

MULPHA INTERNATIONAL BHD (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2019

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.09.2019	COMPARATIVE QUARTER ENDED 30.09.2018	9 MONTHS CUMULATIVE TO 30.09.2019	9 MONTHS CUMULATIVE TO 30.09.2018
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue		210,533	168,545	530,768	510,355
Operating expenses		(512,487)	(161,887)	(863,509)	(497,581)
Other operating income		11,723	11,777	125,439	45,854
(Loss)/Profit from operations		(290,231)	18,435	(207,302)	58,628
Finance costs		(23,955)	(22,406)	(72,980)	(66,217)
Share of profit/(loss) of associates		11,997	4,208	(106,217)	154,032
Share of profit of joint ventures		12	55	48	192
(Loss)/Profit before tax	B5	(302,177)	292	(386,451)	146,635
Income tax benefit/(expense)	B6	3,218	(6,874)	(9,513)	(6,797)
(Loss)/Profit for the period		(298,959)	(6,582)	(395,964)	139,838
Attributable to:					
Owners of the Company		(299,324)	(6,649)	(396,428)	139,795
Non-controlling interests		365	67	464	43
(Loss)/Profit for the period		(298,959)	(6,582)	(395,964)	139,838
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	B11	(93.69)	(2.08)	(124.09)	43.76

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

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I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.09.2019 RM'000	COMPARATIVE QUARTER ENDED 30.09.2018 RM'000	9 MONTHS CUMULATIVE TO 30.09.2019 RM'000	9 MONTHS CUMULATIVE TO 30.09.2018 RM'000
(Loss)/Profit for the period	(298,959)	(6,582)	(395,964)	139,838
Foreign currency translation differences for foreign operations	(69,837)	13,560	(86,939)	(151,351)
Fair value movement of available-for-sale financial assets	-	(4,516)	-	(44,712)
Share of other comprehensive income of associates	-	271	-	271
Other comprehensive (expense)/income for the period, net of tax	(69,837)	9,315	(86,939)	(195,792)
Total comprehensive (expense)/income for the period	(368,796)	2,733	(482,903)	(55,954)
Attributable to:				
Owners of the Company	(369,165)	2,668	(483,371)	(56,003)
Non-controlling interests	369	65	468	49
Total comprehensive (expense)/income for the period	(368,796)	2,733	(482,903)	(55,954)

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

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2019 RM'000	AS AT 31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,068,380	1,068,355
Right-of-use assets		15,979	-
Investment properties		1,072,564	1,104,808
Investment in associates		994,582	1,475,785
Investment in joint ventures		17,771	18,398
Investment securities		1,050	1,205
Other investments		5,086	5,084
Goodwill		10,086	2,708
Inventories		568,919	629,009
Trade and other receivable		46,907	31,645
Other non-current assets		11,058	12,807
Deferred tax assets		12,935	12,935
		3,825,317	4,362,739
Current assets			
Inventories		810,452	752,435
Contract assets		-	573
Trade and other receivables		292,422	324,073
Other current assets		23,577	29,402
Investment securities		254,162	251,189
Income tax recoverable		17,672	8,842
Cash and cash equivalents		150,263	150,570
		1,548,548	1,517,084
Assets classified as held for distribution		-	31,460
Assets classified as held for sale		95,752	-
		1,644,300	1,548,544
TOTAL ASSETS		5,469,617	5,911,283

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.09.2019 RM'000	AS AT 31.12.2018 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		2,037,459	2,037,459
Treasury shares	A6	(318)	(318)
Reserves		5,725	33,595
Retained earnings		730,523	1,186,024
		<u>2,773,389</u>	<u>3,256,760</u>
Non-controlling interests		(114)	(81)
Total equity		<u>2,773,275</u>	<u>3,256,679</u>
Non-current liabilities			
Trade and other payables		5,481	32,174
Provision for liabilities		4,176	5,696
Deferred tax liabilities		129,623	125,942
Loans and borrowings	B8	1,685,633	1,408,625
Lease liabilities		43,311	-
		<u>1,868,224</u>	<u>1,572,437</u>
Current liabilities			
Trade and other payables		121,367	192,651
Contract liabilities		48,211	19,241
Provision for liabilities		22,986	24,043
Loans and borrowings	B8	631,182	845,105
Lease liabilities		3,063	-
Current tax liabilities		1,309	1,127
		<u>828,118</u>	<u>1,082,167</u>
Total liabilities		<u>2,696,342</u>	<u>2,654,604</u>
TOTAL EQUITY AND LIABILITIES		<u>5,469,617</u>	<u>5,911,283</u>
Net assets per share (RM)		<u>8.68</u>	<u>10.19</u>

