MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2018

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**CURRENT QUARTER ENDED 30.09.2018**	**COMPARATIVE QUARTER ENDED 30.09.2017**	**9 MONTHS CUMULATIVE TO 30.09.2018**	**9 MONTHS CUMULATIVE TO 30.09.2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue		**168,545**	270,845	**510,355**	782,733
Operating expenses		**(161,887)**	(247,634)	**(497,581)**	(777,738)
Other operating income		**11,777**	41,237	**45,854**	108,896
Profit from operations		**18,435**	64,448	**58,628**	113,891
Finance costs		**(22,406)**	(25,109)	**(66,217)**	(75,525)
Share of profit of associates		**4,208**	24,843	**154,032**	123,515
Share of profit of joint ventures		**55**	165	**192**	106
Profit before tax	*B5*	**292**	64,347	**146,635**	161,987
Income tax expense	*B6*	**(6,874)**	(17,609)	**(6,797)**	(21,216)
Profit/(Loss) for the period		**(6,582)**	46,738	**139,838**	140,771
Attributable to:					
Owners of the Company		**(6,649)**	46,716	**139,795**	140,749
Non-controlling interests		**67**	22	**43**	22
Profit/(Loss) for the period		**(6,582)**	46,738	**139,838**	140,771
Earnings/(Loss) per share (sen):-					
- Basic/Diluted	*B11*	**(2.08)**	14.62	**43.76**	44.04

(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 2017 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.09.2018 RM'000	COMPARATIVE QUARTER ENDED 30.09.2017 RM'000	9 MONTHS CUMULATIVE TO 30.09.2018 RM'000	9 MONTHS CUMULATIVE TO 30.09.2017 RM'000
Profit/(Loss) for the period	**(6,582)**	46,738	**139,838**	140,771
Foreign currency translation differences for foreign operations	**13,560**	32,550	**(151,351)**	74,693
Fair value movement of available-for-sale financial assets	**(4,516)**	(30,858)	**(44,712)**	16,296
Share of other comprehensive income/(expense) of associates	**271**	(6)	**271**	(602)
Other comprehensive (loss)/income for the period, net of tax	**9,315**	1,686	**(195,792)**	90,387
Total comprehensive income/(loss) for the period	**2,733**	48,424	**(55,954)**	231,158
Attributable to:				
Owners of the Company	**2,668**	48,402	**(56,003)**	231,136
Non-controlling interests	**65**	**22**	**49**	**22**
Total comprehensive income/(loss) for the period	**2,733**	48,424	**(55,954)**	231,158

(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 2017 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**UNAUDITED AS AT 30.09.2018**	**RESTATED AS AT 31.12.2017**
		RM'000	**RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment	*A10*	**1,067,440**	955,760
Investment properties		**1,080,013**	941,078
Investment in associates		**1,453,920**	1,433,525
Investment in joint ventures		**19,128**	20,217
Investment securities		**288,754**	328,667
Other investments		**5,080**	5,080
Goodwill		**2,713**	2,725
Inventories		**549,406**	665,651
Trade and other receivable		**27,075**	10,189
Other non-current assets		**7,311**	8,431
Deferred tax assets		**12,935**	12,935
		4,513,775	4,384,258
Current assets			
Inventories		**870,635**	714,622
Trade and other receivables		**285,863**	259,382
Other current assets		**29,656**	17,705
Investment securities		**2,890**	3,167
Income tax recoverable		**1,114**	1,278
Cash and cash equivalents		**226,424**	488,350
		1,416,582	1,484,504
TOTAL ASSETS		**5,930,357**	5,868,762

PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.09.2018 RM'000	RESTATED AS AT 31.12.2017 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**2,037,459**	2,037,459
Treasury shares	*A6*	**(318)**	(318)
Reserves		**106,070**	301,868
Retained earnings		**1,121,742**	981,947
		3,264,953	3,320,956
Non-controlling interests		**(71)**	(120)
Total equity		**3,264,882**	3,320,836
Non-current liabilities			
Trade and other payables		**1,592**	1,923
Provision for liabilities		**5,010**	3,429
Deferred tax liabilities		**63,559**	41,140
Loans and borrowings	*B8*	**1,859,260**	1,313,718
		1,929,421	1,360,210
Current liabilities			
Trade and other payables		**176,734**	227,469
Provision for liabilities		**100,730**	112,977
Loans and borrowings	*B8*	**458,588**	827,795
Income tax payable		**2**	19,475
		736,054	1,187,716
Total liabilities		**2,665,475**	2,547,926
TOTAL EQUITY AND LIABILITIES		**5,930,357**	5,868,762
Net assets per share (RM)		10.22	10.40

