

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.03.2021 RM'000	COMPARATIVE QUARTER ENDED 31.03.2020 RM'000	3 MONTHS CUMULATIVE TO 31.03.2021 RM'000	3 MONTHS CUMULATIVE TO 31.03.2020 RM'000
Revenue		223,510	161,429	223,510	161,429
Operating expenses		(222,904)	(176,479)	(222,904)	(176,479)
Other operating income		40,355	20,847	40,355	20,847
Profit from operations		40,961	5,797	40,961	5,797
Finance costs		(16,711)	(18,016)	(16,711)	(18,016)
Share of profit of associates		4,828	3	4,828	3
Share of profit/(loss) of joint ventures		966	(6,019)	966	(6,019)
Profit/(Loss) before tax	B5	30,044	(18,235)	30,044	(18,235)
Tax (expense)/benefit	B6	(4,437)	7,868	(4,437)	7,868
Profit/(Loss) for the period		25,607	(10,367)	25,607	(10,367)
Attributable to:					
Owners of the Company		25,654	(10,649)	25,654	(10,649)
Non-controlling interests		(47)	282	(47)	282
Profit/(Loss) for the period		25,607	(10,367)	25,607	(10,367)
Profit/(Loss) per share (sen):-					
- Basic/Diluted	B11	8.03	(3.33)	8.03	(3.33)

(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 2020 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 31.03.2021 <u>RM'000</u>	COMPARATIVE QUARTER ENDED 31.03.2020 <u>RM'000</u>	3 MONTHS CUMULATIVE TO 31.03.2021 <u>RM'000</u>	3 MONTHS CUMULATIVE TO 31.03.2020 <u>RM'000</u>
Profit/(Loss) for the period	25,607	(10,367)	25,607	(10,367)
Foreign currency translation differences for foreign operations	38,503	(161,857)	38,503	(161,857)
Net change in fair value of equity instruments designated at FVOCI	51,131	(12,923)	51,131	(12,923)
Share of other comprehensive income of associates	-	302	-	302
Other comprehensive income/(expense) for the period, net of tax	89,634	(174,478)	89,634	(174,478)
Total comprehensive income/(expense) for the period	115,241	(184,845)	115,241	(184,845)
Attributable to:				
Owners of the Company	112,851	(184,609)	112,851	(184,609)
Non-controlling interests	2,390	(236)	2,390	(236)
Total comprehensive income/(expense) for the period	115,241	(184,845)	115,241	(184,845)

(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 2020 and the accompanying explanatory notes attached to the interim financial statements)

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		UNAUDITED	AUDITED
		AS AT	AS AT
	<i>Note</i>	31.03.2021	31.12.2020
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,500,004	1,123,445
Right-of-use assets		13,656	14,269
Investment properties		900,207	1,199,693
Investment in associates		132,695	119,043
Investment in joint ventures		57,252	55,530
Investment securities		641,446	575,784
Other investments		5,086	5,086
Goodwill		2,133	2,129
Inventories		664,561	603,341
Trade and other receivables		32,546	44,588
Other non-current assets		15,410	14,430
		<u>3,964,996</u>	<u>3,757,338</u>
Current assets			
Inventories		763,515	806,135
Trade and other receivables		245,206	230,490
Other current assets		48,992	19,496
Investment securities		166,000	161,200
Income tax recoverable		18,114	15,505
Cash and cash equivalents		265,104	296,566
		<u>1,506,931</u>	<u>1,529,392</u>
Assets classified as held for sale		-	79,839
		<u>1,506,931</u>	<u>1,609,231</u>
TOTAL ASSETS		<u>5,471,927</u>	<u>5,366,569</u>

