

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2022

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.12.2022	COMPARATIVE QUARTER ENDED 31.12.2021	12 MONTHS CUMULATIVE TO 31.12.2022	12 MONTHS CUMULATIVE TO 31.12.2021
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue		312,140	160,833	970,918	787,217
Operating expenses		(301,644)	(283,478)	(910,500)	(889,736)
Other operating income		33,836	73,094	96,609	565,895
Profit from operations		44,332	(49,551)	157,027	463,376
Finance costs		(25,820)	(14,425)	(67,414)	(64,684)
Share of profit/(loss) of associates		1,322	(775)	9,295	1,621
Share of profit of joint ventures		601	378	3,555	22,246
Profit/(loss) before tax	B5	20,435	(64,373)	102,463	422,559
Tax (expense)/benefit	B6	(19,837)	21,460	(15,959)	10,871
Profit /(Loss) for the year		598	(42,913)	86,504	433,430
Attributable to:					
Owners of the Company		(43)	(43,033)	84,879	432,895
Non-controlling interests		641	120	1,625	535
Profit /(Loss) for the year		598	(42,913)	86,504	433,430
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	B11	(0.01)	(12.85)	27.28	136.99

(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 2021 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 31.12.2022 RM'000	COMPARATIVE QUARTER ENDED 31.12.2021 RM'000	12 MONTHS CUMULATIVE TO 31.12.2022 RM'000	12 MONTHS CUMULATIVE TO 31.12.2021 RM'000
Profit /(Loss) for the year	598	(42,913)	86,504	433,430
Foreign currency translation differences for foreign operations	(19,750)	26,584	(38,798)	(50,574)
Net change in fair value of equity instruments designated at FVOCI	14,630	35,023	22,497	106,984
Share of other comprehensive income/(expense) of associates	2,292	-	(4,885)	130
Revaluation of property, plant and equipment upon transfer of properties to investment properties	(13,965)	-	23,015	-
Other comprehensive (loss)/income for the year, net of tax	(16,793)	61,607	1,829	56,540
Total comprehensive (loss)/income for the year	(16,195)	18,694	88,333	489,970
Attributable to:				
Owners of the Company	(16,966)	17,127	86,342	485,955
Non-controlling interests	771	1,567	1,991	4,015
Total comprehensive (loss)/income for the year	(16,195)	18,694	88,333	489,970

(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 2021 and the accompanying explanatory notes attached to the interim financial statements)

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		UNAUDITED AS AT 31.12.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,481,514	1,494,013
Right-of-use assets		24,186	14,571
Investment properties		1,432,812	928,902
Investment in associates		104,651	100,663
Investment in joint ventures		66,383	59,809
Investment securities		686,821	643,927
Other investments		5,090	5,086
Goodwill		45,359	12,443
Inventories		585,423	677,029
Trade and other receivables		35,127	8,386
Other non-current assets		59,969	23,408
Deferred tax assets		617	776
		<u>4,527,952</u>	<u>3,969,013</u>
Current assets			
Inventories		769,702	702,190
Trade and other receivables		357,953	365,351
Other current assets		16,735	18,265
Current tax assets		14,211	17,810
Cash and cash equivalents		231,129	370,927
		<u>1,389,730</u>	<u>1,474,543</u>
TOTAL ASSETS		<u>5,917,682</u>	<u>5,443,556</u>

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

	<u>Note</u>	UNAUDITED AS AT 31.12.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,983,858	2,036,698
Treasury shares	A6	-	(17,586)
Reserves		182,419	181,378
Retained earnings		<u>1,363,284</u>	<u>1,243,151</u>
		3,529,561	3,443,641
Non-controlling interests		<u>25,940</u>	<u>26,298</u>
Total equity		<u>3,555,501</u>	<u>3,469,939</u>
Non-current liabilities			
Trade and other payables		14,950	-
Contract liabilities		12,791	14,266
Provision for liabilities		5,671	5,705
Deferred tax liabilities		76,188	47,115
Loans and borrowings	B8	1,465,189	1,149,169
Lease liabilities		<u>55,518</u>	<u>47,075</u>
		<u>1,630,307</u>	<u>1,263,330</u>
Current liabilities			
Trade and other payables		158,610	142,745
Contract liabilities		38,606	50,008
Provision for liabilities		42,579	47,111
Loans and borrowings	B8	486,002	466,280
Lease liabilities		5,339	3,859
Current tax liabilities		<u>738</u>	<u>284</u>
		<u>731,874</u>	<u>710,287</u>
Total liabilities		<u>2,362,181</u>	<u>1,973,617</u>
TOTAL EQUITY AND LIABILITIES		<u>5,917,682</u>	<u>5,443,556</u>
Net assets per share (RM)		<u>11.34</u>	<u>11.07</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 2021 and the accompanying explanatory notes attached to the interim financial statements)

