

# MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

## PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the first financial quarter ended 31 March 2020

The figures have not been audited

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

		CURRENT QUARTER ENDED 31.03.2020 RM'000	COMPARATIVE QUARTER ENDED 31.03.2019 RM'000	3 MONTHS CUMULATIVE TO 31.03.2020 RM'000	3 MONTHS CUMULATIVE TO 31.03.2019 RM'000
Revenue		161,429	146,552	161,429	146,552
Operating expenses		(176,479)	(157,967)	(176,479)	(157,967)
Other operating income		20,847	102,065	20,847	102,065
Profit from operations		5,797	90,650	5,797	90,650
Finance costs		(18,016)	(24,012)	(18,016)	(24,012)
Share of profit of associates		3	23,534	3	23,534
Share of (loss)/profit of joint ventures		(6,019)	14	(6,019)	14
(Loss)/Profit before tax	B5	(18,235)	90,186	(18,235)	90,186
Tax benefit/(expense)	B6	7,868	(20,914)	7,868	(20,914)
(Loss)/Profit for the period		(10,367)	69,272	(10,367)	69,272
Attributable to:					
Owners of the Company		(10,649)	69,240	(10,649)	69,240
Non-controlling interests		282	32	282	32
(Loss)/Profit for the period		(10,367)	69,272	(10,367)	69,272
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	B11	(3.33)	21.67	(3.33)	21.67

(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 2019 and the accompanying explanatory notes attached to the interim financial statements)

# MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

## PART A1 : QUARTERLY REPORT

### I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 31.03.2020 <u>RM'000</u>	COMPARATIVE QUARTER ENDED 31.03.2019 <u>RM'000</u>	3 MONTHS CUMULATIVE TO 31.03.2020 <u>RM'000</u>	3 MONTHS CUMULATIVE TO 31.03.2019 <u>RM'000</u>
(Loss)/Profit for the period	(10,367)	69,272	(10,367)	69,272
Foreign currency translation differences for foreign operations	(161,857)	(22,164)	(161,857)	(22,164)
Net change in fair value of equity instruments designated at FVOCI	(12,923)	-	(12,923)	-
Share of other comprehensive income of associates	302	-	302	-
Other comprehensive expense for the period, net of tax	(174,478)	(22,164)	(174,478)	(22,164)
<b>Total comprehensive (expense)/income for the period</b>	<b>(184,845)</b>	<b>47,108</b>	<b>(184,845)</b>	<b>47,108</b>
<b>Attributable to:</b>				
Owners of the Company	(184,609)	47,076	(184,609)	47,076
Non-controlling interests	(236)	32	(236)	32
<b>Total comprehensive (expense)/income for the period</b>	<b>(184,845)</b>	<b>47,108</b>	<b>(184,845)</b>	<b>47,108</b>

*(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 2019 and the accompanying explanatory notes attached to the interim financial statements)*

# MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>A10</i>	966,150	1,022,286
Right-of-use assets		11,918	13,658
Investment properties		997,521	1,051,756
Investment in associates		125,913	126,985
Investment in joint ventures		49,470	59,199
Investment securities		486,069	534,296
Other investments		5,086	5,086
Goodwill		2,693	2,705
Inventories		541,267	496,403
Trade and other receivables		11,734	52,028
Other non-current assets		14,135	15,851
Deferred tax assets		12,935	12,935
		<u>3,224,891</u>	<u>3,393,188</u>
<b>Current assets</b>			
Inventories		808,443	878,885
Contract assets		-	492
Trade and other receivables		337,501	396,962
Other current assets		34,233	34,867
Investment securities		174,958	166,994
Income tax recoverable		2,688	2,380
Cash and cash equivalents		184,545	351,851
		<u>1,542,368</u>	<u>1,832,431</u>
Assets classified as held for sale		74,477	79,757
		<u>1,616,845</u>	<u>1,912,188</u>
<b>TOTAL ASSETS</b>		<u>4,841,736</u>	<u>5,305,376</u>

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## PART A1 : QUARTERLY REPORT