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.03.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		2,036,698	2,036,698
Reserves		214,862	127,417
Retained earnings		836,562	810,908
		<u>3,088,122</u>	<u>2,975,023</u>
Non-controlling interests		25,151	22,761
Total equity		<u>3,113,273</u>	<u>2,997,784</u>
Non-current liabilities			
Trade and other payables		7,787	6,828
Contract liabilities		15,965	16,017
Provision for liabilities		7,653	6,911
Deferred tax liabilities		65,981	60,007
Loans and borrowings	B8	984,070	468,323
Lease liabilities		47,368	47,909
		<u>1,128,824</u>	<u>605,995</u>
Current liabilities			
Trade and other payables		188,294	176,834
Contract liabilities		57,610	43,345
Provision for liabilities		23,635	26,820
Loans and borrowings	B8	951,671	1,506,850
Lease liabilities		3,623	3,490
Current tax liabilities		4,997	5,451
		<u>1,229,830</u>	<u>1,762,790</u>
Total liabilities		<u>2,358,654</u>	<u>2,368,785</u>
TOTAL EQUITY AND LIABILITIES		<u>5,471,927</u>	<u>5,366,569</u>
Net assets per share (RM)		<u>9.67</u>	<u>9.31</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 2020 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 2021	2,036,698	78,283	68,545	(19,411)	-	810,908	2,975,023	22,761	2,997,784
Foreign currency translation differences for foreign operations	-	38,055	-	-	-	-	38,055	448	38,503
Net change in fair value of equity instruments designated at FVOCI	-	-	-	49,142	-	-	49,142	1,989	51,131
Total other comprehensive income for the period	-	38,055	-	49,142	-	-	87,197	2,437	89,634
Profit/(Loss) for the period	-	-	-	-	-	25,654	25,654	(47)	25,607
Total comprehensive income for the period	-	38,055	-	49,142	-	25,654	112,851	2,390	115,241
Share of other reserve of associates	-	-	-	248	-	-	248	-	248
At 31 March 2021	2,036,698	116,338	68,545	29,979	-	836,562	3,088,122	25,151	3,113,273
At 1 January 2020	2,037,459	(100,663)	68,545	(4,258)	(318)	868,946	2,869,711	20,898	2,890,609
Foreign currency translation differences for foreign operations	-	(161,842)	-	-	-	-	(161,842)	(15)	(161,857)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(12,420)	-	-	(12,420)	(503)	(12,923)
Share of other comprehensive income of associates	-	302	-	-	-	-	302	-	302
Total other comprehensive expense for the period	-	(161,540)	-	(12,420)	-	-	(173,960)	(518)	(174,478)
(Loss)/Profit for the period	-	-	-	-	-	(10,649)	(10,649)	282	(10,367)
Total comprehensive expense for the period	-	(161,540)	-	(12,420)	-	(10,649)	(184,609)	(236)	(184,845)
At 31 March 2020	2,037,459	(262,203)	68,545	(16,678)	(318)	858,297	2,685,102	20,662	2,705,764

(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 2020 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---3 MONTHS ENDED-->	
		31.03.2021	31.03.2020
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		30,044	(18,235)
Adjustments for non-cash items:			
Accrued lease income written off		1,085	-
Amortisation on other non-current assets		811	803
Bad debts written off		-	2
Change in fair value of investment properties		270	271
Depreciation on property, plant and equipment		13,890	14,705
Depreciation on right-of-use assets		887	864
Dividend income		-	(12)
Fair value gain on assets classified as held for sale		(997)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss		(697)	1,372
Impairment loss on trade and other receivables		110	66
Interest income		(6,490)	(6,286)
Interest expense		16,711	18,016
Inventories written down		170	20
Investment properties written off		-	48
Net unrealised foreign exchange loss		8	25
Provision for staff benefits		5,819	6,388
Reversal of provision for repairs		-	(9)
Share of profit of associates		(4,828)	(3)
Share of (profit)/loss of joint ventures		(966)	6,019
Operating profit before changes in working capital		<u>55,827</u>	<u>24,054</u>
Changes in working capital			
Contract assets		-	492
Contract liabilities		13,230	1,547
Inventories		(24,969)	(25,038)
Other current assets		(29,049)	(1,586)
Other non-current assets		(1,510)	(110)
Other non-current liabilities		824	443
Payables		5,092	(59,175)
Receivables		(3,808)	70,335
Net change in working capital		<u>(40,190)</u>	<u>(13,092)</u>