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

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

< ----- *Attributable to owners of the Company* ----- >

< ----- *Non-distributable* ----- > *Distributable*

	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	2,037,459	27,255	68,545	(62,205)	(318)	1,186,024	3,256,760	(81)	3,256,679
Total comprehensive (expense)/income for the period	-	(86,943)	-	-	-	(396,428)	(483,371)	468	(482,903)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(501)	(501)
Transfer within reserve	-	-	-	59,073	-	(59,073)	-	-	-
At 30 September 2019	2,037,459	(59,688)	68,545	(3,132)	(318)	730,523	2,773,389	(114)	2,773,275
At 1 January 2018	2,037,459	245,416	66,252	(9,800)	(318)	976,043	3,315,052	(120)	3,314,932
Adjustments due to adoption of MFRS 9	-	-	-	-	-	(270)	(270)	-	(270)
At 1 January 2018, restated	2,037,459	245,416	66,252	(9,800)	(318)	981,947	3,320,956	(120)	3,320,836
Total comprehensive (expense)/income 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

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

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---9 MONTHS ENDED-->	
		30.09.2019	30.09.2018
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(386,451)	146,635
Adjustments for non-cash items:			
Bad debts written off		205	-
Change in fair value of investment properties		1,509	768
Dividend income		(144)	(111)
Depreciation of right-of-use assets		2,680	-
Fair value (gain)/loss on financial assets at fair value through profit or loss		(581)	117
Gain on disposal of investment securities		(3)	1
Impairment loss on:			
- Investment in an associate		315,384	-
- Investment securities		35	108
- Trade and other receivables		3,733	285
Interest income		(14,773)	(15,017)
Interest expense		72,980	66,217
Inventories written down		1	113
Net unrealised foreign exchange loss		2	17
Property, plant and equipment			
- Depreciation		32,617	27,803
- Loss/(Gain) on disposal		576	(162)
- Written off		14	886
Provision for staff benefits		20,232	16,948
Share of loss/(profit) of associates		106,217	(154,032)
Share of profit of joint ventures		(48)	(192)
Operating profit before changes in working capital		<u>154,185</u>	<u>90,384</u>
Changes in working capital			
Contract assets		573	-
Contract liabilities		28,970	-
Inventories		(21,229)	(84,886)
Other current assets		37,285	(11,951)
Other non-current assets		(14,950)	(16,788)
Other non-current liabilities		25,339	(222)
Payables		(65,900)	(51,385)
Receivables		14,716	(37,690)
Net change in working capital		<u>4,804</u>	<u>(202,922)</u>
Cash from/(used in) operations		158,989	(112,538)

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---9 MONTHS ENDED-->	
		30.09.2019	30.09.2018
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)			
Interest paid		(73,932)	(68,064)
Interest received		19,485	19,525
Income tax paid		(11,863)	(175)
Staff benefits paid		(21,531)	(10,547)
Net cash from/(used in) operating activities		<u>71,148</u>	<u>(171,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of hotel assets		-	(188,302)
Acquisition of subsidiary, net of cash and cash equivalents acquired		(4,441)	-
Acquisition of other investments		(2)	-
Additional investment in associates and joint ventures		-	(100)
Dividend received		144	111
Dividend received from associates and joint ventures		18,598	58,418
Purchase of property, plant and equipment		(161,662)	(188,232)
Proceeds from disposal of:			
- Property, plant and equipment		994	260
- Investment securities		158	-
Refurbishment of investment properties		(6,533)	(2,136)
Net cash used in investing activities		<u>(152,744)</u>	<u>(319,981)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company		(162)	-
Dividend paid to non-controlling interests of subsidiaries		(501)	-
Payment of finance lease liabilities		-	(21)
Payment of lease liabilities		(2,074)	-
(Placement)/Withdrawal of pledged deposits		(1,728)	13,685
Net drawdown of borrowings		120,724	272,378
Net cash generated from financing activities		<u>116,259</u>	<u>286,042</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34,663	(205,738)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		124,031	383,839
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(40,285)	(42,030)
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	Note A	<u>118,409</u>	<u>136,071</u>
Note A			
Included in cash and cash equivalents as at 30 September are the following:			
- Cash and deposits with licensed banks		150,263	226,424
- Bank overdrafts		(5,198)	(325)
- Bank balances and deposits pledged		(26,656)	(90,028)
		<u>118,409</u>	<u>136,071</u>