(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 2017 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	< ------------------------ *Attributable to owners of the Company*								--------------------------------->		
	< ----------------------------------- *Non-distributable*						---------------------------------->	*Distributable*			
	Share Capital	**Share Premium**	**Exchange Reserve**	**Capital 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**	**RM'000**	**RM'000**
At 1 January 2018	2,037,459	-	245,416	-	66,252	(9,800)	(318)	976,043	3,315,052	(120)	3,314,932
Adjustments due to adoption of MFRS 9	-	-	-	-	-	-	-	(270)	(270)	-	(270)
Adjustments due to adoption of MFRS 15	-	-	-	-	-	-	-	6,174	6,174	-	6,174
At 1 January 2018, restated	2,037,459	-	245,416	-	66,252	(9,800)	(318)	981,947	3,320,956	(120)	3,320,836
Total comprehensive income/(loss) for the period	-	-	(151,086)	-	-	(44,712)	-	139,795	(56,003)	49	(55,954)
At 30 September 2018	**2,037,459**	**-**	**94,330**	**-**	**66,252**	**(54,512)**	**(318)**	**1,121,742**	**3,264,953**	**(71)**	**3,264,882**
At 1 January 2017	1,598,096	217,861	278,684	215,037	66,252	(12,547)	(266)	614,499	2,977,616	-	2,977,616
Total comprehensive income for the period	-	-	74,091	-	-	16,296	-	140,749	231,136	22	231,158
Purchase of treasury shares	-	-	-	-	-	-	(52)	-	(52)	-	(52)
Realisation of reserves	-	-	1,306	6,465	-	-	-	(7,771)	-	-	-
Transfer to Share Capital in accordance with Section 618(2) of the Companies Act 2016	439,363	(217,861)	-	(221,502)	-	-	-	-	-	-	-
Total transactions with owners of the Company	439,363	(217,861)	1,306	(215,037)	-	-	(52)	(7,771)	(52)	-	(52)
At 30 September 2017	**2,037,459**	**-**	**354,081**	**-**	**66,252**	**3,749**	**(318)**	**747,477**	**3,208,700**	**22**	**3,208,722**

(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 2017 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	<---9 MONTHS ENDED--> 30.09.2018	30.09.2017
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		146,635	161,987
Adjustments for non-cash items:			
Bad debts recovered		-	(11)
Change in fair value of investment properties		768	952
Dividend income		(111)	(129)
Fair value loss/(gain) on financial assets at fair value through profit or loss		117	(526)
Gain on disposal of investment properties		-	(2,332)
Gain on partial disposal of associates		-	(25)
Gain on disposal of investment securities		1	(924)
Impairment loss on trade and other receivables		285	761
Impairment/(Reversal of impairment) loss on investment securities		108	(26)
Interest income		(15,017)	(17,611)
Interest expense		66,217	75,525
Inventories written down		113	-
Net unrealised foreign exchange loss		17	236
Property, plant and equipment			
- Depreciation		27,803	51,819
- (Gain)/Loss on disposal		(162)	46
- Impairment loss		-	33,200
- Written off		886	102
Provision for staff benefits		16,948	15,138
Share of profit of associates		(154,032)	(123,515)
Share of profit of joint ventures		(192)	(106)
Operating profit before changes in working capital		90,384	194,561
Changes in working capital			
Inventories		(84,886)	8,324
Other current assets		(11,951)	(6,263)
Other non-current assets		(16,788)	7,869
Other non-current liabilities		(222)	(11,793)
Payables		(51,385)	45,458
Receivables		(37,690)	(105,087)
Net change in working capital		(202,922)	(61,492)
Cash (used in)/generated from operations		(112,538)	133,069

