# MULPHA INTERNATIONAL BHD (19764-T)

**PART A1 : QUARTERLY REPORT**
Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2018
The figures have not been audited

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

| | *Note* | **CURRENT QUARTER ENDED 31.12.2018** | **COMPARATIVE QUARTER ENDED 31.12.2017** | **12 MONTHS CUMULATIVE TO 31.12.2018** | **12 MONTHS CUMULATIVE TO 31.12.2017** |
|---|---|---|---|---|---|
| | | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | | **274,549** | 387,282 | **784,904** | 1,170,015 |
| Operating expenses | | **(227,692)** | (617,856) | **(725,273)** | (1,395,594) |
| Other operating income | | **113,958** | 435,638 | **159,812** | 544,534 |
| Profit from operations | | **160,815** | 205,064 | **219,443** | 318,955 |
| Finance costs | | **(24,679)** | (24,207) | **(90,896)** | (99,732) |
| Share of profit of associates | | **26,020** | 90,520 | **180,052** | 214,035 |
| Share of (loss)/profit of joint ventures | | **(177)** | 18,851 | **15** | 18,957 |
| Profit before tax | *B5* | **161,979** | 290,228 | **308,614** | 452,215 |
| Income tax expense | *B6* | **(66,088)** | (61,810) | **(72,885)** | (83,026) |
| Profit for the year | | **95,891** | 228,418 | **235,729** | 369,189 |
| Attributable to: | | | | | |
| Owners of the Company | | **95,904** | 228,566 | **235,699** | 369,315 |
| Non-controlling interests | | **(13)** | (148) | **30** | (126) |
| Profit for the year | | **95,891** | 228,418 | **235,729** | 369,189 |
| Earnings per share (sen):- | | | | | |
| - Basic/Diluted | *B11* | **30.02** | 71.56 | **73.78** | 115.60 |

*(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 31.12.2018 | COMPARATIVE QUARTER ENDED 31.12.2017 | 12 MONTHS CUMULATIVE TO 31.12.2018 | 12 MONTHS CUMULATIVE TO 31.12.2017 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the year | **95,891** | 228,418 | **235,729** | 369,189 |
| Foreign currency translation differences for foreign operations | **(63,429)** | (112,355) | **(214,780)** | (37,662) |
| Fair value movement of available-for-sale financial assets | **(7,693)** | (13,549) | **(52,405)** | 2,747 |
| Share of other comprehensive (loss)/income of associates | **(3,643)** | 3,696 | **(3,372)** | 3,094 |
| Revaluation of property, plant and equipment | **2,293** | - | **2,293** | - |
| Other comprehensive loss for the year, net of tax | **(72,472)** | (122,208) | **(268,264)** | (31,821) |
| **Total comprehensive (loss)/income for the year** | **23,419** | 106,210 | **(32,535)** | 337,368 |
| **Attributable to:** | | | | |
| Owners of the Company | **23,429** | 106,330 | **(32,574)** | 337,488 |
| Non-controlling interests | **(10)** | (120) | **39** | (120) |
| Total comprehensive (loss)/income for the year | **23,419** | 106,210 | **(32,535)** | 337,368 |

*(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 31.12.2018 RM'000 | RESTATED AS AT 31.12.2017 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *A10* | **1,068,355** | 955,760 |
| Investment properties | | **1,104,808** | 941,078 |
| Investment in associates | | **1,475,785** | 1,433,525 |
| Investment in joint ventures | | **18,398** | 20,217 |
| Investment securities | | **1,205** | 328,667 |
| Other investments | | **5,084** | 5,080 |
| Goodwill | | **2,708** | 2,725 |
| Inventories | | **629,009** | 665,651 |
| Trade and other receivable | | **31,645** | 10,189 |
| Other non-current assets | | **12,807** | 8,431 |
| Deferred tax assets | | **12,935** | 12,935 |
| | | **4,362,739** | 4,384,258 |
| **Current assets** | | | |
| Inventories | | **752,435** | 714,622 |
| Trade and other receivables | | **324,646** | 259,382 |
| Other current assets | | **60,862** | 17,705 |
| Investment securities | | **251,189** | 3,167 |
| Income tax recoverable | | **8,842** | 1,278 |
| Cash and cash equivalents | | **150,570** | 488,350 |
| | | **1,548,544** | 1,484,504 |
| **TOTAL ASSETS** | | **5,911,283** | 5,868,762 |