### II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
<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		(210,336)	(36,376)
Retained earnings		858,297	868,946
		<u>2,685,102</u>	<u>2,869,711</u>
Non-controlling interests		20,662	20,898
<b>Total equity</b>		<u>2,705,764</u>	<u>2,890,609</u>
<b>Non-current liabilities</b>			
Trade and other payables		4,933	4,808
Provision for liabilities		4,940	6,404
Deferred tax liabilities		82,655	95,732
Loans and borrowings	B8	571,901	645,631
Lease liabilities		42,260	46,027
		<u>706,689</u>	<u>798,602</u>
<b>Current liabilities</b>			
Trade and other payables		102,064	154,994
Contract liabilities		44,325	45,811
Provision for liabilities		21,551	28,106
Loans and borrowings	B8	1,239,801	1,340,966
Lease liabilities		2,655	3,096
Current tax liabilities		18,887	43,192
		<u>1,429,283</u>	<u>1,616,165</u>
<b>Total liabilities</b>		<u>2,135,972</u>	<u>2,414,767</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,841,736</u>	<u>5,305,376</u>
<b>Net assets per share (RM)</b>		<u>8.40</u>	<u>8.98</u>

(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 2019 and the accompanying explanatory notes attached to the interim financial statements)

# MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (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
<b>At 1 January 2020</b>	2,037,459	(100,663)	68,545	(4,258)	(318)	868,946	2,869,711	20,898	2,890,609
Share of other comprehensive income of associates	-	302	-	-	-	-	302	-	302
Foreign currency translation differences for foreign operations	-	(161,842)	-	-	-	-	(161,842)	(15)	(161,857)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(12,420)	-	-	(12,420)	(503)	(12,923)
Total other comprehensive expense for the period	-	(161,540)	-	(12,420)	-	-	(173,960)	(518)	(174,478)
(Loss)/Profit for the period	-	-	-	-	-	(10,649)	(10,649)	282	(10,367)
<b>At 31 March 2020</b>	<b>2,037,459</b>	<b>(262,203)</b>	<b>68,545</b>	<b>(16,678)</b>	<b>(318)</b>	<b>858,297</b>	<b>2,685,102</b>	<b>20,662</b>	<b>2,705,764</b>
<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
Foreign currency translation differences for foreign operations	-	(22,164)	-	-	-	-	(22,164)	-	(22,164)
Total other comprehensive expense for the period	-	(22,164)	-	-	-	-	(22,164)	-	(22,164)
Profit for the period	-	-	-	-	-	69,240	69,240	32	69,272
<b>At 31 March 2019</b>	<b>2,037,459</b>	<b>10,356</b>	<b>68,545</b>	<b>(62,205)</b>	<b>(318)</b>	<b>1,210,579</b>	<b>3,264,416</b>	<b>(49)</b>	<b>3,264,367</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 2019 and the accompanying explanatory notes attached to the interim financial statements)

# MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

## PART A1 : QUARTERLY REPORT

### IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---3 MONTHS ENDED-->	
		31.03.2020	31.03.2019
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before tax		(18,235)	90,186
Adjustments for non-cash items:			
Bad debts written off		2	-
Change in fair value of investment properties		271	254
Dividend income		(12)	(11)
Fair value loss/(gain) on financial assets at fair value through profit or loss		1,372	(368)
Impairment loss on financial assets:			
- Investment securities		-	41
- Trade and other receivables		66	-
Interest income		(6,286)	(4,945)
Interest expense		18,016	24,012
Inventories written down		20	-
Investment properties written off		48	-
Net unrealised foreign exchange loss/(gain)		25	(10)
Property, plant and equipment:			
- Depreciation		14,705	9,833
- Written off		-	8
Right-of-use assets:			
- Depreciation		864	-
Other non-current assets:			
- Amortisation		803	-
Provision for staff benefits		6,388	6,868
Reversal provision for repairs		(9)	-
Reversal of impairment loss on trade and other receivables		-	(155)
Share of profit of associates		(3)	(23,534)
Share of loss/(profit) of joint ventures		6,019	(14)
Operating profit before changes in working capital		<u>24,054</u>	<u>102,165</u>
Changes in working capital			
Contract assets		492	(1,419)
Contract liabilities		1,547	34,726
Inventories		(25,038)	6,180
Other current assets		(1,586)	29,892
Other non-current assets		(110)	4,797
Other non-current liabilities		443	8,662
Payables		(59,175)	(82,170)
Receivables		70,335	15,231
Net change in working capital		<u>(13,092)</u>	<u>15,899</u>
Cash generated from operations		10,962	118,064

# MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

## PART A1 : QUARTERLY REPORT

### IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---3 MONTHS ENDED-->	
		31.03.2020	31.03.2019
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>			
Interest paid		(18,008)	(24,810)
Interest received		359	9,320
Income tax paid		(3,612)	(3,853)
Staff benefits paid		(11,905)	(8,168)
Net cash (used in)/generated from operating activities		<u>(22,204)</u>	<u>90,553</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	(4,424)
Dividend received		12	11
Dividend received from associates and joint ventures		-	117
Purchase of property, plant and equipment		(14,394)	(58,401)
Proceeds from disposal of property, plant and equipment		-	57
Refurbishment of investment properties		(11,971)	(1,577)
Net cash used in investing activities		<u>(26,353)</u>	<u>(64,217)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid to non-controlling interests of subsidiaries		-	(162)
Net (repayment)/drawdown of borrowings		(114,715)	20,214
Payment of finance lease liabilities		-	(390)
Payment of lease liabilities		(839)	-
Withdrawal/(Placement) of pledged deposits		13,946	(6,359)
Net cash (used in)/generated from financing activities		<u>(101,608)</u>	<u>13,303</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(150,165)	39,639
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		318,310	124,031
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(6,879)	(3,775)
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	Note A	<u>161,266</u>	<u>159,895</u>

#### Note A

Included in cash and cash equivalents as at 31 March are the following:

- Cash and deposits with licensed banks	184,545	191,935
- Bank overdrafts	(4,712)	(753)
- Pledge bank balances and deposits	(18,567)	(31,287)
	<u>161,266</u>	<u>159,895</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 2019 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 2019.

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 2019 except for the adoption of the following:

#### ***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

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 2021***

- MFRS 17, Insurance Contracts

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

#### ***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 2019 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.



**MULPHA INTERNATIONAL BHD**  
**Registration No. 197401002704 (19764-T)**  
**FIRST FINANCIAL QUARTER ENDED 31 MARCH 2020**

**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 quarter.

**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 quarter.

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

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

**A7. Dividend Paid**

There was no dividend paid during the current financial quarter.

**A8. Segment Information**

Segment analysis for the 3 months period ended 31 March 2020 and 2019 are set out below:

	Revenue		(Loss)/Profit Before Tax	
	3 months ended 31.03.2020	3 months ended 31.03.2019	3 months ended 31.03.2020	3 months ended 31.03.2019
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Property	56,235	38,789	11,462	7,064
Hospitality	82,029	86,522	(6,408)	89,571
Investment and others	23,165	21,241	743	(5,985)
	161,429	146,552	5,797	90,650
Finance costs	-	-	(18,016)	(24,012)
Share of results of associates/joint ventures	-	-	(6,016)	23,548
	161,429	146,552	(18,235)	90,186

	Total Assets		Total Liabilities	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Property	2,304,898	2,405,584	836,531	1,100,470
Hospitality	988,614	1,099,917	381,091	505,882
Investment and others	2,934,719	3,143,286	2,278,214	2,559,495
	6,228,231	6,648,787	3,495,836	4,165,847
Adjustment and eliminations	(1,386,495)	(1,343,411)	(1,359,864)	(1,751,080)
	4,841,736	5,305,376	2,135,972	2,414,767

**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 <sup>^</sup>	
	31.03.2020	31.03.2019	31.03.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Australia	154,261	136,321	1,895,411	1,965,817
Malaysia	4,782	6,149	405,381	402,031
New Zealand	2,386	4,082	218,757	218,960
	<u>161,429</u>	<u>146,552</u>	<u>2,519,549</u>	<u>2,586,808</u>

<sup>^</sup>Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, 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:

	3 Months Ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
<b>A. Associates</b>		
Director fees received	50	64
Rental income	-	1,033
Rental expense	-	370
Share service expense	-	110
	<u>-</u>	<u>110</u>
<b>B. Joint Ventures</b>		
Dividend income	-	117
	<u>-</u>	<u>117</u>
<b>C. Other related parties</b>		
Companies related to directors		
- Rendering of services	2,913	1,873
- Rental expense/(income)	158	(25)
- Share service income	110	111
Companies related to a person connected to a director		
- Rendering of services	1,459	803
- Rental income	93	135
	<u>1,459</u>	<u>803</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 March 2020 are as below:

	<b>RM'000</b>
(a) Approved and contracted for	22,649
(b) Approved but not contracted for	33,917
	<hr/>

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

There were no material events subsequent to 31 March 2020 to be disclosed.