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---9 MONTHS ENDED--> 30.09.2018 RM'000	30.09.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)			
Interest paid		(68,064)	(75,881)
Interest received		19,525	17,611
Income tax (refund)/paid		(175)	713
Staff benefits paid		(10,547)	(17,116)
Net cash (used in)/generated from operating activities		(171,799)	58,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of hotel assets		(188,302)	-
Additional investment in associates and joint ventures		(100)	(30,812)
Dividend received		111	129
Dividend received from associates and joint ventures		58,418	39,774
Purchase of property, plant and equipment		(188,232)	(37,836)
Proceeds from partial disposal of associates		-	59
Proceeds from disposal of:			
- Investment properties		-	4,918
- Investment securities		-	10,979
- Property, plant and equipment		260	16
Refurbishment of investment properties		(2,136)	(1,455)
Net cash used in investing activities		(319,981)	(14,228)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(21)	(72)
Purchase of treasury shares		-	(52)
Withdrawal/(Placement) of pledged deposits		13,685	(88,164)
Net drawdown/(repayment) of borrowings		272,378	(60,329)
Net cash generated from/(used in) financing activities		286,042	(148,617)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(205,738)	(104,449)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		383,839	355,506
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(42,030)	16,669
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	**Note A**	136,071	267,726

Note A

Included in cash and cash equivalents as at 30 September are the following:

	30.09.2018	30.09.2017
- Cash and deposits with licensed banks	226,424	365,088
- Bank overdrafts	(325)	(65)
- Bank balances and deposits pledged	(90,028)	(97,297)
	136,071	267,726

(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 2017 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 2017.

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 2017 except for the adoption of the following:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

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 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers on the basis of the core principle by applying the 5 steps revenue recognition model. The Group applies MFRS 15 according to cumulative effect transition approach in the initial application of MFRS 15.

ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

Upon adoption of MFRS 9, the Group classifies and measures financial assets and liabilities based on the principle-based approach, classification of financial assets are based on the entity’s business model for managing the financial assets and the cash flow characteristics of the financial assets and impairment of financial assets based on expected credit loss on its financial assets and commitments to extend its credit. The Group applies MFRS 9 retrospectively for its initial application.

A1. Basis of Preparation (Cont'd)

The impact of the adoption is summarised as follows:

	Audited as at 31.12.2017	Adjustment on the adoption of MFRS 15 Increase/ (Decrease)	Adjustment on the adoption of MFRS 9 Increase/ (Decrease)	Adjusted opening balance at 01.01.2018
	RM'000	RM'000	RM'000	RM'000
Investment in associates	1,427,056	6,469	-	1,433,525
Trade and other payables (current liabilities)	227,174	295	-	227,469
Trade and other receivables (current assets)	259,652	-	(270)	259,382
Retained earnings	976,043	6,174	(270)	981,947

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

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

A3. Seasonal or Cyclicality of Operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter ended 30 September 2018.

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 period ended 30 September 2018 and 2017 are set out below:

	Revenue		Profit Before Tax	
	9 months ended 30.09.2018 RM'000	9 months ended 30.09.2017 RM'000	9 months ended 30.09.2018 RM'000	9 months ended 30.09.2017 RM'000
Business Segment				
Property	185,357	396,613	65,171	143,029
Hospitality	265,528	339,723	11,894	4,764
Investment and others	59,470	46,397	(18,437)	(33,902)
	510,355	782,733	58,628	113,891
Finance costs	-	-	(66,217)	(75,525)
Share of results of associates/ joint ventures	-	-	154,224	123,621
	510,355	782,733	146,635	161,987

	Total Assets		Total Liabilities	
	30.09.2018 RM'000	31.12.2017 RM'000	30.09.2018 RM'000	31.12.2017 RM'000
Business Segment				
Property	1,534,404	1,556,375	902,470	1,053,437
Hospitality	1,014,407	815,707	522,417	374,239
Investment and others	4,596,695	4,695,545	2,879,095	2,768,021
	7,145,506	7,067,627	4,303,982	4,195,697
Adjustment and eliminations	(1,215,149)	(1,198,865)	(1,638,507)	(1,647,771)
	5,930,357	5,868,762	2,665,475	2,547,926

The change of comparative figures is arising from adoption of MFRS 9 and MFRS 15 as mentioned in Section A1.