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

PART A

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

A1. Basis of Preparation

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

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

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

i) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 January 2019 as below. Under this approach, the Group measures the ROU asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before 1 January 2019.

A1. Basis of Preparation (Cont'd)

i) MFRS 16, Leases (Cont'd)

The impact of the adoption is summarised as follows:

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

ii) AVEO financial results

Aveo Group ("AVEO"), an Australian-listed associate with its financial year ending in June, releases its financial statements on a half-yearly basis i.e. for the periods ending June and December. In accounting for the Group's share of results in AVEO for the quarters ending March and September, the Group previously relied on the full year profit guidance issued by AVEO adjusted to its quarterly components. However, on 14 November 2018, AVEO announced that it would not re-confirm FY2019 profit guidance. Accordingly, for the first financial quarter ended March 2019, the Group's share of results in AVEO was adjusted based on equity research analysts reports adjusted to the quarterly components.

As further elaborated in Section B7(i), on 14 August 2019, AVEO announced it had entered into a Scheme Implementation Deed with entities controlled by the Brookfield Property Group for the acquisition of AVEO securities by way of a trust scheme and a company scheme of arrangement (collectively, the "Schemes"). Subsequently, the Supreme Court of New South Wales ("NSW Court") on 13 November 2019 made orders approving the Schemes. AVEO confirmed that it had on that date, lodged a copy of the NSW Court orders with the Australian Securities and Investment Commission, and accordingly the Schemes have become legally effective. AVEO securities were suspended from trading on the Australian Stock Exchange effective from the close of trading on 13 November 2019 and will be delisted once the Schemes are implemented. Accordingly, for the current September quarter, the Group's share of results in AVEO was adjusted based on equity research analyst reports and taking into consideration of AVEO's last announced financial results and the potential effects of the implementation of the Schemes.

A2. Audit Report of Preceding Annual Financial Statements

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

A3. Seasonal or Cyclicity of Operations

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

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

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

A5. Changes in Estimates

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

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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

A6. Changes in Debt And Equity Securities

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

A7. Dividend Paid

A Dividend-In-Specie to the shareholders of the Company for the financial year ended 31 December 2018 has been declared by the Board of Directors by way of distribution of 89,884,299 ordinary shares in Mudajaya Group Berhad (“Mudajaya”), on the basis of 1 Mudajaya share for every 3.537 shares held in the Company. The dividend was paid as detailed below:-

	Total Amount RM'000	Payment Date
<u>2018</u>		
a) Entitled shareholders of the Company who hold 354 or more of the Company shares: Distribution of 89,884,299 ordinary shares in Mudajaya	31,460	18 Jan 2019
b) Entitled shareholders of the Company who hold less than 354 of the Company shares: Distribution by cash payment	162	18 Jan 2019
Total	<u>31,622</u>	

A8. Segment Information

Segment analysis for the 9 months period ended 30 September 2019 and 2018 are set out below:

	Revenue		(Loss)/Profit Before Tax	
	9 months ended 30.09.2019 RM'000	9 months ended 30.09.2018 RM'000	9 months ended 30.09.2019 RM'000	9 months ended 30.09.2018 RM'000
Business Segment				
Property	173,196	185,357	50,796	65,171
Hospitality	285,412	265,528	81,695	11,894
Investment and others	72,160	59,470	(339,793)	(18,437)
	<u>530,768</u>	<u>510,355</u>	<u>(207,302)</u>	<u>58,628</u>
Finance costs	-	-	(72,980)	(66,217)
Share of results of associates/joint ventures	-	-	(106,169)	154,224
	<u>530,768</u>	<u>510,355</u>	<u>(386,451)</u>	<u>146,635</u>