#### **A13. Changes in The Composition Of the Group**

(a) Strike-off of a subsidiary

Mulpha Capital Assets Management Sdn. Bhd., wholly-owned subsidiary of Mulpha Capital Holdings Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company had on 7 February 2020 struck off from the register of the companies and dissolved following the publication of the notice of striking off in Gazette pursuant to Section 551(3) of the Companies Act 2016. The financial results of the subsidiary being struck off is insignificant to the Group.

(b) Incorporation of subsidiaries

Mulpha Asset Services Pty Ltd, a wholly-owned subsidiary of Mulpha Australia Limited, which in turn is a wholly-owned subsidiary of the Company was incorporated on 3 February 2020 with a paid-up share capital of AUD2.00 and its principal activity is to provide asset management services.

Norwest City Retail Pty. Ltd, a wholly-owned subsidiary of Mulpha Australia Limited, which in turn is a wholly-owned subsidiary of the Company was incorporated on 2 March 2020 with a paid-up share capital of AUD2.00 and its principal activity is to act as the trustee of Norwest Retail Trust, which is currently dormant.

Norwest Retail Trust was established on 3 March 2020 and Norwest City Retail Pty. Ltd. is the trustee of Norwest Retail Trust. The sole unitholder is Mulpha Core Plus Pty. Ltd. (in its capacity as trustee for Mulpha Core Plus Trust), which holds 10 ordinary units.

#### **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**

**Current Quarter-to-date vs. Previous Year's Quarter-to-date**

	CUMULATIVE PERIOD		CHANGES	
	3 MONTHS ENDED	3 MONTHS ENDED		
	31.03.2020	31.03.2019	RM'000	%
Revenue	<b>161,429</b>	146,552	14,877	10%
Profit from operations	<b>5,797</b>	90,650	(84,853)	(94%)
(Loss)/Profit before interest and tax	<b>(219)</b>	114,198	(114,417)	>(100%)
(Loss)/Profit before tax	<b>(18,235)</b>	90,186	(108,421)	>(100%)
(Loss)/Profit after tax	<b>(10,367)</b>	69,272	(79,639)	>(100%)
(Loss)/Profit attributable to: Owners of the Company	<b>(10,649)</b>	69,240	(79,889)	>(100%)

The Group reported revenue of RM161.43 million and pre-tax loss of RM18.24 million for the current quarter ended 31 March 2020 as compared to revenue of RM146.55 million and pre-tax profit of RM90.19 million in the previous year's corresponding quarter. The increase in the Group's revenue by 10% was primarily attributed to the property and investment divisions. The Group's pre-tax profit decreased by RM108.42 million was mainly due to hospitality division by RM95.98 million and a lower share of associated profits by RM23.53 million offsets by the better performance in investment and property divisions by RM6.73 million and RM4.40 million respectively.

The property division recorded revenue of RM56.24 million and pre-tax profit of RM11.46 million for the current quarter ended 31 March 2020 as compared to revenue of RM38.79 million and pre-tax profit of RM7.06 million in the previous year's corresponding quarter. The better performance was mainly due to higher settlements in the Mulpha Norwest projects in the current quarter.

The hospitality division registered revenue of RM82.03 million and pre-tax loss of RM6.41 million for the current quarter ended 31 March 2020 as compared to revenue of RM86.52 million and pre-tax profit of RM89.57 million in the previous year's corresponding quarter. The underperformance was adversely impacted by COVID-19 outbreak with travel ban imposed globally and the closure of hotels during the lockdown effective from late March 2020. The previous year's corresponding quarter's performance was boosted by the receipt of insurance recoveries of RM87.90 million.

The investment and other activities division recorded a pre-tax profit of RM0.74 million for the current quarter ended 31 March 2020 as compared to a pre-tax loss of RM5.99 million in the previous year's corresponding quarter. The better performance was mainly due to favourable foreign exchange movement on US Dollar denominated bond in the current quarter.