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---3 MONTHS ENDED-->	
		31.03.2021	31.03.2020
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)			
Cash generated from operations		15,637	10,962
Interest paid		(16,712)	(18,008)
Interest received		5,711	359
Income tax paid		(2,410)	(3,612)
Staff benefits paid		(7,378)	(11,905)
Net cash used in operating activities		<u>(5,152)</u>	<u>(22,204)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in an associate		(5,594)	-
Acquisition of property, plant and equipment		(27,775)	(14,394)
Capital expenditure of investment properties		(1,600)	(11,971)
Dividend received from investment securities		-	12
Dividend received from associates and joint ventures		315	-
Proceeds from disposal of assets classified as held for sale		82,123	-
Net cash from/(used in) investing activities		<u>47,469</u>	<u>(26,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(750)	(839)
Placement of pledged deposits		(3,029)	13,946
Net repayment of borrowings		(77,084)	(114,715)
Net cash used in financing activities		<u>(80,863)</u>	<u>(101,608)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(38,546)	(150,165)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		259,360	318,310
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		3,044	(6,879)
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	Note A	<u>223,858</u>	<u>161,266</u>
Note A			
Included in cash and cash equivalents as at 31 March are the following:			
- Cash and deposits with licensed banks		265,104	184,545
- Bank overdrafts		(4,077)	(4,712)
- Pledge bank balances and deposits		(37,169)	(18,567)
		<u>223,858</u>	<u>161,266</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 2020 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 2020.

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 2020 except for the adoption of the following:

- Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

The adoption of the above Amendments to MFRSs did not have any material impact on the financial statements of the Group.

As at the date of authorisation of this Condensed Report, the following Standards and amendments to Standards have been issued by the MASB but are not yet effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies

A1. Basis of Preparation (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023 (Cont'd)

- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Accounting Estimates

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments marked with * is not applicable to the Group.

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 2020 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

Apart from the COVID-19 impacts as disclosed in Part B Explanatory Notes, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter.

A5. Changes in Estimates

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

A6. Changes in Debt And Equity Securities

As at 30 April 2021, the Company has repurchased a total of 2,587,200 of its issued ordinary shares at an average cost of RM1.71 per share and these shares were retained as treasury shares in current year.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2021

A8. Segment Information

Segment analysis for the period ended 31 March 2021 and 2020 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	3 months ended 31.03.2021	3 months ended 31.03.2020	3 months ended 31.03.2021	3 months ended 31.03.2020
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	137,293	56,235	52,237	11,462
Hospitality	69,306	82,029	(6,806)	(6,408)
Investment and others	16,911	23,165	(4,470)	743
	<u>223,510</u>	<u>161,429</u>	<u>40,961</u>	<u>5,797</u>
Finance costs	-	-	(16,711)	(18,016)
Share of results of associates/joint ventures	-	-	5,794	(6,016)
	<u>223,510</u>	<u>161,429</u>	<u>30,044</u>	<u>(18,235)</u>
	Total Assets		Total Liabilities	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	2,454,154	2,432,731	804,934	852,047
Hospitality	1,294,682	1,267,393	445,697	440,669
Investment and others	3,305,899	3,186,380	3,143,261	3,039,812
	<u>7,054,735</u>	<u>6,886,504</u>	<u>4,393,892</u>	<u>4,332,528</u>
Adjustment and eliminations	(1,582,808)	(1,519,935)	(2,035,238)	(1,963,743)
	<u>5,471,927</u>	<u>5,366,569</u>	<u>2,358,654</u>	<u>2,368,785</u>

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

	Revenue		Non-current assets ^	
	31.03.2021	31.03.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Australia	221,009	154,261	2,441,379	2,304,205
Malaysia	277	4,782	390,126	389,618
New Zealand	2,224	2,386	249,056	249,054
	<u>223,510</u>	<u>161,429</u>	<u>3,080,561</u>	<u>2,942,877</u>

^Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, 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:

	3 Months Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
A. Associates		
Director fees received	55	50
B. Other related parties		
Companies related to directors		
- Administration fee	102	-
- Interest expenses	905	-
- Rendering of services	-	2,913
- Rental expense	179	158
- Share service income	118	110
Companies related to a person connected to a director		
- Rendering of services	-	1,459
- Rental income	113	93

These transactions have been entered into in the normal course of business and 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 March 2021 are as below:

	RM'000
(a) Approved and contracted for	245,101
(b) Approved but not contracted for	32,825
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A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 March 2021 that the Directors believe warrant disclosure.