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

	Revenue		Non-current assets ^	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	31.12.2017 RM'000
Australia	474,324	765,391	2,107,511	2,161,155
Malaysia	36,031	17,342	592,061	404,059
	510,355	782,733	2,699,572	2,565,214

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

A9. Related Party Disclosures

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

	3rd Quarter Ended		9 Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Asset management service income	(3)	998	376	2,826
Dividend income	58,176	39,382	58,176	39,382
Director fees received	221	73	447	217
Project services fee and net sales commission	(60)	-	9,089	-
Rental income	1,161	1,542	3,532	4,001
Rental expense	531	401	1,089	1,197
Share service expense	72	63	316	455
B. Joint Ventures				
Dividend income	(2)	-	242	-
C. Other related parties				
Companies related to directors				
- Rendering of services	658	-	1,946	2,765
- Rental expense	52	58	173	173
- Share service income	139	37	431	352
Companies related to a person connected to a director				
- Rendering of services	1,703	-	2,434	1,202
- Rental income	125	45	366	418

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

A10. Valuation Of Property, Plant And Equipment

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

A11. Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at 30 September 2018 are as below:

	RM'000
(a) Approved and contracted for	42,467
(b) Approved but not contracted for	172,403*

* *The capital commitment are mainly for Hayman Island Resort major refurbishment to be funded by insurance proceeds.*

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 September 2018 to be disclosed.

A13. Changes in The Composition Of the Group

Incorporation/Cessation of subsidiaries

(i) Mulpha Finance Holdings Pty Ltd ("MFH"), a wholly-owned subsidiary of the Mulpha Australia Limited ("MAL"), which in turn is a wholly-owned subsidiary of the Company had on 10 January 2018, incorporated a limited company, Multiple Finance SPV 1 Pty Ltd ("MFSPV"). MFSPV is a company incorporated in Australia with a paid-up share capital of A$2.00.

On 23 January 2018, MFSPV has renamed and known as Hay Street Capital Pty Ltd ("HSC"). MFH has on 22 January 2018, disposed of its 81% equity interest in HSC, comprising 162 ordinary shares to the following parties for a total cash consideration of A$1.62 (equivalent to approximately RM5.10). As a result of the disposal, MFH's shareholding in HSC reduced from 100% to 19% and HSC ceased to be a wholly-owned subsidiary of MFH. The financial impact on the disposal is immaterial to the Group.

(ii) Mulpha Sanctuary Cove Pty Ltd ("MSCPL"), a wholly-owned subsidiary of MAL, which in turn is a wholly-owned subsidiary of the Company had on 26 June 2018, incorporated two companies, Mulpha Sanctuary Cove Investments Pty Ltd ("MSCI") and Mulpha Sanctuary Cove Rec Club Pty Ltd ("MSCRC"). MSCI and MSCRC are companies incorporated in Australia with a paid-up share capital of A$2.00 each. MSCI is an investment holding company while MSCRC involves in gym operations.

(iii) Mulpha Education Group Pty Ltd, a wholly-owned subsidiary of MAL, which in turn is a wholly-owned subsidiary of the Company had on 29 June 2018, incorporated a limited company, Mulpha HTMI Australia Pty Ltd (“MHA”). MHA incorporated in Australia with a paid-up share capital of A$2.00 and currently dormant and its intended principal activity is to provide education courses.

(iv) Mulpha Capital Holdings Sdn Bhd, a wholly-owned subsidiary of the Company had on 25 October 2018, incorporated a private company limited, Mulpha Investments (S) Pte. Ltd. (“MIS”). MIS incorporated in Singapore with a paid-up share capital of S$1.00. The intended principal activities of MIS are investment holding and provision of corporate services.

