



## **HRC World plc**

(England & Wales Company No. 10829936)

### **INTERIM CONDENSED FINANCIAL STATEMENTS For the six months period ended 30 September 2019**

## **HRC WORLD PLC**

### **DIRECTOR'S STATEMENT**

I am happy to announce the interim results of HRC World Plc (the Company). The Company is in midst of considering business opportunities, which has not reached a stage where an announcement is necessary. As you are aware, the Company is no longer pursuing business opportunities in China and Hong Kong arising from the unfavourable current business and political situation.

However, the Company may be finalising its deliberation on several other opportunities in food and beverage business.

In March 2019, the Group entered into discussion with PT. Menara Sumberdaya Indonesia to jointly develop a chain of Javanese cafes in Asia and Europe. The business study and analysis is taking a little longer than anticipated but the Board hope to get sufficient data by next month to make a decision whether to go ahead or abort the deal.

Separately, the Company's wholly-owned subsidiary, HRC Music Plc ("HRCM") had in May 2019 entered into a Memorandum of Understanding to consider acquiring Encore Melaka Theatre by acquiring up to 70% of equity interest in PTS Impression Sdn Bhd, who owns the theatre. Both parties to this discussion had requested an extension of time to study respective feasibility of business collaboration and the Board also hope to conclude the matter before end of the year.

On a positive note, the Company had in July 2019 successfully concluded the transaction related to the Share Sale Agreement with Ada Ventures for the sale of HRC Asia Ltd's assets for USD20mil, which was approved in the Company's Annual General Meeting on the 23 Aug 2018.

Apart from the above, the Board remains confident with the business outlook in the South East Asia but realises that politics and other macroeconomic factors might affect market movements in the short term.



**Thong Teong Bun**  
**Chairman**

**29 November 2019**

## Condensed Consolidated Statement of Comprehensive Income

	<i>Note</i>	Six months ended 30 Sep 2019 \$000 (Unaudited)	Six months ended 30 Sep 2018 \$000 (Unaudited)
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		11	-
General and administrative expenses		(375)	(211)
Operating loss		(364)	(211)
Income tax	5	-	-
<b>Profit/(Loss) from continuing operation</b>		<b>(364)</b>	<b>(211)</b>
<b>Discontinued operations</b>			
Gain from discontinued operation	6	-	12,066
<b>Loss attributable to the owners of the company</b>		<b>(364)</b>	<b>11,855</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<b>Other comprehensive income</b>			
Translation of foreign operations		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(364)</b>	<b>11,855</b>
Total comprehensive income/(loss) for the period attributable to the owners of the company arises from:			
Continuing operations		(364)	(211)
Discontinued operations		-	12,066
		<b>(364)</b>	<b>11,855</b>
<b>Earnings per share from continuing operation attributable to the owners of the company</b>			
Earnings/(loss) per share (basic and diluted) cent/share	9	(0.0026)	(0.0014)
<b>Earnings per share from discontinued operation attributable to the owners of the company</b>			
Earnings/(loss) per share (basic and diluted) cent/share	9	-	0.0804

## Condensed Consolidated Statements of Financial Position

	Note	30 Sep 2019 \$000 (Unaudited)	31 Mar 2019 \$000 (Audited)
<b>Current assets</b>			
Trade and other receivables	7	38	57
Amount due from related companies	12	-	20,000
Cash and cash equivalents		4,009	17
		<b>4,047</b>	<b>20,074</b>
<b>Current liabilities</b>			
Trade and other payables	8	244	132
Amount due to a shareholder	12	62	845
Amount due to director	12	31	14
		<b>337</b>	<b>1,000</b>
<b>Net Current Asset/(Liabilities)</b>		<b>3,710</b>	<b>19,074</b>
<b>Net Assets/(Liabilities)</b>		<b>3,710</b>	<b>19,074</b>
<b>Capital and reserve</b>			
Share capital	10	1,849	1,849
Share premium		1,808	1,808
Other equity	11	(15,000)	-
Merger reserve		12,799	12,799
Retained earnings		2,254	2,618
<b>Total Equity</b>		<b>3,710</b>	<b>19,074</b>