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

**(ii) Financial Position Analysis**

	AS AT 31.03.2020	AS AT 31.12.2019
	RM'000	RM'000
<b>Total Assets</b>		
Property, plant and equipment	966,150	1,022,286
Right-of-use assets	11,918	13,658
Inventories	1,349,710	1,375,288
Investment in associates	125,913	126,985
Investment properties	997,521	1,051,756
Investment securities	661,027	701,290
Cash and cash equivalents	184,545	351,851
Trade and other receivables	349,235	448,990
Assets classified as held for sale	74,477	79,757
Others	121,240	133,515
<b>Total</b>	<b>4,841,736</b>	<b>5,305,376</b>

The Group's assets decreased by 9% to RM4.84 billion as at 31 March 2020 mainly attributable to an overall decrease arising from unfavourable foreign exchange movement of Australian Dollar. Higher decreases are mainly from cash and cash equivalents and trade receivables.

The decrease in cash and cash equivalent was also attributed to repayment of loans and borrowings and refurbishment of investment properties namely Nesuto Stadium Apartments Hotel, Auckland and expansion of marina asset in Sanctuary Cove during the current period. The decrease in trade and other receivables was mainly due to lower business transactions impacted by the recent COVID-19 outbreak.

	AS AT 31.03.2020	AS AT 31.12.2019
	RM'000	RM'000
<b>Total Liabilities</b>		
Loans and Borrowings	1,811,702	1,986,597
Others	324,270	428,170
<b>Total</b>	<b>2,135,972</b>	<b>2,414,767</b>

The Group's total liabilities decreased by 12% to RM2.14 billion as at 31 March 2020, mainly attributable to repayment during the period and favourable foreign exchange movement for Australian Dollar denominated loans and borrowings.

	AS AT 31.03.2020	AS AT 31.12.2019
	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	(210,336)	(36,376)
Retained earnings	858,297	868,946
<b>Total</b>	<b>2,685,102</b>	<b>2,869,711</b>

The Group's total equity decreased by 6% to RM2.69 billion as at 31 March 2020, mainly due to loss for the financial period of RM10.37 million and decrease in foreign exchange reserves arising from translation losses for foreign subsidiaries.

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

	<b>CURRENT QUARTER ENDED</b>	<b>PRECEDING QUARTER ENDED</b>	<b>CHANGES</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>RM'000</b>	<b>%</b>
Revenue	<b>161,429</b>	319,243	(157,814)	(49%)
Profit from operations	<b>5,797</b>	203,463	(197,666)	(97%)
(Loss)/Profit before interest and tax	<b>(219)</b>	195,098	(195,317)	>(100%)
(Loss)/Profit before tax	<b>(18,235)</b>	171,594	(189,829)	>(100%)
(Loss)/Profit after tax	<b>(10,367)</b>	184,846	(195,213)	>(100%)
(Loss)/Profit attributable to: owners of the Company	<b>(10,649)</b>	184,553	(195,202)	>(100%)

The Group recorded revenue of RM161.43 million and pre-tax loss of RM18.24 million for the 1st quarter of 2020 compared with revenue of RM319.24 million and pre-tax profit of RM171.59 million for 4th quarter of 2019. The weaker performance was mainly due to lower pre-tax profit from property, investment and hospitality divisions by RM85.08 million, RM78.56 million and RM34.02 million respectively.

The property division recorded revenue of RM56.24 million and pre-tax profit of RM11.46 million for the 1st quarter of 2020 compared with revenue of RM174.46 million and pre-tax profit of RM96.54 million for the 4th quarter of 2019. The underperformance in the current quarter was mainly due to lower settlements in the Mulpha Norwest and Sanctuary Cove developments in Australia as compared to preceding quarter.

The hospitality division recorded revenue of RM82.03 million and pre-tax loss of RM6.41 million for the 1st quarter 2020 compared with revenue of RM122.83 million and pre-tax profit of RM27.61 million for the 4th quarter of 2019. The weaker performance was mainly related to seasonal factors in Australia coupled with the closure of hotels effective from late March 2020 due to the recent COVID-19 outbreak as compared to the preceding quarter.

The investment and others division recorded pre-tax profit of RM0.74 million for the 1st quarter 2020 was unfavourable as compared to pre-tax profit of RM79.31 million for the 4th quarter of 2019 was mainly due to the transfer of exchange reserves to profit or loss upon disposal of an associate, AVEO in the preceding quarter.

**B3. Prospects**

The outbreak of COVID-19 has resulted in significant disruption to the Group's hospitality division with closure of all Hotels in late March with the exception of InterContinental Sydney which has remained open to provide accommodation for guests being quarantined under Government 14 days isolation requirements. It is anticipated that lockdown restrictions will be progressively relaxed over the coming months. As restrictions are eased it is expected that domestic business and leisure travel will increase during the third quarter of 2020. It remains unlikely however that Australia will re-open borders to international travel until 2021 and accordingly the Group anticipates a gradual recovery over the next 6-12 months.

