loan	AUD	286,500	2.92	836,580	AUD	149,396	2.92	436,236	AUD	435,896	2.92	1,272,816
Term Loan	NZD	34,088	2.78	94,764	NZD	-	2.78	-	AUD	34,088	2.78	94,764
Finance Lease	AUD	2,770	2.92	8,089	AUD	-	2.92	-	AUD	2,770	2.92	8,089
Bills Payable	AUD	-	2.92	-	AUD	16,897	2.92	49,340	AUD	16,897	2.92	49,340
Bonds	AUD	28,384	2.92	82,881	AUD	1,515	2.92	4,423	AUD	29,899	2.92	87,304
Bonds	USD	70,000	4.15	290,500	USD	-	4.15	-	USD	70,000	4.15	290,500
				1,408,625				833,418				2,242,043
<b><u>Unsecured</u></b>												
Term loan	AUD	-	2.92	-	AUD	4,002	2.92	11,687	AUD	4,002	2.92	11,687
				-				11,687				11,687
				1,408,625				845,105				2,253,730

## **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. The parties have filed and exchanged their written submissions. Subsequently, the parties have completed the oral submissions on 24 February 2020 and 25 February 2020. The court was adjourned and the Judge has indicated that he will deliver his judgment on 15 May 2020 subject to any changes.

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 31 December 2019.

**B11. Earnings/(Loss) 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:

	<b>12 Months Ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
(Loss)/Profit for the year, amount attributable to equity holders of the parent (RM'000)	<u>(211,875)</u>	<u>235,699</u>
Weighted average number of ordinary shares ('000)	<u>319,467</u>	<u>319,467</u>
Basic (loss)/earnings per share (sen)	<u>(66.32)</u>	<u>73.78</u>

**(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 ordinary shares.