A14. Changes in Contingent Liabilities or Contingent Assets

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

PART B

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

B1. Review of performance

(i) Profit or Loss Analysis

	INDIVIDUAL PERIOD		CHANGES		CUMULATIVE PERIOD		CHANGES	
	CURRENT QUARTER ENDED 30.09.2018	COMPARATIVE QUARTER ENDED 30.09.2017			9 MONTHS ENDED 30.09.2018	9 MONTHS ENDED 30.09.2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	**168,545**	270,845	(102,300)	(38%)	**510,355**	782,733	(272,378)	(35%)
Profit from operations	**18,435**	64,448	(46,013)	(71%)	**58,628**	113,891	(55,263)	(49%)
Profit before interest and tax	**22,698**	89,456	(66,758)	(75%)	**212,852**	237,512	(24,660)	(10%)
Profit before tax	**292**	64,347	(64,055)	(100%)	**146,635**	161,987	(15,352)	(10%)
Profit/(Loss) after tax	**(6,582)**	46,738	(53,320)	>(100%)	**139,838**	140,771	(933)	(1%)
Profit/(Loss) attributable to:								
Owners of the Company	**(6,649)**	46,716	(53,365)	>(100%)	**139,795**	140,749	(954)	(1%)

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

The Group reported revenue of RM168.55 million and pre-tax profit of RM0.29 million for the 3rd quarter ended 30 September 2018 as compared to revenue of RM270.85 million and pre-tax profit of RM64.35 million in the previous year's corresponding quarter. The deterioration in the Group's revenue by 38% was primarily attributed to the property and hospitality divisions. The Group's pre-tax profit decreased by RM64.06 million mainly due to weaker performances in the property and hospitality divisions by RM49.91 million and RM10.11 million respectively, a lower share of associated companies profits by RM20.64 million, partially offset by the better performance in investment divisions by RM14.00 million.

The property division recorded revenue of RM58.01 million and pre-tax profit of RM18.72 million for the 3rd quarter ended 30 September 2018 as compared to revenue of RM156.60 million and pre-tax profit of RM68.63 million in the previous year's corresponding quarter. The underperformance was mainly attributed to lesser settlements in the Mulpha Norwest developments in Australia impacted by greater restriction on lending policies and increased taxes on foreign buyers.

The hospitality division registered revenue of RM91.37 million and pre-tax profit of RM4.70 million for the 3rd quarter ended 30 September 2018 as compared to revenue of RM99.80 million and pre-tax profit of RM14.81 million in the previous year's corresponding quarter. The underperformance was mainly attributed to lower occupancy in InterContinental Sydney and insurance recoveries for Hayman Island Resort in the previous year. The Hayman Island Resort is temporarily closed for a major refurbishment and is expected to open in mid 2019.

The investment and other activities division recorded a pre-tax loss of RM4.98 million for the 3rd quarter ended 30 September 2018 as compared to pre-tax loss of RM18.99 million in the previous year's corresponding quarter. The improvement was mainly attributed to favourable foreign exchange movement on US Dollar denominated bonds held by the Group in the current quarter.

B1. Review of performance (Cont'd)

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

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

The Group reported revenue of RM510.36 million and pre-tax profit of RM146.64 million for the 9-month period ended 30 September 2018 as compared to revenue of RM782.73 million and pre-tax profit of RM161.99 million in the previous year's corresponding period. The underperformance was mainly due to a weaker performance in the property division offset by higher contributions from associated companies.

The property division recorded revenue of RM185.36 million and pre-tax profit of RM65.17 million for the 9-month period ended 30 September 2018 as compared to revenue of RM396.61 million and pre-tax profit of RM143.03 million in the previous year's corresponding period. The underperformance was mainly attributed to lesser settlements in the Mulpha Norwest and Sanctuary Cove developments in Australia attributed to softening property market condition and the tightening of credit on lending.

The hospitality division recorded revenue of RM265.53 million and pre-tax profit of RM11.89 million for the 9-month period ended 30 September 2018 as compared to revenue of RM339.72 million and pre-tax profit of RM4.76 million in the previous year's corresponding period. Despite the lower revenue which mainly resulted from the temporary closure of Hayman Island Resort, the relative improvement in pre-tax profit was due to Hayman Island Resort's impairment loss on its assets of RM33.2 million recorded in the previous year not repeated this year.

The investment and other activities division recorded pre-tax loss of RM18.44 million for the period ended 30 September 2018 as compared to pre-tax loss of RM33.90 million in the previous year due to improved performances from education assets and the expansion in the commercial property lending businesses.