# MULPHA INTERNATIONAL BHD (19764-T)

**PART A1 : QUARTERLY REPORT**

**II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | *Note* | UNAUDITED AS AT 31.12.2018 | RESTATED AS AT 31.12.2017 |
|---|---|---|---|
| | | **RM'000** | **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 | | **33,595** | 301,868 |
| Retained earnings | | **1,186,024** | 981,947 |
| | | **3,256,760** | 3,320,956 |
| Non-controlling interests | | **(81)** | (120) |
| **Total equity** | | **3,256,679** | 3,320,836 |
| **Non-current liabilities** | | | |
| Trade and other payables | | **782** | 1,923 |
| Provision for liabilities | | **5,696** | 3,429 |
| Deferred tax liabilities | | **125,942** | 41,140 |
| Loans and borrowings | *B8* | **1,440,017** | 1,313,718 |
| | | **1,572,437** | 1,360,210 |
| **Current liabilities** | | | |
| Trade and other payables | | **211,890** | 227,469 |
| Provision for liabilities | | **24,043** | 112,977 |
| Loans and borrowings | *B8* | **845,107** | 827,795 |
| Income tax payable | | **1,127** | 19,475 |
| | | **1,082,167** | 1,187,716 |
| **Total liabilities** | | **2,654,604** | 2,547,926 |
| **TOTAL EQUITY AND LIABILITIES** | | **5,911,283** | 5,868,762 |
| **Net assets per share (RM)** | | 10.19 | 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 |
| Dividend payable to owners of the Company | - | - | - | - | - | - | - | (31,622) | (31,622) | - | (31,622) |
| **Total transactions with owners of the Company** | **2,037,459** | **-** | **245,416** | **-** | **66,252** | **(9,800)** | **(318)** | **950,325** | **3,289,334** | **(120)** | **3,289,214** |
| Total comprehensive income/(loss) for the year | - | - | (218,161) | - | 2,293 | (52,405) | - | 235,699 | (32,574) | 39 | (32,535) |
| **At 31 December 2018** | **2,037,459** | **-** | **27,255** | **-** | **68,545** | **(62,205)** | **(318)** | **1,186,024** | **3,256,760** | **(81)** | **3,256,679** |
| | | | | | | | | | | | |
| **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 year | - | - | (34,574) | - | - | 2,747 | - | 369,315 | 337,488 | (120) | 337,368 |
| 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 31 December 2017** | **2,037,459** | **-** | **245,416** | **-** | **66,252** | **(9,800)** | **(318)** | **976,043** | **3,315,052** | **(120)** | **3,314,932** |

