

Mulpha to reduce debts

It is also looking for suitable assets and businesses to add value

By **RISEN JAYASEELAN**
risen@thestar.com.my

PETALING JAYA: Mulpha International Bhd, which reported a 10-fold increase in its net profits for its financial year ended Dec 31, 2010 (FY10), will likely be paring down its debts by at least RM300mil this year, according to executive chairman Lee Seng Huang. He says Mulpha will also be continuing with share buy-backs.

Its latest financial results show that Mulpha has a cash and bank balance of some RM372.6mil. In addition, Mulpha will be receiving RM327mil by end-March from the sale of its Hilton Melbourne Airport Hotel, potentially raising the company's cash levels to around RM700mil or 56% of its total debt levels of RM1.24bil.

"We will reduce our debt so long as we have no better use of our funds. We are constantly looking for suitable assets and businesses to which we can add value," Lee said in a telephone interview.

He also said that Mulpha's board was currently reviewing its dividend policy. No dividends were declared when it announced its FY10 results earlier this week. The absence of dividends has been a grouse of some Mulpha shareholders.

Mulpha reported a net profit of RM113.7mil on a revenue of RM798.56mil for FY10, compared with RM10.46mil and RM671.87

»We would like to expand our land holdings further in Malaysia and perhaps overseas through acquisitions and joint ventures«

LEE SENG HUANG



respectively, in FY09.

Mulpha said in a statement that the main contributors to the group's performance were its associate companies, namely FKP Property Group and Mudajaya Group Bhd, and Mulpha's property development and investment assets.

"The strong turnaround in performance of Mulpha is also the result of our Australian associate FKP, not having to further provide for material asset impairments as values have firmed considerably since 2009. With the impending settlement of the sale of the Hilton Melbourne to be completed in the first half of 2011, the group is expected to record an even stronger performance for the current year," Lee had said in a press release.

Mulpha owns 22% of construction

firm Mudajaya, and 25% of the Australian-listed FKP, which is the largest private sector owner-operator of retirement villages in Australia and New Zealand.

Lee said that going forward, "there would be little if any impairments of our Australian assets as asset prices there have firmed up considerably."

On whether Mulpha would consider disposing of more assets, he said: "We are always reviewing our portfolio of assets and should market values exceed our target values we will consider selling, just as we did with the Hilton Melbourne."

Lee also said Mulpha would continue with its share buybacks.

"Our stated NTA (net tangible asset) is RM1.24 as at the end of 2010 prior to a revaluation of assets. If we have no use of surplus liquidity

we could buy back at any value below RM1.24 and add value to remaining shareholders. Obviously the cheaper we conduct the buy-backs the greater the value added to the remaining shareholders of Mulpha," he explained.

Lee added that the Mulpha group was increasingly finding development returns overseas "outstripping opportunities locally."

"We would like to expand our land holdings further in Malaysia and perhaps overseas through acquisitions and joint ventures. The Mulpha group's balance sheet combined with our proven expertise in developments here and abroad puts us in a good position to add considerable value to new development projects."

Mulpha's prized assets in Australia include the InterContinental Hotel in Sydney, Sanctuary Cove, a resort-styled property development in northern Gold Coast and Hayman, a five-star private island destination in Australia's Great Barrier Reef. Mulpha also developed and owns the Leisure Farm Resort, a vast resort-styled residential development in Johor.

Mulpha's net assets per share stood at RM1.24 as at Dec 31, compared with RM1.92 the previous year. The reduction was due to the dilution arising from the two-call rights issue subscription that was completed in the first quarter of 2010.