	Total Assets		Total Liabilities	
	30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000
Business Segment				
Property	2,391,280	1,600,379	1,068,757	1,059,335
Hospitality	1,190,836	1,092,374	541,322	391,688
Investment and others	3,305,871	4,552,177	2,905,438	2,950,779
	<u>6,887,987</u>	<u>7,244,930</u>	<u>4,515,517</u>	<u>4,401,802</u>
Adjustment and eliminations	(1,418,370)	(1,333,647)	(1,819,175)	(1,747,198)
	<u>5,469,617</u>	<u>5,911,283</u>	<u>2,696,342</u>	<u>2,654,604</u>

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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

A8. Segment Information (Cont'd)

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

	Revenue		Non-current assets [^]	
	30.09.2019	30.09.2018	30.09.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Australia	501,690	474,324	2,133,992	2,208,315
Malaysia	19,859	36,031	402,038	405,358
New Zealand	9,219	-	183,919	191,207
	<u>530,768</u>	<u>510,355</u>	<u>2,719,949</u>	<u>2,804,880</u>

[^]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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Asset management service income	-	(3)	-	376
Dividend income	18,481	58,176	18,481	58,176
Director fees received	228	221	355	447
Project services fee and net sales commission	-	(60)	-	9,089
Rental income	1,123	1,161	3,299	3,532
Rental expense	462	531	1,200	1,089
Share service expense	27	72	198	316
	<u>-</u>	<u>(2)</u>	<u>117</u>	<u>242</u>
B. Joint Ventures				
Dividend income	-	(2)	117	242
C. Other related parties				
Companies related to directors				
- Rendering of services	766	658	2,884	1,946
- Rental expense	158	52	291	173
- Share service income	107	139	328	431
Companies related to a person connected to a director				
- Rendering of services	-	1,703	803	2,434
- Rental income	97	125	339	366

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 2019 are as below:

	RM'000
(a) Approved and contracted for	35,443
(b) Approved but not contracted for	17,253
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A12. Material Events Subsequent To The Reporting Date

Disposal of Rydges Esplanade Resort

Perpetual Corporate Trust Limited (as custodian for the Mulpha Cairns Esplanade Fund), Cairns Esplanade Operations Pty Ltd and Mulpha Funds Management Pty Ltd, which are indirect wholly-owned trust/subsidiaries of the Company, had on 16 July 2019, entered into a Property and Business Asset Sale Agreement with JY Cairns Esplanade Hotel Pty Ltd (as Trustee for JY Cairns Esplanade Hotel Unit Trust) and JY Cairns Esplanade Operations Pty Ltd, for the disposal of Rydges Esplanade Resort located in Cairns, Australia [hereinafter referred to as "Disposal"]. The Disposal had been completed in October 2019, following the fulfilment of all the terms and conditions as stated in the Agreement dated 16 July 2019 and the receipt of the balance Sale Consideration. Total cash consideration of A\$65.0 million (equivalent to approximately RM187.9 million) was received and resulted in a net gain before tax of A\$23.1 million (equivalent to approximately RM66.8 million) after deducting the performance obligation, agency commission, legal and all incidental costs relating to the Disposal.

A13. Changes in The Composition Of the Group

Acquisition/Incorporation of subsidiaries

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

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

A14. Changes in Contingent Liabilities or Contingent Assets

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

PART B

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

B1. Review of performance

(i) Profit or Loss Analysis

	INDIVIDUAL PERIOD		CHANGES		CUMULATIVE PERIOD		CHANGES	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED			9 MONTHS ENDED	9 MONTHS ENDED		
	30.09.2019	30.09.2018	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	210,533	168,545	41,988	25%	530,768	510,355	20,413	4%
(Loss)/Profit from operations	(290,231)	18,435	(308,666)	>(100%)	(207,302)	58,628	(265,930)	>(100%)
(Loss)/Profit before interest and tax	(278,222)	22,698	(300,920)	>(100%)	(313,471)	212,852	(526,323)	>(100%)
(Loss)/Profit before tax	(302,177)	292	(302,469)	>(100%)	(386,451)	146,635	(533,086)	>(100%)
(Loss)/Profit after tax	(298,959)	(6,582)	(292,377)	>(100%)	(395,964)	139,838	(535,802)	>(100%)
(Loss)/Profit attributable to Owners of the Company	(299,324)	(6,649)	(292,675)	>(100%)	(396,428)	139,795	(536,223)	>(100%)