(ii) Financial Position Analysis

Total Assets	AS AT 30.09.2018 RM'000	RESTATED AS AT 31.12.2017 RM'000
Property, plant and equipment	**1,067,440**	955,760
Inventories	**1,420,041**	1,380,273
Investment in associates	**1,453,920**	1,433,525
Investment properties	**1,080,013**	941,078
Investment securities	**291,644**	331,834
Cash and cash equivalents	**226,424**	488,350
Trade and other receivables	**312,938**	269,571
Others	**77,937**	68,371
Total	**5,930,357**	5,868,762

The Group assets' increased by 1% to RM5.93 billion as at 30 September 2018 mainly attributable to a increase in investment properties, property, plant and equipment, trade and other receivables, inventories and investment in associates, partially offset by the decrease in cash and cash equivalents and investment securities.

The increase in property, plant and equipment was mainly due to Hayman Island Resort's rebuilding works post Cyclone Debbie. The construction costs are mainly funded by insurance proceeds. The acquisition of Waldorf Stadium Apartments Hotel, Auckland in September 2018 further boosted the investment properties held by the Group. The increase in trade and other receivables was mainly due to more commercial lending business activities during the period. A higher share of associated companies profits recognised in the current period further uplifted the investment in associates.

The decrease in cash and cash equivalent was attributed to funds used for Hayman Island Resort's rebuild construction and the decrease in investment securities was mainly attributable to a fair value loss through reserves of RM44.70 million.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis (Cont'd)

Total Liabilities	AS AT 30.09.2018 RM'000	RESTATED AS AT 31.12.2017 RM'000
Loans and Borrowings	**2,317,848**	2,141,513
Others	**347,627**	406,413
Total	**2,665,475**	2,547,926

The Group's total liabilities increased by 5% to RM2.67 billion as at 30 September 2018, mainly attributable to loan drawdowns for the Group's investment activities and working capital.

Total Equity	AS AT 30.09.2018 RM'000	RESTATED AS AT 31.12.2017 RM'000
Share capital	**2,037,459**	2,037,459
Treasury shares	**(318)**	(318)
Reserves	**106,070**	301,868
Retained earnings	**1,121,742**	981,947
Total	**3,264,953**	3,320,956

The Group's total equity decreased by 2% to RM3.26 billion as at 30 September 2018, mainly due to the decrease in foreign exchange reserves arising from translation losses for foreign subsidiaries, offset by the profit for the financial period of RM146.64 million.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 30.09.2018	PRECEDING QUARTER ENDED 30.06.2018	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	**168,545**	159,987	8,558	5%
Profit from operations	**18,435**	9,217	9,218	>100%
Profit before interest and tax	**22,698**	131,623	(108,925)	(83%)
Profit before tax	**292**	109,786	(109,494)	(100%)
Profit/(Loss) after tax	**(6,582)**	114,196	(120,778)	>(100%)
Profit/(Loss) attributable to:				
Owners of the Company	**(6,649)**	114,014	(120,663)	>(100%)

The Group recorded revenue of RM168.55 million and pre-tax profit of RM0.29 million for the 3rd quarter of 2018 compared with revenue of RM159.99 million and pre-tax profit of RM109.79 million for 2nd quarter of 2018. The weaker performance was mainly due to a lower share of associated companies profit by RM118.16 million, partially offset by relatively improved performances in the hospitality, property and investment divisions by RM5.12 million, RM2.75 million and RM1.35 million respectively.

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

The property division recorded revenue of RM58.01 million and pre-tax profit of RM18.72 million for the 3rd quarter 2018 compared with revenue of RM53.80 million and pre-tax profit of RM15.97 million for the 2nd quarter of 2018. The better performance was mainly due to higher settlements in Leisure Farm in Iskandar Malaysia and Sanctuary Cove in Australia.

The hospitality division recorded revenue of RM91.37 million and pre-tax profit of RM4.70 million for the 3rd quarter 2018 compared with revenue of RM81.45 million and pre-tax loss of RM0.42 million for the 2nd quarter of 2018. The better performance was mainly related to the trading winter season in the Group's snow resorts namely, Marritz Hotel and Salzburg Apartments located in Perisher Valley, Australia as compared to the previous quarter.

The investment and others division recorded a pre-tax loss of RM4.98 million for the 3rd quarter 2018 compared with pre-tax loss of RM6.33 million for the 2nd quarter of 2018 due to an improved performance from the education sector from higher student enrolments.