Stronger Sydney real estate sales that were achieved in the second half of 2019 have continued through the first quarter of 2020. It is expected that momentum will slow in the second quarter given higher levels of unemployment and lower business activity as a result of COVID-19 impacts. The current travel ban from China has also resulted in a material slowdown in real estate sales at Sanctuary Cove where the Group has been more heavily reliant on international buyers. Lower real estate sales at Sanctuary Cove are expected for the balance of 2020.

Australian banks have been heavily impacted by COVID-19 and are now placing further restrictions on new lending. As a result, more real estate developers and investors are seeking non-bank finance. Accordingly, the Group's real estate lending division, Multiple Capital expects higher levels of activity over the coming 12 months.

### **B3. Prospects (Cont'd)**

The Leisure Farm project in Iskandar Malaysia has also experienced lower sales volumes and increased competition. Leisure Farm anticipates tough market conditions will continue for some years as a result of significant over-supply in the Johor region.

The Group's investments in the education sector have continued to meet expectations in the first quarter. While the Hotel School has transitioned to on-line learning during this period of disruption, it is anticipated that there will be lower new international enrolments moving forward while international border restrictions remain in place. The Group's investment in Education Perfect, an on-line learning tool has experienced significant new demand as high schools in Australia and globally have needed to build their capacity to teach remotely. The Group anticipates that this trend will accelerate as a result of the COVID-19 pandemic.

Commercial real estate investment properties have been impacted from March 2020 as a result of Government self-isolation and social distancing requirements. Accordingly, a significant number of retail tenants have been forced to cease trading until restrictions are eased. Government guidelines require landlords to provide some rental abatements and deferrals to assist impacted tenants. It is anticipated that the tenants will progressively return to normal trading over the coming 3-6 months. While this disruption will impact trading results in 2020, the Group anticipates that trading will return to more normalised levels in 2021.

While the Group remains cautious in relation to further real estate investments, good buying opportunities are likely to emerge over the following twelve months given the shortage of funding, the withdrawal of some foreign investment and the potential increase in the number of distressed sellers.

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. (Loss)/Profit Before Tax**

	<b>3 Months Ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Bad debts written off	2	-
Change in fair value of investment properties	271	254
Dividend income	(12)	(11)
Fair value loss/(gain) on financial assets at fair value through profit or loss	1,372	(368)
Impairment loss/(Reversal of impairment loss) on:		
- Investment securities	-	41
- Trade and other receivables	66	(155)
Investment properties written off	48	-
Interest income	(6,286)	(4,945)
Interest expense	18,016	24,012
Inventories written down	20	-
Insurance recoveries	-	(87,900)
Net foreign exchange (gain)/loss:		
- Realised	(7,226)	2,971
- Unrealised	25	(10)
Property, plant and equipment:		
- Depreciation	14,705	9,833
- Written off	-	8
Provision for staff benefits	6,388	6,868
Right-of-use assets:		
- Depreciation	864	-
Reversal of repairs	(9)	-

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

	<b>3 Months Ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax expense/(benefit)</b>		
Malaysian - current year	758	16
Malaysian - prior year	-	15
Overseas - current year	(283)	600
Overseas - prior year	(1,281)	-
	<u>(806)</u>	<u>631</u>
<b>Deferred tax (benefit)/expense</b>		
Origination and reversal of temporary differences	(7,062)	26,267
Underprovision in prior year	-	(5,984)
	<u>(7,062)</u>	<u>20,283</u>
Tax (benefit)/expense	<u>(7,868)</u>	<u>20,914</u>

The effective tax rate of the Group for the period ended 31 March 2020 under review is lower than the statutory rate of 24% was mainly due to deferred tax assets recognised on taxable losses.



**B7. Status of Corporate Proposals**

**i) AVEO's Privatisation Scheme**

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. Limited (“BidCo”) and Hydra RL TopCo Pty. Limited (“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”).

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.

On 29 November 2019, the privatisation of AVEO was completed with the Group holding an indirect effective equity interest of approximately 15.5% in AVEO. The ownership structure is that the Group holds direct equity interest of approximately 96.1% in AOG L.P. which in turn holds a direct equity interest of approximately 16.1% in TopCo.