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

The Group reported revenue of RM210.53 million and pre-tax loss of RM302.18 million for the 3rd quarter ended 30 September 2019 as compared to revenue of RM168.55 million and pre-tax profit of RM0.29 million in the previous year's corresponding quarter. The increase in the Group's revenue by 25% was primarily attributed to the hospitality and property divisions. The Group's pre-tax profit decreased by RM302.47 million was significantly impacted by the impairment of investment in an associate, AVEO of RM315.38 million following of the release of AVEO's final election results that elaborated cash consideration and scrip consideration is expected to receive on the scheme implementation date, 29 November 2019. This is offset by better performance in the hospitality and property divisions by RM6.82 million and RM6.63 million respectively.

The property division recorded revenue of RM69.51 million and pre-tax profit of RM25.34 million for the 3rd quarter ended 30 September 2019 as compared to revenue of RM58.01 million and pre-tax profit of RM18.72 million in the previous year's corresponding quarter. The better performance was mainly attributed to higher settlements in the Sanctuary Cove developments in Australia.

The hospitality division registered revenue of RM118.83 million and pre-tax profit of RM11.52 million for the 3rd quarter ended 30 September 2019 as compared to revenue of RM91.37 million and pre-tax profit of RM4.70 million in the previous year's corresponding quarter. The better performance was mainly due to the reopened Hayman Island Resort. After 2 years of extensive refurbishment, the resort reopened under the name of InterContinental Hayman Island on 1 July 2019.

The investment and other activities division recorded a pre-tax loss of RM327.10 million for the 3rd quarter ended 30 September 2019 as compared to pre-tax loss of RM4.98 million in the previous year's corresponding quarter. The higher pre-tax loss was mainly due to impairment loss on investment in an associate, AVEO of RM315.38 million as mentioned above.

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 RM530.77 million and pre-tax loss of RM386.45 million for the 9 months period ended 30 September 2019 as compared to revenue of RM510.36 million and pre-tax profit of RM146.64 million in the previous year's corresponding period. The Group's pre-tax profit decreased by RM533.09 million was significantly impacted by the impairment in investment of an associate, AVEO of RM315.38 million as mentioned in B1(a) and underperformance of AVEO by RM261.91 million. The unfavourable performance of AVEO is due to the sluggish retirement assets sales, a loss on change in fair value of its retirement investment portfolio valuation primarily driven by the downwards revision of the key assumption of property price growth.

The property division recorded revenue of RM173.20 million and pre-tax profit of RM50.80 million for the 9 months period ended 30 September 2019 as compared to revenue of RM185.36 million and pre-tax profit of RM65.17 million in the previous year's corresponding period. The underperformance was mainly due to lesser settlements in the Leisure Farm in Iskandar Malaysia attributed to the softening of property market conditions.

The hospitality division recorded revenue of RM285.41 million and pre-tax profit of RM81.69 million for the 9 months period ended 30 September 2019 as compared to revenue of RM265.53 million and pre-tax profit of RM11.89 million in the previous year's corresponding period. The higher profit contribution was mainly due to a receipt of final insurance claims on Hayman Island Resort in the current financial period attributable to the Cyclone Debbie catastrophe in 2017.

The investment and other activities division recorded pre-tax loss of RM339.79 million for the 9 months period ended 30 September 2019 as compared to pre-tax loss of RM18.44 million in the previous year's corresponding period mainly due to the impairment loss on AVEO of RM315.38 million as mentioned above.