B3. Prospects

The Group anticipates that trading in its hospitality division will remain positive in the near term with continued demand in the tourism and business sectors. In the medium term, increased supply of rooms in the Sydney and Cairns market may place pressure on room rates and occupancy levels.

The Australian residential property development business has seen material slowing in demand from greater restrictions on lending by Australian and offshore banks, increased taxes on foreign property purchasers and greater fears of oversupply in the Sydney apartment market. These pressures have resulted in lower sales rates in the Sydney market in the current financial period. We anticipate that these conditions will continue for some time. On a positive note, the reduction in lending by Australian banks has created an opportunity for Mulpha to participate in providing first mortgage lending to quality Australian developers.

Following an operational restructure and the implementation of a revised pricing strategy, performance at Leisure Farm in Iskandar Malaysia has shown improvement despite a challenging real estate market after a significant slowing in interest from Chinese buyers and increased local competition.

Commercial real estate investment properties continue to benefit from strong underlying fundamentals and we expect this division to deliver consistent results supported by underlying tenant leases. The Group remains cautious in relation to further acquisitions in investment properties in the short term given the historically high sales prices being achieved in the Australian market.

The Group is also investigating further opportunities to expand its interests in the Winery and Education sectors following the successful acquisition of the Education Perfect business in late 2017.

B4. Variance from Profit Forecast or Profit Guarantee

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

B5. Profit Before Tax

	3rd Quarter Ended		9 Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Bad debt recovered	-	(6)	-	(11)
Depreciation and amortisation	9,253	18,212	27,803	51,819
Dividend income	(95)	(119)	(111)	(129)
Fair value adjustment of investment properties	246	214	768	952
Fair value (gain)/loss on financial assets at fair value through profit or loss	(167)	(194)	117	(526)
Net foreign exchange loss/(gain)				
- Realised	(1,637)	7,694	3,085	821
- Unrealised	(103)	209	17	236
Gain on disposal of investment properties	-	(7)	-	(2,332)
Gain on disposal of investment securities	1	(924)	1	(924)
Interest income	(4,661)	(5,927)	(15,017)	(17,611)
Interest expense	22,406	25,109	66,217	75,525
Impairment loss on trade and other receivables	(43)	77	285	761
Impairment loss on property, plant and equipment	-	100	-	33,200
Inventories written down	(1)	(4)	113	-
Insurance recoveries	(14)	(33,199)	(14)	(64,236)
Impairment/(Reversal of impairment) loss on investment securitie	56	63	108	(26)
Gain/(Loss) on disposal of property, plant and equipment	16	53	(162)	46
Gain on partial disposal of associates	-	(25)	-	(25)
Loss on derivatives	-	447	-	2,512
Property, plant and equipment written off	849	99	886	102
Rental income	(4,029)	(4,022)	(12,018)	(11,739)

B6. Income tax (benefit)/expense

	3rd Quarter Ended		9 Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Current tax (benefit)/expense				
Malaysian - current period	6	8	57	151
- prior year	2	1	2	1
Overseas - current period	(681)	-	(18,331)	-
	(673)	9	(18,272)	152
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	4	17,028	17,871	13,770
(Over)/Underprovision in prior year	7,543	572	7,198	7,294
	7,547	17,600	25,069	21,064
Income tax (benefit)/expense	6,874	17,609	6,797	21,216

The effective tax rate of the Group for the financial period ended 30 September 2018 under review is lower than the statutory rate of 24% was mainly due to certain income which not subject to tax. This is alleviated by certain expenses which are not deductible and deferred tax assets not recognised.

B7. Status of Corporate Proposals

The Board of Directors had on 16 November 2018 announced a proposed Dividend-In-Specie involves the distribution of up to 90,327,000 Mudajaya Group Berhad ("Mudajaya') shares, representing approximately 15.31% equity interest in Mudajaya (excluding treasury shares), to the shareholders of the Company, whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later by the Board.

The final distribution basis will depend on the actual number of issued shares in the Company as at the entitlement date for the Proposed Dividend-In-Specie, which will be determined and announced by the Board at a later stage.