*(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)*

**PART A1 : QUARTERLY REPORT**

## IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | <---12 MONTHS ENDED--> 31.12.2018 RM'000 | 31.12.2017 RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | 308,614 | 452,215 |
| | | | |
| Adjustments for non-cash items: | | | |
| Bad debts recovered | | - | (13) |
| Bad debts written off | | - | 61 |
| Change in fair value of investment properties | | (35,174) | (152,346) |
| Dividend income | | (122) | (138) |
| Fair value loss/(gain) on financial assets at fair value through profit or loss | | 832 | (588) |
| Gain on disposal of investment securities | | - | (924) |
| Gain on disposal of investment properties | | - | (2,325) |
| Gain on partial disposal of associates | | - | (25) |
| Impairment loss on financial assets: | | | |
| - Investments securities | | 104 | - |
| - Trade and other receivables | | 102 | 1,190 |
| Interest income | | (19,840) | (23,510) |
| Interest expense | | 90,896 | 99,732 |
| Inventories written down | | 113 | 81,083 |
| Net unrealised foreign exchange (gain)/loss | | (69) | 422 |
| Property, plant and equipment | | | |
| - Depreciation | | 38,614 | 73,138 |
| - (Gain)/Loss on disposal | | (161) | 230 |
| - Impairment loss | | 68,063 | 133,152 |
| - Written off | | 885 | 29,919 |
| Provision for foreseeable loss on inventories | | - | 2,296 |
| Provision for foreseeable loss on contract | | - | 1,411 |
| Provision for staff benefits | | 23,733 | 20,237 |
| (Reversal)/Provision for repairs | | (77,762) | 98,338 |
| Reversal of impairment loss on: | | | |
| - Investments securities | | - | (68) |
| - Trade and other receivables | | - | (165) |
| Share of profit of associates | | (180,052) | (214,035) |
| Share of profit of joint ventures | | (15) | (18,957) |
| Operating profit before changes in working capital | | 218,761 | 580,330 |
| | | | |
| Changes in working capital | | | |
| Inventories | | (62,647) | (18,790) |
| Other current assets | | (43,157) | 267 |
| Other non-current assets | | (27,667) | (96) |
| Other non-current liabilities | | (989) | (1,063) |
| Payables | | (44,905) | (86,776) |
| Receivables | | (45,418) | (20,052) |
| Net change in working capital | | (224,783) | (126,510) |
| | | | |
| Cash (used in)/generated from operations | | (6,022) | 453,820 |

# MULPHA INTERNATIONAL BHD (19764-T)

**PART A1 : QUARTERLY REPORT**

**IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| | | <---12 MONTHS ENDED--> | |
|---|---|---|---|
| | **Note** | **31.12.2018** | **31.12.2017** |
| | | **RM'000** | **RM'000** |
| **CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)** | | | |
| Interest paid | | (94,485) | (100,497) |
| Interest received | | 20,130 | 23,510 |
| Income tax (refund)/paid | | (7,753) | 662 |
| Staff benefits paid | | (14,329) | (19,140) |
| Net cash (used in)/generated from operating activities | | (102,459) | 358,355 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of investment properties | | (191,065) | - |
| Acquisition of other investments | | (4) | - |
| Additional investment in associates and joint ventures | | (41,494) | (50,192) |
| Dividend received | | 122 | 138 |
| Dividend received from associates and joint ventures | | 66,512 | 53,229 |
| Purchase of property, plant and equipment | | (287,500) | (64,404) |
| Proceeds from disposal of associates | | - | 59 |
| Proceeds from disposal of: | | | |
| - Investment properties | | - | 4,696 |
| - Investment securities | | - | 10,979 |
| - Property, plant and equipment | | 261 | 5,074 |
| Refurbishment of investment properties | | (9,840) | (1,649) |
| Net cash used in investing activities | | (463,008) | (42,070) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payment of finance lease liabilities | | (21) | (90) |
| Purchase of treasury shares | | - | (52) |
| Withdrawal/(Placement) of pledged deposits | | 78,785 | (94,580) |
| Net drawdown/(repayment) of borrowings | | 281,612 | (211,452) |
| Net cash generated from/(used in) financing activities | | 360,376 | (306,174) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (205,091) | 10,111 |
| CASH AND CASH EQUIVALENTS AS AT 1 JANUARY | | 383,839 | 355,506 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | (54,717) | 18,222 |
| CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER | **Note A** | 124,031 | 383,839 |

**Note A**

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

| | | |
|---|---|---|
| - Cash and deposits with licensed banks | 150,570 | 488,350 |
| - Bank overdrafts | (1,611) | (798) |
| - Bank balances and deposits pledged | (24,928) | (103,713) |
| | 124,031 | 383,839 |

*(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) | 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 financial year ended 31 December 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 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**

There was no dividend paid during the current financial year.