## Condensed Consolidated Statement of Changes in Equity

<i>(Unaudited)</i>	Share capital \$000	Share premium \$000	Merger reserve \$000	Translation reserve \$000	Retained earnings \$000	Treasury shares \$000	Total Equity \$000
<b>Balance at 31 March 2018</b>	<b>1,849</b>	<b>1,808</b>	<b>12,799</b>	<b>285</b>	<b>(10,709)</b>	-	<b>6,032</b>
Reclassification on disposal of HRC Asia Limited	-	-	-	(285)	-	-	(285)
Profit for the period	-	-	-	-	12,140	-	12,140
Total comprehensive loss for the period	-	-	-	(285)	12,140	-	11,855
<b>Balance at 30 September 2018</b>	<b>1,849</b>	<b>1,808</b>	<b>12,799</b>	-	<b>1,431</b>	-	<b>17,887</b>
<b>Balance at 31 March 2018</b>	<b>1,849</b>	<b>1,808</b>	<b>12,799</b>	<b>285</b>	<b>(10,709)</b>	-	<b>6,032</b>
Reclassification on disposal of HRC Asia Limited	-	-	-	(285)	-	-	(285)
Profit for the period	-	-	-	-	13,327	-	13,327
Total comprehensive loss for the period	-	-	-	(285)	13,327	-	13,042
<b>Balance at 31 March 2019</b>	<b>1,849</b>	<b>1,808</b>	<b>12,799</b>	-	<b>2,618</b>	-	<b>19,074</b>
Loss for the period	-	-	-	-	(364)	-	(364)
Total comprehensive loss for the period	-	-	-	-	(364)	-	(364)
Acquisition of treasury shares						(15,000)	(15,000)
<b>Balance at 30 September 2019</b>	<b>1,849</b>	<b>1,808</b>	<b>12,799</b>	-	<b>2,254</b>	<b>(15,000)</b>	<b>3,710</b>

## Condensed Consolidated Statement of Cash Flows

	Six Months ended 30 Sep 2018 \$000 (Unaudited)	Six Months ended 30 Sep 2018 \$000 (Unaudited)
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax		
Continuing operations	(364)	(211)
Discontinued operations	-	12,066
(Loss)/profit before tax including discontinued operations	<u>(364)</u>	<u>11,855</u>
<b>Adjustment for:</b>		
Gain on disposal of group subsidiaries	-	(12,066)
<b>Operating cash flows before movements in working capital</b>	<b>(364)</b>	<b>(211)</b>
Decrease/(increase) in receivables	5,019	(15)
Increase/(decrease) in trade and other payables	111	(279)
(Increases)/decrease in amount due from shareholder	(792)	104
Increase in amount due to a director	18	(30)
<b>Cash generated from/(absorbed in) operating activities</b>	<u>3,992</u>	<u>(431)</u>
Interest paid	-	-
<b>Net cash used in operating activities</b>	<b><u>3,992</u></b>	<b><u>(431)</u></b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>3,992</b>	<b>(431)</b>
Cash and equivalent at beginning of period	17	456
<b>Cash and equivalent at end of period</b>	<b><u>4,009</u></b>	<b><u>25</u></b>

The material non-cash transaction relating to the proceeds of the consideration receivable for the disposal subsidiary group during the period, as disclosed in note 12.

## Notes to the Interim Financial Information

### 1. General information

HRC World plc (“the Company”) was incorporated in England and Wales under the Companies Act 2006 as a public limited company on 21 June 2017. The registered office of the Company is Suite A, 6 Honduras Street, London, United Kingdom, EC1Y 0TH.

The Company has entered into a Share Sale Agreement, which was approved by the Stamp Office on 30 July 2018, with Ada Ventures (Malaysia) Sdn Bhd, the original founder of the franchisee of Hard Rock franchise in China, for the sale of HRC Asia Ltd. The consideration receivable by the Company under this agreement is USD20mil. HRC Asia Ltd is the company that owns the existing Hard Rock Cafes in China. The sale will be tabled for shareholder approval in the Company’s Annual General Meeting on the 23 August 2018.