(ii) Financial Position Analysis

	AS AT 30.09.2019	AS AT 31.12.2018
	RM'000	RM'000
Total Assets		
Property, plant and equipment	1,068,380	1,068,355
Inventories	1,379,371	1,381,444
Investment in associates	994,582	1,475,785
Investment properties	1,072,564	1,104,808
Investment securities	255,212	252,394
Cash and cash equivalents	150,263	150,570
Trade and other receivables	339,329	355,718
Assets classified as held for distribution	-	31,460
Assets classified as held for sale	95,752	-
Others	114,164	90,749
Total	5,469,617	5,911,283

The Group's assets decreased by 7% to RM5.47 billion as at 30 September 2019 mainly attributable to decreases in investment in associates, investment properties and trade and other receivables.

The decrease in investment in associates was mainly due to the impairment loss of an associate and share of associated companies losses recognised as mentioned in B1(i)(b). The decrease in investment properties, trade and other receivables and inventories were mainly due to unfavourable foreign exchange movement in the Australian Dollar.

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B1. Review of performance (Cont'd)

(ii) Financial Position Analysis (Cont'd)

	AS AT 30.09.2019	AS AT 31.12.2018
	RM'000	RM'000
Total Liabilities		
Loans and Borrowings	2,316,815	2,253,730
Others	379,527	400,874
Total	2,696,342	2,654,604

The Group's total liabilities increased by 2% to RM2.70 billion as at 30 September 2019, mainly attributable to new drawdown of loans to fund the operations offset by favourable foreign exchange movement for Australian Dollar denominated loans and borrowings.

	AS AT 30.09.2019	AS AT 31.12.2018
	RM'000	RM'000
Total Equity		
Share capital	2,037,459	2,037,459
Treasury shares	(318)	(318)
Reserves	5,725	33,595
Retained earnings	730,523	1,186,024
Total	2,773,389	3,256,760

The Group's total equity decreased by 15% to RM2.77 billion as at 30 September 2019, mainly due to loss for the financial period of RM395.96 million and decrease in foreign exchange reserves arising from translation losses for foreign subsidiaries.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 30.09.2019	PRECEDING QUARTER ENDED 30.06.2019	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	210,533	173,683	36,850	21%
Loss from operations	(290,231)	(7,721)	(282,510)	>(100%)
Loss before interest and tax	(278,222)	(149,447)	(128,775)	(86%)
Loss before tax	(302,177)	(174,460)	(127,717)	(73%)
Loss after tax	(298,959)	(166,277)	(132,682)	(80%)
Loss attributable to:				
Owners of the Company	(299,324)	(166,344)	(132,980)	(80%)

The Group recorded revenue of RM210.53 million and pre-tax loss of RM302.18 million for the 3rd quarter of 2019 compared with revenue of RM173.68 million and pre-tax loss of RM174.46 million for 2nd quarter of 2019. Despite the Group's better revenue performance in hospitality and property divisions by RM38.76 million and RM4.61 million respectively, the significant increase in pre-tax loss was mainly due to the impairment loss of an associate, AVEO of RM315.38 million as mentioned in B1(a).

The property division recorded revenue of RM69.51 million and pre-tax profit of RM25.34 million for the 3rd quarter 2019 compared with revenue of RM64.90 million and pre-tax profit of RM18.39 million for the 2nd quarter of 2019. The stronger performance in the current quarter was mainly due to higher settlements in the Sanctuary Cove developments in Australia as compared to previous quarter.

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

The hospitality division recorded revenue of RM118.83 million and pre-tax profit of RM11.52 million for the 3rd quarter 2019 compared with revenue of RM80.07 million and pre-tax loss of RM19.40 million for the 2nd quarter of 2019. The better performance was mainly related to the reopening of Hayman Island Resort as explained in B1(i)(a) and 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 RM327.10 million for the 3rd quarter 2019 was underperformed as compared to pre-tax loss of RM6.71 million for the 2nd quarter of 2019 was mainly due to impairment loss on AVEO of RM315.38 million in the current quarter as mentioned above.

B3. Prospects

The Group anticipates that trading in its hospitality division will be stable in the medium term. Despite a general softening in the Sydney market, an ongoing focus on operational efficiencies and market share has ensured that earnings from InterContinental Sydney are in line with expectations. As anticipated, solid bookings have been achieved upon the reopening of InterContinental Hayman Island on 1 July 2019 and profitability is expected to grow as the property is stabilised over the coming 12 months. InterContinental Sanctuary Cove trading profits have been impacted by the rooms refurbishment program in the second half of 2019 with future performance to be enhanced by higher quality resort rooms.