## A8. Segment Information

Segment analysis for the period ended 31 December 2018 and 2017 are set out below:

| | Revenue | | Profit Before Tax | |
|---|---|---|---|---|
| | 12 months ended 31.12.2018 | 12 months ended 31.12.2017 | 12 months ended 31.12.2018 | 12 months ended 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Business Segment** | | | | |
| Property | 333,004 | 658,052 | 152,886 | 345,607 |
| Hospitality | 370,216 | 451,107 | 92,826 | 31,849 |
| Investment and others | 81,684 | 60,856 | (26,269) | (58,501) |
| | 784,904 | 1,170,015 | 219,443 | 318,955 |
| Finance costs | - | - | (90,896) | (99,732) |
| Share of results of associates/ joint ventures | - | - | 180,067 | 232,992 |
| | 784,904 | 1,170,015 | 308,614 | 452,215 |

| | Total Assets | | Total Liabilities | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Business Segment** | | | | |
| Property | 1,600,379 | 1,556,375 | 1,059,335 | 1,053,437 |
| Hospitality | 1,092,374 | 815,707 | 391,688 | 374,239 |
| Investment and others | 4,552,177 | 4,695,545 | 2,950,779 | 2,768,021 |
| | 7,244,930 | 7,067,627 | 4,401,802 | 4,195,697 |
| Adjustment and eliminations | (1,333,647) | (1,198,865) | (1,747,198) | (1,647,771) |
| | 5,911,283 | 5,868,762 | 2,654,604 | 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 ^ | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Australia | 738,082 | 1,145,715 | 2,208,315 | 2,161,155 |
| Malaysia | 46,822 | 24,300 | 596,565 | 404,059 |
| | 784,904 | 1,170,015 | 2,804,880 | 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:

| | 4th Quarter Ended | | 12 Months Ended | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **A. Associates** | | | | |
| Asset management service income | (1) | 940 | 375 | 3,766 |
| Dividend income | 7,974 | 8,366 | 66,150 | 47,748 |
| Director fees received | 122 | 71 | 569 | 288 |
| Project services fee and net sales commission | (30) | - | 9,059 | - |
| Rental income | 1,103 | 967 | 4,635 | 4,968 |
| Rental expense | 438 | 462 | 1,527 | 1,659 |
| Share service expense | 91 | 61 | 407 | 516 |
| **B. Joint Ventures** | | | | |
| Dividend income | 121 | 5,481 | 363 | 5,481 |
| **C. Other related parties** | | | | |
| Companies related to directors | | | | |
| - Rendering of services | 1,573 | 1,987 | 3,519 | 4,752 |
| - Rental expense | 18 | 57 | 191 | 230 |
| - Share service income | 112 | 280 | 543 | 632 |
| Companies related to a person connected to a director | | | | |
| - Rendering of services | 780 | 2,697 | 3,214 | 3,899 |
| - Rental income | 113 | 54 | 479 | 472 |

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 2018 are as below:

| | RM'000 |
|---|---|
| (a) Approved and contracted for | 43,264 |
| (b) Approved but not contracted for | 93,958 * |

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

## A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 December 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 31.12.2018 | COMPARATIVE QUARTER ENDED 31.12.2017 | | | 12 MONTHS ENDED 31.12.2018 | 12 MONTHS ENDED 31.12.2017 | | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | **274,549** | 387,282 | (112,733) | (29%) | **784,904** | 1,170,015 | (385,111) | (33%) |
| Profit from operations | **160,815** | 205,064 | (44,249) | (22%) | **219,443** | 318,955 | (99,512) | (31%) |
| Profit before interest and tax | **186,658** | 314,435 | (127,777) | (41%) | **399,510** | 551,947 | (152,437) | (28%) |
| Profit before tax | **161,979** | 290,228 | (128,249) | (44%) | **308,614** | 452,215 | (143,601) | (10%) |
| Profit after tax | **95,891** | 228,418 | (132,527) | (58%) | **235,729** | 369,189 | (133,460) | (36%) |
| Profit attributable to: | | | | | | | | |
| Owners of the Company | **95,904** | 228,566 | (132,662) | (58%) | **235,699** | 369,315 | (133,616) | (36%) |

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

The Group reported revenue of RM274.55 million and pre-tax profit of RM161.98 million for the current quarter of 2018 as compared to revenue of RM387.28 million and pre-tax profit of RM290.23 million in the previous year's corresponding quarter. The deterioration in the Group's revenue by 29% was primarily attributed to the property division. The Group's pre-tax profit decreased by RM128.25 million mainly due to weaker performances in the property divisions by RM114.86 million, a lower share of associated companies profits by RM64.50 million, partially offset by the better performance in hospitality and investment divisions by RM53.85 million and RM16.76 million respectively.