A13. Changes in The Composition Of the Group

There were no changes in the composition of the Group during the current financial quarter.

A14. Changes in Contingent Liabilities or Contingent Assets

As part of the disposal contract of an industrial warehouse, the Group remains entitled to receive future compensation payable to the purchasers from the local roads authority for acquisition of a portion of the disposed land for road expansion. The affected land is an undeveloped portion of the site. The compensation is considered probable as the authority has developed detailed plans for the site but has not yet committed to a timeline for implementation. The amount of compensation is subject to negotiation and review, but the best estimate of the contingent assets is AUD1.50 million equivalent to RM4.74 million as at 31 March 2021.

Other than the above, there were no other significant 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

Current Quarter-to-date vs. Previous Year's Quarter-to-date

	CUMULATIVE PERIOD		CHANGES	
	3 MONTHS ENDED 31.03.2021	3 MONTHS ENDED 31.03.2020		
	RM'000	RM'000	RM'000	%
Revenue	223,510	161,429	62,081	38%
Profit from operations	40,961	5,797	35,164	>100%
Profit/(Loss) before interest and tax	46,755	(219)	46,974	>100%
Profit/(Loss) before tax	30,044	(18,235)	48,279	>100%
Profit/(Loss) after tax	25,607	(10,367)	35,974	>100%
Profit/(Loss) attributable to: Owners of the Company	25,654	(10,649)	36,303	>100%

The Group reported revenue of RM223.51 million and pre-tax profit of RM30.04 million for the current quarter ended 31 March 2021 as compared to revenue of RM161.43 million and pre-tax loss of RM18.24 million in the previous year's corresponding quarter. The increase in the Group's revenue by 38% and pre-tax profit by RM48.28 million was primarily attributed to the property division offset by the underperformance in hospitality and investment divisions.

The property division recorded revenue of RM137.29 million and pre-tax profit of RM52.24 million for the current quarter ended 31 March 2021 as compared to revenue of RM56.24 million and pre-tax profit of RM11.46 million in the previous year's corresponding quarter. The better performance was mainly due to higher settlements from Sanctuary Cove and Mulpha Norwest developments in Australia.

The hospitality division registered revenue of RM69.31 million and pre-tax loss of RM6.81 million for the current quarter ended 31 March 2021 as compared to revenue of RM82.03 million and pre-tax loss of RM6.41 million in the previous year's corresponding quarter. The decline in performance was caused by COVID-19 related restrictions on global and some local travel, and consequently adversely impacted the Group's hospitality division particularly InterContinental Sydney that is reliant on corporate and international travellers. However, InterContinental Hayman Island and InterContinental Sanctuary Cove delivered relatively stronger trading results backed by domestic leisure travellers. Both hotels achieved improved occupancy rates and higher room rates in the current quarter as compared to the previous year's corresponding quarter.

The investment and other activities division recorded a pre-tax loss of RM4.47 million for the current quarter ended 31 March 2021 as compared to a pre-tax profit of RM0.74 million in the previous year's corresponding quarter. The Group's pre-tax profit reduced by RM5.21 million mainly due to unfavourable foreign exchange movement on US Dollar denominated bond in the current quarter.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis

	AS AT 31.03.2021	AS AT 31.12.2020
	RM'000	RM'000
Total Assets		
Property, plant and equipment	1,500,004	1,123,445
Right-of-use assets	13,656	14,269
Inventories	1,428,076	1,409,476
Investment in associates	132,695	119,043
Investment properties	900,207	1,199,693
Investment securities	807,446	736,984
Cash and cash equivalents	265,104	296,566
Trade and other receivables	277,752	275,078
Assets classified as held for sale	-	79,839
Others	146,987	112,176
Total	5,471,927	5,366,569

The Group's assets increased by 2% to RM5.47 billion as at 31 March 2021 mainly attributable to the increase in property, plant and equipment, inventories and partially offset by decrease in investment properties, cash and cash equivalents and assets classified as held for sale.

The increase of property, plant and equipment ("PPE") was mainly due to the transfer of a commercial office in Sydney namely Transport House from investment property to PPE amounting to RM317.89 million. The reclassification was due to the Group now occupying a significant area of the property for its own administrative use, thereby requiring the re-classifications for financial reporting purposes. In addition, the ongoing refurbishment of InterContinental Sydney further increased the PPE carrying amount. The increase in inventories was mainly due to the capitalised development cost of Sanctuary Cove and Norwest residential projects.