The Australian residential property development business experienced a material slowdown in the rate of sales with a direct impact on residential property pricing throughout 2018 and into the first half of 2019. This slowing commenced with greater restrictions on lending by Australian and offshore banks, increased taxes on foreign property purchasers and greater fears of oversupply in the Sydney apartment market. The past quarter has seen owner occupiers and investors re-entering the market following recent price reductions with the rate of sales improving in the 3rd Quarter of 2019 when compared to the previous year's corresponding quarter. While we do not anticipate any significant price movement in the short term it is now evident that pricing has stabilised. On a positive note, the reduction in lending by Australian banks has created an opportunity for Mulpha to participate in providing first mortgage lending to quality Australian developers. This business has grown in scale over the past twelve months as developers have found it increasingly difficult to obtain funding from the major trading banks.

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

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

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

Following the acquisition of the Pindari funds management business, the Group will be actively seeking to build funds under management through investment in quality commercial real estate. The Group is also exploring opportunities to expand its interests in operating businesses particularly where the Group has established operational capability.

B4. Variance from Profit Forecast or Profit Guarantee

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

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B5. (Loss)/Profit Before Tax

	3rd Quarter Ended		9 Months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Bad debts written off	15	-	205	-
Change in fair value of investment properties	938	246	1,509	768
Depreciation of property, plant and equipment	12,417	9,253	32,617	27,803
Depreciation of right-of-use assets	2,680	-	2,680	-
Dividend income	(122)	(95)	(144)	(111)
Fair value loss/(gain) on financial assets at fair value through profit or loss	29	(167)	(581)	117
(Gain)/Loss on disposal of property, plant and equipment	(165)	16	576	(162)
Interest income	(4,749)	(4,661)	(14,773)	(15,017)
Interest expense	23,955	22,406	72,980	66,217
Inventories written down	1	(1)	1	113
Insurance recoveries	570	(14)	(87,030)	(14)
Net foreign exchange loss/(gain)				
- Realised	1,049	(1,637)	1,940	3,085
- Unrealised	12	(103)	2	17
Property, plant and equipment written off	3	849	14	886
Impairment loss/(Reversal of impairment loss) on:				
- Investment in an associate	315,384	-	315,384	-
- Investment securities	(23)	56	35	108
- Trade and other receivables	49	(43)	3,733	285
Rental income	(3,747)	(4,029)	(12,269)	(12,018)

B6. Income tax (benefit)/expense

	3rd Quarter Ended		9 Months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(benefit)				
Malaysian - current year	1,371	6	1,941	57
- prior year	(15)	2	-	2
Overseas - current year	535	(681)	1,286	(18,331)
- prior year	-	-	8	-
	1,891	(673)	3,235	(18,272)
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	(5,109)	4	6,252	17,871
Underprovision in prior year	-	7,543	26	7,198
	(5,109)	7,547	6,278	25,069
Income tax (benefit)/expense	(3,218)	6,874	9,513	6,797

The effective tax rate of the Group for the financial period ended 30 September 2019 under review is higher than the statutory rate of 24% was mainly due to certain expenses which are not deductible and deferred tax assets not recognised on taxable losses and different tax rates in foreign jurisdictions.

B7. Status of Corporate Proposals

i) AVEO's Proposed Scheme

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

On 27 September 2019, AVEO released its Scheme Booklet pertaining to the Schemes on the Australian Securities Exchange. Under the Schemes, BidCo undertook to acquire AVEO Securities for a cash consideration of A\$2.195 (including a A\$0.045 dividend announced on 24 June 2019) per AVEO Security, or a conditional scrip consideration, being 2.15 AOG L.P. Units for every AVEO Security held as at the Scheme record date. AOG L.P. is a class B securities holder of TopCo, which in turn is the ultimate holding company of BidCo.