The property division recorded revenue of RM147.65 million and pre-tax profit of RM87.72 million for the current quarter of 2018 as compared to revenue of RM261.44 million and pre-tax profit of RM202.58 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 RM104.69 million and pre-tax profit of RM80.93 million for the current quarter of 2018 as compared to revenue of RM111.38 million and pre-tax profit of RM27.08 million in the previous year's corresponding quarter. The higher pre-tax profit was due to higher net insurance recoveries and rebuild provision released for Hayman Island Resort in the current financial period.

The investment and other activities division recorded a pre-tax loss of RM7.83 million for the current quarter of 2018 as compared to pre-tax loss of RM24.60 million in the previous year's corresponding quarter. Better performance in first mortgage lending and education businesses contributed positively in this segment.

**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 RM784.90 million and pre-tax profit of RM308.61 million for the year ended 31 December 2018 as compared to revenue of RM1.17 billion and pre-tax profit of RM452.22 million in the previous year. The underperformance was mainly due to a weaker performance in the property division and associated companies offset by higher contribution from hospitality and investment divisions.

The property division recorded revenue of RM333.00 million and pre-tax profit of RM152.89 million for the year ended 31 December 2018 as compared to revenue of RM658.05 million and pre-tax profit of RM345.61 million in the previous year. 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 RM370.22 million and pre-tax profit of RM92.83 million for the year ended 31 December 2018 as compared to revenue of RM451.11 million and pre-tax profit of RM31.85 million in the previous year. Despite the lower revenue which mainly resulted from the temporary closure of Hayman Island Resort, the improvement in pre-tax profit was due to higher net insurance recoveries and rebuild provision released for Hayman Island Resort in the current financial year.

The investment and other activities division recorded pre-tax loss of RM26.27 million for the year ended 31 December 2018 as compared to pre-tax loss of RM58.50 million in the previous year due to improved performances from education assets and the expansion in the first mortgage lending businesses.

**(ii) Financial Position Analysis**

| Total Assets | AS AT 31.12.2018 RM'000 | RESTATED AS AT 31.12.2017 RM'000 |
|---|---|---|
| Property, plant and equipment | **1,068,355** | 955,760 |
| Inventories | **1,381,444** | 1,380,273 |
| Investment in associates | **1,475,785** | 1,433,525 |
| Investment properties | **1,104,808** | 941,078 |
| Investment securities | **252,394** | 331,834 |
| Cash and cash equivalents | **150,570** | 488,350 |
| Trade and other receivables | **356,291** | 269,571 |
| Others | **121,636** | 68,371 |
| **Total** | **5,911,283** | 5,868,762 |

The Group's assets increased 1% to RM5.91 billion as at 31 December 2018, mainly attributable to increase in trade and other receivables, investment properties, property, plant and equipment, investment in associates and inventories and partially offset by 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. The Group increased stake in an associate during the current period further uplifted the investment in associates.

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

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

The decrease in cash and cash equivalent was attributed to funds used for Hayman Island Resort's rebuild and the decrease in investment securities was mainly attributable to a fair value loss through reserves and proposed distribution of investment securities as dividend-in-specie to the shareholders of the Company as disclosed in note B7.

| Total Liabilities | AS AT 31.12.2018 RM'000 | RESTATED AS AT 31.12.2017 RM'000 |
|---|---|---|
| Loans and Borrowings | **2,285,124** | 2,141,513 |
| Others | **369,480** | 406,413 |
| **Total** | **2,654,604** | 2,547,926 |

The Group's total liabilities increased by 4% to RM2.65 billion as at 31 December 2018, mainly attributable to loan drawdowns for the Group's investment activities and working capital.

| Total Equity | AS AT 31.12.2018 RM'000 | RESTATED AS AT 31.12.2017 RM'000 |
|---|---|---|
| Share capital | **2,037,459** | 2,037,459 |
| Treasury shares | **(318)** | (318) |
| Reserves | **33,595** | 301,868 |
| Retained earnings | **1,186,024** | 981,947 |
| **Total** | **3,256,760** | 3,320,956 |

The Group's total equity decreased by 2% to RM3.26 billion as at 31 December 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 RM308.61 million.