The decrease in investment properties is as explained above. The repayment of loans and borrowings resulted a reduction in cash and cash equivalent and the sale of asset held for sale, Lexington Drive warehouse was completed in February 2021.

	AS AT 31.03.2021	AS AT 31.12.2020
	RM'000	RM'000
Total Liabilities		
Loans and Borrowings	1,935,741	1,975,173
Others	422,913	393,612
Total	2,358,654	2,368,785

The Group's total liabilities decreased less than 1% to RM2.36 billion as at 31 March 2021, mainly attributable to repayment of loan and borrowings and tax liabilities paid during the period.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis (Cont'd)

	AS AT 31.03.2021	AS AT 31.12.2020
	RM'000	RM'000
Total Equity attributable to Owners of the Company		
Share capital	2,036,698	2,036,698
Reserves	214,862	127,417
Retained earnings	836,562	810,908
Total	3,088,122	2,975,023

The Group's total equity increased by 4% to RM3.09 billion as at 31 March 2021 mainly attributable to the increase in foreign exchange reserves arising from the translation gain of foreign subsidiaries and profit recognised for the period amounting to RM25.65 million.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 31.03.2021	PRECEDING QUARTER ENDED 31.12.2020	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	223,510	225,153	(1,643)	(1%)
Profit from operations	40,961	37,584	3,377	9%
Profit before interest and tax	46,755	30,991	15,764	51%
Profit before tax	30,044	13,843	16,201	>100%
Profit after tax	25,607	14,917	10,690	72%
Profit attributable to: owners of the Company	25,654	14,741	10,913	74%

The Group recorded revenue of RM223.51 million and pre-tax profit of RM30.04 million for the 1st quarter of 2021 compared with revenue of RM225.15 million and pre-tax profit of RM13.84 million for the 4th quarter of 2020. The better performance was mainly due to higher pre-tax profits from the property division and share of associated profits by RM11.94 million and RM12.35 million respectively, offset by higher pre-tax loss from the hospitality division by RM10.91 million.

The property division recorded revenue of RM137.29 million and pre-tax profit of RM52.24 million for the 1st quarter of 2021 compared with revenue of RM141.32 million and pre-tax profit of RM40.30 million for the 4th quarter of 2020. Despite the marginal lower revenue which mainly resulted from the relatively lower settlements in the Mulpha Norwest development in Australia, the improved pre-tax profit was due to settlements of higher value lots in Sanctuary Cove development.

The hospitality division recorded revenue of RM69.31 million and pre-tax loss of RM6.81 million for the 1st quarter 2021 compared with revenue of RM63.47 million and pre-tax profit of RM4.10 million for the 4th quarter of 2020. The increase in revenue was mainly due to stronger domestic leisure travels in the current quarter. The lower pre-tax profit is due to the decreased JobKeeper subsidy from the Australian government as compared to preceding quarter.

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

The investment and others division recorded pre-tax loss of RM4.47 million for the 1st quarter 2021, which was a favourable change as compared to the pre-tax loss of RM6.81 million for the 4th quarter of 2020, mainly due to the impairment loss on an operating asset in the preceding quarter.

B3. Prospects

The first quarter has seen a rebound in trading at both InterContinental Hayman Island and InterContinental Sanctuary Cove following travel disruptions in January through state border closures. These positive trends reflect strong demand from domestic leisure travellers and a recovery in group business. Trading recovery at InterContinental Sydney has proven to be much slower given the property has traditionally been more reliant on corporate travellers and international travellers. International borders are now expected to be closed until the latter half of 2022 which is likely to result in the above trends being consistent for the next 12 months on the basis that state borders remain open.

Refurbishment of the InterContinental Sydney is largely on time with completion of these works is anticipated in April/May of 2022. In order for the property to remain competitive the refurbishment includes a full upgrade of all rooms, restaurants, bars and public areas. Completion of the works will assist the hotel to secure a strong market share of business when the market returns to more normalised trading in 2023.