Separately, the Company has agreed to enter into a Restaurant Management Agreement (RMA) with HRC Asia Ltd, which shall be effective within 30-days after 23 August 2018, for the management of the Hard Rock Café expansion, development and operations across China and in additional territories as planned earlier. The RMA essentially maintains the involvement of the Company in the Hard Rock Cafés in China but on a management as opposed to ownership basis. The RMA provides for the Company to make available (1) restaurant marketing and promotion support services, (2) tourist based customer acquisition services, and (3) music & event based revenue development. The Company will not be involved in the day-to-day operations of the restaurants engaged under the RMA and further relieves the company of the capex requirements for new cafes. No revenue has been recognised under this agreement.

On 10 July 2019 the Company announced that it had entered into a settlement arrangement with Ada Ventures (Malaysia) Sdn Bhd (AVM) for the settlement of the US\$20,000,000 owed by AVM to the Company pursuant to a Share Sale Agreement (SSA) entered by parties for the sale of HRC Asia Ltd for a consideration sum of US\$20,000,000.00 to AVM on 27 July 2018. The arrangement consisted of settlement of US\$15,000,000 by way of transferring to the Company 11,154,904 ordinary shares of the Company held by AVM’s beneficial owner, Datuk Noorusaadah Othman (DNO) and the payment of the balance of US\$5,000,000 in cash. Separately the Company had intended to use the proceeds from the SSA to repurchase shares of the Company based on authority to do so obtained at the Company’s Annual General Meeting held on 23 August 2018. Accordingly, the Company has treated the 11,154,904 ordinary shares transfer to be under the settlement arrangement as an off-market share buyback with a 15% discount to the lowest traded share price since IPO, resulting in a buyback value of €1.19 each, totalling to €13,274,335 (approximately US\$15,000,000 based on EUR/USD of 1.13). This was undertaken in line with, and before the expiry of, its current share buyback authorities and the shares have been treated as Treasury Shares in the books of the Company. The share buyback is within the limits of the available reserves in the Company. The Company received the balance of US\$5,000,000 in cash due to it on 24 July 2019.

As at 30 September 2019, the Company has only one wholly owned subsidiary, HRC Music Plc which has not yet commenced any operation.

### 2. Basis of Preparation

The consolidated financial information, which has not been audited, has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use by the European Union, and effective, or issued and early adopted, as at the date of these statements. The consolidated financial information has been prepared under the historical cost convention as modified for financial assets carried at fair value.

This consolidated financial information is for the six month period ended 30 September 2019. It does not include all of the information required for full annual financial statements and should be read in conjunction with the annual report for the period ended 31 March 2019 and any public announcements made by the Company during the interim reporting period.

This interim financial information has been prepared in accordance with the accounting policies consistently with those of the annual report for period ended 31 March 2019.

### 3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profits or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

### 4. Presentational currency

The financial information has been presented in US Dollars (“\$”), the Group’s presentational currency, and rounded into thousands (\$000) unless otherwise stated. The directors have chosen to present financial information in US Dollars due to the international exposure and shareholders of the entity.

### 5. Income Tax expense

The tax charge on the results has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

### 6. Disposal of subsidiary group

In accordance to Share Sale Agreement entered between the Company and Ada Ventures (Malaysia) Sdn Bhd (“Ada Venture Malaysia”) effective 30 July 2018, HRC Asia Ltd and its subsidiaries was disposed to Ada Ventures Malaysia for consideration of US\$20,000,000 net off current liabilities payable by HRC Asia Ltd as at transaction date.

#### **Income Statement of disposed subsidiary group**

	<b>Six months ended 30 Sep 2018 \$000</b>
Turnover	923
Cost of sales	(327)
Gross profit	<u>596</u>
Other income	1
Selling and marketing expenses	(35)
General and administrative expenses	<u>(1,797)</u>
Operating loss	(1,235)
Finance cost	-
Loss before taxation	<u>(1,235)</u>
Gain on sale of the subsidiary group after tax	<u>13,301</u>
<b>Gain from discontinued operation</b>	<b><u>12,066</u></b>

The net cash flows incurred by the disposed subsidiary group, as follow:

	<b>Six months ended 30 Sep 2018 \$000</b>
Operating	(29)
Investing	-
Financing	-
<b>Net cash inflow/(outflow)</b>	<u>(29)</u>
Loss per share from discontinued operations	
Basic loss per shares (\$)	<u>0.080</u>

Information on business segments is not presented on a basis of allocation of assets, capital expenditure and operations as this information is not included in the internal reporting provided to the chief operating decision maker.