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

| | CURRENT QUARTER ENDED 31.12.2018 | PRECEDING QUARTER ENDED 30.09.2018 | CHANGES | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | **274,549** | 168,545 | 106,004 | 63% |
| Profit from operations | **160,815** | 18,435 | 142,380 | >100% |
| Profit before interest and tax | **186,658** | 22,698 | 163,960 | >100% |
| Profit before tax | **161,979** | 292 | 161,687 | >100% |
| Profit/(Loss) after tax | **95,891** | (6,582) | 102,473 | >100% |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Company | **95,904** | (6,649) | 102,553 | >100% |

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

The Group recorded revenue of RM274.55 million and pre-tax profit of RM161.98 million for the 4th quarter of 2018 compared with revenue of RM168.55 million and pre-tax profit of RM0.29 million for 3rd quarter of 2018. The better performance was mainly due to property and hospitality divisions by RM69.00 million and RM76.23 million respectively.

The property division recorded revenue of RM147.65 million and pre-tax profit of RM87.72 million for the 4th quarter 2018 compared with revenue of RM58.01 million and pre-tax profit of RM18.72 million for the 3rd quarter of 2018. The better performance was mainly due to higher settlements in Mulpha Norwest in Australia.

The hospitality division recorded revenue of RM104.69 million and pre-tax profit of RM80.93 million for the 4th quarter 2018 compared with revenue of RM91.37 million and pre-tax profit of RM4.70 million for the 3rd quarter of 2018. The better performance was mainly related to higher occupancy rate and average room rate in InterContinental Sydney in Australia and Hayman insurance recoveries and rebuild provision released.

The investment and others division recorded a pre-tax loss of RM7.83 million for the 4th quarter 2018 compared with pre-tax loss of RM4.98 million for the 3rd quarter of 2018 due to unfavourable foreign exchange movement on US Dollar denominated bonds.

**B3. Prospects**

The Group anticipates that trading in its hospitality division will remain stable in the near term with solid 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. Work continues to drive improved operational efficiencies which will minimise any earnings impacts.

The Australian residential property development business has experienced a material slowdown in the rate of sales with a direct impact on residential property pricing. This slowing commenced with greater restrictions on lending by Australian and offshore banks, increased taxes on foreign property purchasers and greater fears of oversupply in the Sydney apartment market. 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. This business has grown in scale over the past twelve months as developers have found it increasing difficult to obtain funding from the major trading banks.

Following operational restructuring completed over the past 18 months, the Leisure Farm project in Iskandar Malaysia has returned to profit 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.

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. 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 current disruption occurring in finance markets is expected to result in more lending and acquisition opportunities in the coming year. The Group is also exploring 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**