B8. Group Loans and Borrowings

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

	As at 3rd Quarter Ended 2018											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			325	RM			325
Revolving Credit	RM			-	RM			87,310	RM			87,310
Term Loan	RM			24,742	RM			925	RM			25,667
Term Loan	HKD	342,686	0.53	181,726	HKD	-	0.53	-	HKD	342,686	0.53	181,726
Term Loan	USD	18,487	4.14	76,536	USD	1,885	4.14	7,802	USD	20,372	4.14	84,338
Term Loan	AUD	341,000	2.99	1,019,590	AUD	118,993	2.99	355,789	AUD	459,993	2.99	1,375,379
Term Loan	NZD	34,067	2.74	93,344	NZD	-	2.74	-	NZD	34,067	2.74	93,344
Finance Lease	AUD	2,770	2.99	8,282	AUD	-	2.99	-	AUD	2,770	2.99	8,282
Finance Lease	NZD	11,291	2.74	30,938	NZD	1	2.74	2	NZD	11,292	2.74	30,940
Bills Payable	AUD	16,232	2.99	48,535	AUD	667	2.99	1,994	AUD	16,899	2.99	50,529
Bonds	AUD	28,685	2.99	85,767	AUD	1,485	2.99	4,441	AUD	30,170	2.99	90,208
Bonds	USD	70,000	4.14	289,800	USD	-	4.14	-	USD	70,000	4.14	289,800
				1,859,260				458,588				2,317,848

B8. Group Loans and Borrowings (Cont'd)

The details of the loans and borrowings as at 30 September 2017 are as follows:-

	As at 3rd Quarter Ended 2017											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			25	RM			25
Revolving Credit	RM			-	RM			81,080	RM			81,080
Term Loans	RM			25,667	RM			-	RM			25,667
Term Loan	HKD	372,686	0.54	201,695	HKD	-	0.54	-	HKD	372,686	0.54	201,695
Term Loan	USD	20,342	4.23	86,047	USD	1,855	4.23	7,847	USD	22,197	4.23	93,894
Term Loan	AUD	-	3.32	-	AUD	419,850	3.32	1,393,898	AUD	419,850	3.32	1,393,898
Finance Lease	AUD	2,770	3.32	9,196	AUD	12	3.32	40	AUD	2,782	3.32	9,236
Bills Payable	AUD	16,724	3.32	55,524	AUD	667	3.32	2,214	AUD	17,391	3.32	57,738
Bonds	AUD	30,880	3.32	102,522	AUD	1,373	3.32	4,558	AUD	32,253	3.32	107,080
Bonds	USD	90,000	4.23	380,700	USD	-	4.23	-	USD	90,000	4.23	380,700
				861,351				1,489,662				2,351,013
Unsecured												
Overdraft	RM	-		-	RM	-		40	AUD	-	-	40
				-				40				40
				861,351				1,489,702				2,351,053

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 17 February 2016 with the Company's witnesses giving evidence in Court. The Trial then continued on 4 June 2018 with MIB's witnesses completing their evidence in Court and resumed once again on 26 to 27 June 2018, 29 June 2018, 7 September 2018 and 21 to 22 November 2018 with Mula's witnesses giving evidence in Court while the Trial date fixed on 19 November 2018 was vacated by the Court. The Court also fixed new Trial dates on 19 and 20 February 2019, in addition to the Trial dates which had already been fixed on 5 to 7 December 2018 for the continuation of the Trial.

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 current financial quarter.

However, the Board had on the 16 November 2018 proposed distribution by way of dividend-in-specie to the shareholders of the Company as disclosed in note B7.

B11. Earnings/(Loss) 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:

	9 Months Ended	
	30.09.2018	**30.09.2017**
	RM'000	**RM'000**
Profit for the period, amount attributable to equity holders of the parent	139,795	140,749

	9 Months Ended	
	30.09.2018	**30.09.2017**
	RM'000	**RM'000**
Weighted average number of ordinary shares in issue	319,467	3,194,870
Effect of share buy back	-	(96)
Effect of share consolidation of every 10 existing ordinary shares into 1 ordinary share	-	(2,875,156)
Weighted average number of ordinary shares at 30 September	319,467	319,618

	9 Months Ended	
	30.09.2018	**30.09.2017**
	sen	**sen**
Basic earnings per share	43.76	44.04