In view of the time constraints in obtaining prior approval from the Company's shareholders of the voting decision in respect of the Schemes, the Board proposed for a ratification from the Company's shareholders from having to obtain shareholders' prior approval for the vote of the Schemes and such shareholders' ratification will be procured at a later stage, in the event the Schemes are successfully implemented ("Proposed Ratification"). An application for the Proposed Ratification was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities"), of which the approval was granted by Bursa Securities on 25 October 2019, subject to, inter alia, the Company procuring its shareholders' ratification within 3 months from the date of Scheme Meeting to be convened by AVEO. The extraordinary general meeting for the Proposed Ratification is expected to be convened by the Company in the first quarter of 2020.

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

	No. of AVEO Shares (unit)	Consideration in value (RM'000) *	Proportion of election based on total AVEO Shares held (%)
Cash Consideration of AUD2.15 per share	46,688,878	288,310	32.97
Scrip Consideration	94,926,342	586,190	67.03
Total	141,615,220	874,500	100.00

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

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

B7. Status of Corporate Proposals (Cont'd)

i) AVEO's Proposed Scheme (Cont'd)

The Group is expected to receive AUD178,580,181 worth of AOG L.P. Units (net of withholding tax under the provision of Taxable Australia Property) which represents approximately 15.5% indirect equity interest in TopCo and a cash consideration of approximately AUD125.89 million (inclusive of withholding tax to be refunded under the provision of Taxable Australia Property). The Group is expected to make a pre-tax loss (included impairment loss) of approximately RM303.19 million consequent to the Schemes, subject to the finalisation of the equity accounting of AVEO's financial results up to the implementation date of the Schemes.

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

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

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

The MA is conditional upon certain conditions precedent and to be fulfilled by the respective landowners within 24 months from the date of the MA. On 7 May 2018, both parties have agreed to extend the conditions precedent period from 16 February 2018 to 15 February 2019. Subsequently on 15 February 2019, both parties agreed to extend the conditional period to 15 February 2020.

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B8. Group Loans and Borrowings

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

	As at 3rd Quarter Ended 2019											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			5,198	RM			5,198
Revolving Credit/Loan	RM			-	RM			98,000	RM			98,000
Revolving Credit/Loan	AUD	171,000	2.83	483,930	AUD	5,000	2.83	14,150	AUD	176,000	2.83	498,080
Term Loan	RM			22,383	RM			8,900	RM			31,283
Term Loan	HKD	-	0.53	-	HKD	441,091	0.53	235,762	HKD	441,091	0.53	235,762
Term Loan	USD	16,513	4.19	69,191	USD	7,839	4.19	32,845	USD	24,352	4.19	102,036
Term Loan	AUD	227,000	2.83	642,410	AUD	64,903	2.83	183,677	AUD	291,903	2.83	826,087
Term Loan	NZD	33,806	2.63	88,910	NZD	-	2.63	-	NZD	33,806	2.63	88,910
Finance Lease	AUD	2,770	2.83	7,839	AUD	-	2.83	-	AUD	2,770	2.83	7,839
Bills Payable	AUD	-	2.83	-	AUD	16,997	2.83	48,102	AUD	16,997	2.83	48,102
Bonds	AUD	27,445	2.83	77,670	AUD	1,607	2.83	4,548	AUD	29,052	2.83	82,218
Bonds	USD	70,000	4.19	293,300	USD	-	4.19	-	USD	70,000	4.19	293,300
				1,685,633				631,182				2,316,815

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B8. Group Loans and Borrowings (Cont'd)

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/Loan	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	-	AUD	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	AUD	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

B9. Material Litigation

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

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

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

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 1 August 2019 with a total of 17 days of trial. Both parties have closed their case on 1 August 2019 and thus ending the Trial. The Parties have filled and exchanged their written submissions and will be advised by the court accordingly.

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

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

B10. Dividend

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

B11. (Loss)/Earnings Per Share

(i) Basic earnings per share

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

	9 Months Ended	
	30.09.2019	30.09.2018
(Loss)/Profit for the period, amount attributable to equity holders of the parent (RM'000)	<u>(396,428)</u>	<u>139,795</u>
Weighted average number of ordinary shares ('000)	<u>319,467</u>	<u>319,467</u>
Basic (loss)/earnings per share (sen)	<u>(124.09)</u>	<u>43.76</u>

(ii) Diluted earnings per share

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