| | 4th Quarter Ended | | 12 Months Ended | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after charging/(crediting): | | | | |
| Bad debt recovered | - | (2) | - | (13) |
| Bad debt written off | - | 61 | - | 61 |
| Depreciation and amortisation | 10,811 | 21,319 | 38,614 | 73,138 |
| Dividend income | (11) | (9) | (122) | (138) |
| Fair value adjustment of investment properties | (35,942) | (153,298) | (35,174) | (152,346) |
| Fair value loss/(gain) on financial assets at fair value through profit or loss | 715 | (62) | 832 | (588) |
| Gain on disposal of investment properties | - | 7 | - | (2,325) |
| Gain on disposal of investment securities | (1) | - | - | (924) |
| Gain on partial disposal of associates | - | - | - | (25) |
| Interest income | (4,823) | (5,899) | (19,840) | (23,510) |
| Interest expense | 24,679 | 24,207 | 90,896 | 99,732 |
| Impairment loss on trade and other receivables | (285) | 429 | - | 1,190 |
| Impairment loss on property, plant and equipment | 68,063 | 99,952 | 68,063 | 133,152 |
| Inventories written down | - | 81,083 | 113 | 81,083 |
| Insurance recoveries | (60,401) | (267,133) | (60,415) | (331,369) |
| Loss/(Gain) on disposal of property, plant and equipment | 1 | 184 | (161) | 230 |
| Loss on derivatives | - | - | - | 2,512 |
| Net foreign exchange (gain)/loss | | | | |
| - Realised | (114) | 8,394 | 2,971 | 9,215 |
| - Unrealised | (86) | 186 | (69) | 422 |
| Property, plant and equipment written off | (1) | 29,817 | 885 | 29,919 |
| Provision for foreseeable loss on inventories | - | 2,296 | - | 2,296 |
| Provision for foreseeable loss on contract | - | 1,411 | - | 1,411 |
| (Reversal)/Impairment loss on investment securities | (4) | (42) | 104 | (68) |
| (Reversal)/Provision for repairs | (77,762) | 98,338 | (77,762) | 98,338 |
| Rental income | (3,139) | (3,471) | (15,157) | (15,210) |

**B6. Income tax expense**

| | 4th Quarter Ended | | 12 Months Ended | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current tax expense/(benefit)** | | | | |
| Malaysian - current year | 60 | (96) | 117 | 55 |
| - prior year | - | - | 2 | 1 |
| Overseas - current year | 1,006 | 20,331 | (17,325) | 20,331 |
| | 1,066 | 20,235 | (17,206) | 20,387 |
| **Deferred tax expense** | | | | |
| Origination and reversal of temporary differences | 64,800 | 41,058 | 82,671 | 54,828 |
| Underprovision in prior year | 222 | 517 | 7,420 | 7,811 |
| | 65,022 | 41,575 | 90,091 | 62,639 |
| Income tax expense | 66,088 | 61,810 | 72,885 | 83,026 |

The effective tax rate of the Group for the financial year ended 31 December 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 and 6 December 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), on the basis of 1 Mudajaya share for every 3.537 shares in Mulpha International Berhad ("Mulpha") or the Company, to the shareholders of the Company, whose names appear in the Record of Depositors of the Company on the entitlement date of 26 December 2018.

The distribution of Dividend-In-Specie was completed on 18 January 2019 with the distribution of 89,884,299 Mudajaya Shares and entitled shareholders of Mulpha who hold less than 354 the Company shares, have received cash of RM0.38 per Mudajaya Share in lieu of the actual number of Mudajaya Shares that are entitled to received under Dividend-In-Specie. After the distribution, the Company holds 0.08% equity interest in Mudajaya, as the entitled shareholders' fractional entitlement to the dividend shares was disregarded. Consequently, the Company has ceased to be a substantial shareholder of Mudajaya and has intention to dispose of its 0.08% equity interest in Mudajaya at the opportune time.

## B8. Group Loans and Borrowings

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 |
| **Secured** | | | | | | | | | | | | |
| Overdraft | RM | | | - | RM | | | 1,611 | RM | | | 1,611 |
| Revolving Credit | 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 | 237,404 | HKD | 448,525 | 0.53 | 237,404 |
| 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 | - | NZD | 34,088 | 2.78 | 94,764 |
| Finance Lease | AUD | 2,770 | 2.92 | 8,088 | AUD | - | 2.92 | - | AUD | 2,770 | 2.92 | 8,088 |
| Finance Lease | NZD | 11,292 | 2.78 | 31,393 | NZD | 1 | 2.78 | 3 | NZD | 11,293 | 2.78 | 31,396 |
| Bills Payable | AUD | - | 2.92 | - | AUD | 16,897 | 2.92 | 49,338 | AUD | 16,897 | 2.92 | 49,338 |
| 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 |
| | | | | 1,440,017 | | | | 833,420 | | | | 2,273,437 |
| **Unsecured** | | | | | | | | | | | | |
| Term Loan | AUD | - | 2.92 | - | AUD | 4,002 | 2.92 | 11,687 | AUD | 4,002 | 2.92 | 11,687 |
| | | | | - | | | | 11,687 | | | | 11,687 |
| | | | | 1,440,017 | | | | 845,107 | | | | 2,285,124 |