Stronger Sydney real estate sales have continued with strong sales in the first quarter. There is however limited available stock remaining in Sydney projects with the Mulgoa Rise project now sold out, only a small number of remaining apartments at the Haven project and the last three stages of Essentia townhouses remaining. At Sanctuary Cove, stronger sales momentum in the final quarter of 2020 has continued into the first quarter of 2021. The Group anticipates that this trend of increased domestic interest will strengthen with increased interest from southern buyers. The first waterfront apartment building, Harbour One, consisting of 47 apartments has been released to the market with strong initial interest from local residents. A development application has also been lodged for the first two apartment towers in the Greens precinct at Norwest and construction has commenced on The Bond, a six-storey commercial office and medical building adjacent to the Norwest Private Hospital.

The Leisure Farm project in Iskandar Malaysia continues to experience lower sales volumes and increased competition. The Group anticipates tough market conditions will continue for some years as a result of significant over-supply in the Johor region.

The Group's investments in the education sector have continued to meet expectations. At the Hotel School, there will be lower new international enrolments moving forward while international border restrictions remain in place. These restrictions are likely to materially reduce earnings in the short to medium term. The Group's investment in Education Perfect, an on-line learning tool has experienced significant new demand as high schools in Australia and globally have needed to build their capacity to teach remotely. The Group anticipates that this trend will accelerate as a result of the COVID-19 pandemic. In conjunction with the investment partners, advisors have been appointed to progress a sale of this business.

Commercial real estate investment properties have recovered well since February 2021 with the relaxation of COVID-19 restrictions. In particular tenants at Sanctuary Cove Marine Village have consistently recorded retail sales above pre-COVID levels particularly in the Food and Beverage category.

B3. Prospects (Cont'd)

At Norwest Marketown Shopping Centre, tenants have also seen a recovery which has been boosted by a return for many office workers in the adjacent town centre. Similarly, Brimbank Shopping Centre has seen a recovery in traffic and turnover levels albeit not fully to pre-COVID levels.

The Group has recently taken over a car wash operation at Norwest which is trading in-line with expectations. The Group anticipates that this initiative may open further opportunities to expand locations. Trading at Bimbagen Wine Estate has been assisted by the growth in domestic tourism and the success of our Palmers Land wedding venue. To take advantage of this success the Group intends to construct a boutique resort comprising of 60 rooms to capture demand from wedding guests.

The Group is actively looking to build its funds management capability in order to secure attractive real estate investments with third party capital support. The Group also continues to explore 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.

B5. Profit/(Loss) Before Tax

	3 Months Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):		
Accrued lease income written off	1,085	-
Amortisation on other non-current assets	811	803
Bad debts written off	-	2
Change in fair value of investment properties	270	271
Dividend income	-	(12)
Depreciation on property, plant and equipment	13,890	14,705
Depreciation on right-of-use assets	887	864
Fair value gain on assets classified as held for sale	(997)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss	(697)	1,372
Impairment loss on trade and other receivables	110	66
Interest income	(6,490)	(6,286)
Interest expense	16,711	18,016
Inventories written down	170	20
Insurance recoveries	2	-
Investment properties written off	-	48
Net foreign exchange gain	(1,715)	(7,201)
Provision for staff benefits	5,819	6,388
Reversal provision for repairs	-	(9)
Rental income	(3,971)	(3,652)

B6. Tax expense/(benefit)

	3 Months Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Current tax expense/(benefit)		
Malaysian - current year	568	758
Malaysian - prior year	35	-
Overseas - current year	(1,218)	(283)
Overseas - prior year	167	(1,281)
	<u>(448)</u>	<u>(806)</u>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	5,040	(7,062)
Underprovision in prior year	(155)	-
	<u>4,885</u>	<u>(7,062)</u>
Tax expense/(benefit)	<u>4,437</u>	<u>(7,868)</u>

The effective tax rate of the Group for the period ended 31 March 2021 under review is lower than the statutory rate of 24% was mainly due to deferred tax assets recognised on taxable losses.

B7. Status of Corporate Proposals

There were no corporate proposals announced as at the date of this report.