### **Revenue**

Management measures revenues by reference to the Group's core services and products and related services, which underpin such income. All revenue generated for period ended September 2018 were generated from cafe operation in China.

### **Gain on disposal**

	<b>Provisional \$000</b>
Consideration receivable	20,000
Less: forgiveness of debt owed by Ada Venture Malaysia	<u>(1,887)</u>
Net proceed	18,113
Disposal group net assets	(4,875)
Exchange differences reclassified	63
<b>Gain on disposal</b>	<u><b>13,301</b></u>

The major classes of assets and liabilities of HRC Asia Limited and its subsidiary undertaking (collectively "disposed group") as at the date of disposal, as follow:

	<b>Provisional \$000</b>
Property, plant and equipment	2,375
Intangible assets	1,207
Inventory	125
Trade and other receivables	2,885
Cash and cash equivalent	170
Trade and other payables	<u>(1,887)</u>
<b>Net assets disposed of</b>	<u><b>4,875</b></u>

## 7. Trade and other receivables

	30 Sep 2019 \$000	31 Mar 2019 \$000
Prepayment	32	55
Other receivables	6	2
	<u>38</u>	<u>57</u>

## 8. Trade and other payables

	30 Sep 2019 \$000	31 Mar 2019 \$000
Other payables	244	132
	<u>244</u>	<u>132</u>

## 9. Basic and diluted earnings/ (loss) per share

	Six months ended 30 Sep 2019	Six months ended 30 Sep 2018
Loss for the period, used in the calculation of total basic and diluted loss per share ( <b>\$000</b> )	(364)	(211)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	138,845,096	150,000,000
Basic and diluted earnings/(loss) per share attributable to owners of the parent ( <b>\$</b> )	<u>(0.0026)</u>	<u>(0.0014)</u>

Basic earnings/(loss) per share is based on the weighted average number of ordinary shares in issue during the period. Diluted loss per share would assume conversion of all potentially dilutive ordinary shares. The Group has no potentially dilutive ordinary shares.

## 10. Share capital

Analysis of issued share capital:

	Number of ordinary shares	Share capital \$000	Share premium \$000
<u>Issued and fully paid</u> At 31 March 2019 and 30 September 2019	150,000,000	1,849	1,808

## 11. Treasury shares

The amount arose from settlement of amount owing by Ada Ventures Malaysia in respect of disposal of subsidiary group as described in note 6, by way of transferring 11,154,904 ordinary shares of the Company held by Ada Ventures Malaysia beneficial owner at €1.19 each amounting to €13,274,336 which equivalent to US\$15,000,000.

## 12. Significant related party transactions

	30 Sep 2109 \$000	31 Mar 2019 \$000
<b>Amount due from a related company</b>		
ADA Ventures (Malaysia) Sdn Bhd	-	20,000
<b>Amounts due to shareholders</b>		
VCB AG	(62)	(854)
<b>Amounts due to director</b>		
Shailen Gajera	(31)	(14)

Amounts due to shareholders and related parties represent advances for Company operating expenses. The directors consider the fair value of the amounts to materially approximate to their carrying amounts. Noorusaadah Binti Othman is also a shareholder of ADA Ventures (Malaysia) Sdn Bhd.

The amount of US\$ 20 million is the consideration receivable from the disposal of HRC Asia Limited and its subsidiary undertakings as described in note 6. As set out in note 11, the outstanding amount was settled in full by way of receipt by the Company of US\$15 million in Treasury Shares and US\$5 million in cash.

## 13. Subsequent events

There has been no events to report since the date of the interim report.

## 14. Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.