**Out of RM436.24 million, the renewal of RM347.48 million is expected to be completed in Q12019.* 

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

The details of the loans and borrowings as at 31 December 2017 are as follows:-

| | As at 4th 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 | | | 798 | RM | | | 798 |
| Revolving Credit | RM | | | - | RM | | | 64,330 | RM | | | 64,330 |
| Term Loans | RM | | | 24,742 | RM | | | 925 | RM | | | 25,667 |
| Term Loan | HKD | 372,686 | 0.52 | 193,722 | HKD | - | 0.52 | - | HKD | 372,686 | 0.52 | 193,722 |
| Term Loan | USD | 19,886 | 4.06 | 80,738 | USD | 1,853 | 4.06 | 7,523 | USD | 21,739 | 4.06 | 88,261 |
| Term Loan | AUD | 181,500 | 3.17 | 575,355 | AUD | 235,850 | 3.17 | 747,645 | AUD | 417,350 | 3.17 | 1,323,000 |
| Finance Lease | AUD | 2,770 | 3.17 | 8,781 | AUD | 7 | 3.17 | 22 | AUD | 2,777 | 3.17 | 8,803 |
| Bills Payable | AUD | 16,558 | 3.17 | 52,488 | AUD | 667 | 3.17 | 2,114 | AUD | 17,225 | 3.17 | 54,602 |
| Bonds | AUD | 119,209 | 3.17 | 377,892 | AUD | 1,400 | 3.17 | 4,438 | AUD | 120,609 | 3.17 | 382,330 |
| | | | | 1,313,718 | | | | 827,795 | | | | 2,141,513 |

## 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. Trial resumed on 18 February 2019 until 19 February 2019 with Mula’s witnesses giving further evidence in Court while the Trial dates of 20 to 22 February 2019 were vacated by the Court. New Trial dates have been fixed on 9 May 2019, 23 May 2019 and 24 May 2019.

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

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 Payable**

As disclosed in note B7, a Dividend-In-Specie to the shareholders of the Company for the financial year ended 31 December 2018 has been declared by the Board of Directors by way of distribution of 89,884,299 ordinary shares in Mudajaya Group Berhad ("Mudajaya"), on the basis of 1 Mudajaya share for every 3.537 shares held in the Company as detailed below:-

| | Total amount RM'000 | Entitlement Date | Payment Date |
|---|---|---|---|
| 2018 | | | |
| a) Entitled shareholders of the Company who hold 354 or more of the Company shares: | | | |
| Distribution of 89,884,299 ordinary shares in Mudajaya | 31,460 | 26 Dec 2018 | 18 Jan 2019 |
| b) Entitled shareholders of the Company who hold less than 354 of the Company shares: | | | |
| Distribution by cash payment | 162 | 26 Dec 2018 | 18 Jan 2019 |
| Total | 31,622 | | |

**B11. 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 year, excluding treasury shares held by the Company as set out below:

| | 12 Months Ended | |
|---|---|---|
| | 31.12.2018 RM'000 | 31.12.2017 RM'000 |
| Profit for the year, amount attributable to equity holders of the parent | 235,699 | 369,315 |

| | 12 Months Ended | |
|---|---|---|
| | 31.12.2018 | 31.12.2017 |
| Weighted average number of ordinary shares in issue | 319,467 | 3,194,870 |
| Effect of share buy back | - | (133) |
| Effect of share consolidation of every 10 existing ordinary shares into 1 ordinary share | - | (2,875,263) |
| Weighted average number of ordinary shares at 31 December | 319,467 | 319,474 |

| | 12 Months Ended | |
|---|---|---|
| | 31.12.2018 sen | 31.12.2017 sen |
| Basic earnings per share | 73.78 | 115.60 |