The Group received AUD178,580,181 in equivalent units in AOG L.P. 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 total proceeds of AUD125.89 million was utilised or allocated as at 31 March 2020 in the following manner:

Purpose	Proposed	Actual	Timeframe for utilisation
	Utilisation	Utilisation	
	AUD	AUD	
	million	million	
1) Repayment of bank borrowings	92.37	89.32	May 2020
2) Future investment opportunities	20.00	11.74	January 2021
3) General working capital	13.29	2.88	January 2021
4) Estimated expenses in relation to the disposal of AVEO	0.23	0.21	January 2020
	125.89	104.15	

**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 March 2020 are as follows:-

	As at 1st Quarter Ended 2020											
	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			4,712	RM			4,712
Revolving Credit/Loan	RM			-	RM			108,000	RM			108,000
Revolving Credit/Loan	AUD	10,000	2.68	26,800	AUD	100,025	2.68	268,066	AUD	110,025	2.68	294,866
Term Loan	RM			25,365	RM			10,184	RM			35,549
Term Loan	HKD	-	0.56	-	HKD	169,156	0.56	94,459	HKD	169,156	0.56	94,459
Term Loan	USD	15,462	4.33	66,950	USD	10,435	4.33	45,184	USD	25,897	4.33	112,134
Term Loan	AUD	103,000	2.68	276,040	AUD	146,411	2.68	392,381	AUD	249,411	2.68	668,421
Term Loan	NZD	37,367	2.61	97,529	NZD	-	2.61	-	NZD	37,367	2.61	97,529
Finance Lease	AUD	2,770	2.68	7,424	AUD	-	2.68	-	AUD	2,770	2.68	7,424
Bonds	AUD	26,788	2.68	71,793	AUD	1,672	2.68	4,480	AUD	28,460	2.68	76,273
Bonds	USD	-	4.33	-	USD	70,000	4.33	303,100	USD	70,000	4.33	303,100
				571,901				1,230,566				1,802,467
<b><u>Unsecured</u></b>												
Term Loan	AUD	-	2.68	-	AUD	3,446	2.68	9,235	AUD	3,446	2.68	9,235
				-				9,235				9,235
				571,901				1,239,801				1,811,702

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B8. Group Loans and Borrowings (Cont'd)

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

	As at 1st 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			753	RM			753
Revolving Credit/Loan	RM			-	RM			96,000	RM			96,000
Term Loan	RM			20,117	RM			3,700	RM			23,817
Term Loan	HKD	-	0.52	-	HKD	440,610	0.52	228,985	HKD	440,610	0.52	228,985
Term Loan	USD	17,528	4.08	71,516	USD	3,127	4.08	12,758	USD	20,655	4.08	84,274
Term Loan	AUD	409,500	2.89	1,183,455	AUD	36,939	2.89	106,754	AUD	446,439	2.89	1,290,209
Term Loan	NZD	34,084	2.77	94,413	NZD	-	2.77	-	AUD	34,084	2.77	94,413
Finance Lease	AUD	5,983	2.89	17,291	AUD	711	2.89	2,055	AUD	6,694	2.89	19,346
Bills Payable	AUD	-	2.89	-	AUD	16,902	2.89	48,848	AUD	16,902	2.89	48,848
Bonds	AUD	28,077	2.89	81,143	AUD	1,545	2.89	4,465	AUD	29,622	2.89	85,608
Bonds	USD	70,000	4.08	285,600	USD	-	4.08	-	USD	70,000	4.08	285,600
				1,753,535				504,318				2,257,853
<b>Unsecured</b>												
Term loan	AUD	-	2.89	-	AUD	2,397	2.89	6,928	AUD	2,397	2.89	6,928
				-				6,928				6,928
				1,753,535				511,246				2,264,781

## **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 delivery of the judgment has been deferred by the Court due to the effects of COVID-19 and the Movement Control Order "MCO" in Malaysia. A new judgment date will be announced subsequently 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 31 March 2020.

**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:

	<b>3 Months Ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
(Loss)/Profit for the year, amount attributable to equity holders of the parent (RM'000)	<u>(10,649)</u>	<u>69,240</u>
Weighted average number of ordinary shares ('000)	<u>319,467</u>	<u>319,467</u>
Basic (loss)/earnings per share (sen)	<u>(3.33)</u>	<u>21.67</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.