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B8. Group Loans and Borrowings

The details of the loans and borrowings as at 31 March 2021 are as follows:-

	As at 1st Quarter Ended 2021											
	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			4,077	RM			4,077
Revolving Credit/Loan	RM			-	RM			110,998	RM			110,998
Revolving Credit/Loan	AUD	75,700	3.16	239,212	AUD	-	3.16	-	AUD	75,700	3.16	239,212
Revolving Credit/Loan	USD	-	4.15	-	USD	8,607	4.15	35,719	USD	8,607	4.15	35,719
Term Loan	RM			23,586	RM			6,700	RM			30,286
Term Loan	HKD	-	0.53	-	HKD	127,004	0.53	67,820	HKD	127,004	0.53	67,820
Term Loan	USD	13,046	4.15	54,141	USD	2,134	4.15	8,856	USD	15,180	4.15	62,997
Term Loan	AUD	184,290	3.16	582,356	AUD	97,000	3.16	306,520	AUD	281,290	3.16	888,876
Term Loan	NZD	-	2.91	-	NZD	39,438	2.91	114,765	NZD	39,438	2.91	114,765
Finance Lease	AUD	2,770	3.16	8,753	AUD	-	3.16	-	AUD	2,770	3.16	8,753
Bonds	AUD	24,058	3.16	76,022	AUD	1,809	3.16	5,716	AUD	25,867	3.16	81,738
Bonds	USD	-	4.15	-	USD	70,000	4.15	290,500	USD	70,000	4.15	290,500
				984,070				951,671				1,935,741

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B8. Group Loans and Borrowings (Cont'd)

The details of the loans and borrowings as at 31 March 2020 are as follows:-

	As at 1st Quarter Ended 2020											
	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			4,712	RM			4,712
Revolving Credit/Loan	RM			-	RM			108,000	RM			108,000
Revolving Credit/Loan	AUD	10,000	2.68	26,800	AUD	100,025	2.68	268,066	AUD	110,025	2.68	294,866
Term Loan	RM			25,365	RM			10,184	RM			35,549
Term Loan	HKD	-	0.56	-	HKD	169,156	0.56	94,459	HKD	169,156	0.56	94,459
Term Loan	USD	15,462	4.33	66,950	USD	10,435	4.33	45,184	USD	25,897	4.33	112,134
Term Loan	AUD	103,000	2.68	276,040	AUD	146,411	2.68	392,381	AUD	249,411	2.68	668,421
Term Loan	NZD	37,367	2.61	97,529	NZD	-	2.61	-	AUD	37,367	2.61	97,529
Finance Lease	AUD	2,770	2.68	7,424	AUD	-	2.68	-	AUD	2,770	2.68	7,424
Bonds	AUD	26,788	2.68	71,793	AUD	1,672	2.68	4,480	AUD	28,460	2.68	76,273
Bonds	USD	-	4.33	-	USD	70,000	4.33	303,100	USD	70,000	4.33	303,100
				571,901				1,230,566				1,802,467
Unsecured												
Term loan	AUD	-	2.68	-	AUD	3,446	2.68	9,235	AUD	3,446	2.68	9,235
				-				9,235				9,235
				571,901				1,239,801				1,811,702

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 filed and exchanged their written submissions. Subsequently, the parties have completed the oral submissions on 24 February 2020 and 25 February 2020. The judgment was delivered on 17 July 2020, subject to any appeals and further legal proceedings. The judge found that Mula had breached the Settlement Agreement and that the said agreement was terminated on 15 December 2013. The Judge declared the amount due and payable to the Company to be RM301 million plus interest and held that the Power Attorney is valid. Further, the defendants are restrained from dealing with the Sepang Land. The Company was successful in defending the relevant counterclaim and the Judge dismissed Mula's counterclaim with costs. On 30 July 2020, Mula has filed a notice of appeal against the entire decision made by the High Court. A further announcement will be made when hearing dates have been set and confirmed by the Court of Appeal.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 31 March 2021.

B11. Profit/(Loss) 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:

	3 Months Ended	
	31.03.2021	31.03.2020
Profit/(Loss) for the period, amount attributable to equity holders of the parent (RM'000)	<u>25,654</u>	<u>(10,649)</u>
Weighted average number of ordinary shares ('000)	<u>319,467</u>	<u>319,467</u>
Basic earnings/(loss) per share (sen)	<u>8.03</u>	<u>(3.33)</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.