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	< ----- <i>Attributable to owners of the Company</i> ----- >							Non- Controlling Interests	Total Equity
	< ----- <i>Non-distributable</i> ----- >				<i>Distributable</i>				
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	2,036,698	28,461	68,545	84,372	(17,586)	1,243,151	3,443,641	26,298	3,469,939
Foreign currency translation differences for foreign operations	-	(38,451)	-	-	-	-	(38,451)	(347)	(38,798)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	21,784	-	-	21,784	713	22,497
Share of other comprehensive expense of associates	-	(4,885)	-	-	-	-	(4,885)	-	(4,885)
Revaluation of property, plant and equipment upon transfer of properties to investment properties	-	-	23,015	-	-	-	23,015	-	23,015
Total other comprehensive income for the year	-	(43,336)	23,015	21,784	-	-	1,463	366	1,829
Profit for the year	-	-	-	-	-	84,879	84,879	1,625	86,504
Total comprehensive income for the year	-	(43,336)	23,015	21,784	-	84,879	86,342	1,991	88,333
Capital returned to non-controlling interests	-	-	-	-	-	-	-	(1,684)	(1,684)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(665)	(665)
Cancellation of treasury shares	(52,840)	-	-	-	17,586	35,254	-	-	-
Total transactions with owners	(52,840)	-	-	-	17,586	35,254	-	(2,349)	(2,349)
Share of other reserve of associates	-	-	-	(422)	-	-	(422)	-	(422)
At 31 December 2022	1,983,858	(14,875)	91,560	105,734	-	1,363,284	3,529,561	25,940	3,555,501

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

	< ----- Attributable to owners of the Company ----- >						Non-Controlling Interests	Total Equity	
	< ----- Non-distributable ----- >			Distributable					
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Treasury Shares	Retained Earnings			Total
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	-	(49,952)	-	-	-	-	(49,952)	(622)	(50,574)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	102,882	-	-	102,882	4,102	106,984
Share of other comprehensive income of associates	-	130	-	-	-	-	130	-	130
Total other comprehensive income for the year	-	(49,822)	-	102,882	-	-	53,060	3,480	56,540
Profit for the year	-	-	-	-	-	432,895	432,895	535	433,430
Total comprehensive income for the year	-	(49,822)	-	102,882	-	432,895	485,955	4,015	489,970
Purchase of treasury shares	-	-	-	-	(17,586)	-	(17,586)	-	(17,586)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(478)	(478)
Total transactions with owners	-	-	-	-	(17,586)	-	(17,586)	(478)	(18,064)
Share of other reserve of associates	-	-	-	249	-	-	249	-	249
Transfer upon the disposal of an associate	-	-	-	652	-	(652)	-	-	-
At 31 December 2021	2,036,698	28,461	68,545	84,372	(17,586)	1,243,151	3,443,641	26,298	3,469,939

(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 2021 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---12 MONTHS ENDED-->	
		31.12.2022	31.12.2021
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		102,463	422,559
Adjustments for non-cash items:			
Amortisation on other non-current assets		-	1,602
Change in fair value of investment properties		30,681	(52,368)
Dividend income		(44,381)	(150)
Exchange reserve transfer to profit or loss upon disposal of a subsidiary		-	1,119
Fair value gain on assets classified as held for sale		-	(1,062)
Fair value gain on financial assets at fair value through profit or loss		-	(1,501)
Gain on disposal of an associate		-	(421,047)
Impairment loss on financial assets:			
- Investment in a joint venture		-	3,371
- Trade and other receivables		321	2,595
Interest income		(14,885)	(24,574)
Interest expense		67,414	64,684
Inventories written down		5,765	478
Net unrealised foreign exchange loss/(gain)		297	(324)
Property, plant and equipment:			
- Depreciation		63,173	55,215
- Gain on disposal		(70)	(346)
- Written off		1,759	71,161
Provision for staff benefits		32,231	40,489
(Reversal of provision)/Provision for repairs		(1,089)	2,319
Right-of-use assets:			
- Depreciation		4,742	3,544
- Gain on disposal		-	(26)
Share of profit of associates		(9,295)	(1,621)
Share of profit of joint ventures		(3,555)	(22,246)
Operating profit before changes in working capital		<u>235,571</u>	<u>143,871</u>

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Note	<---12 MONTHS ENDED-->	
		31.12.2022	31.12.2021
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)			
Changes in working capital			
Contract liabilities		(12,375)	6,310
Inventories		(104,752)	(8,532)
Other current assets		1,316	851
Other non-current assets		(37,610)	(10,950)
Other non-current liabilities		15,250	(6,850)
Payables		18,235	(26,150)
Receivables		(23,018)	(109,416)
Net change in working capital		(142,954)	(154,737)
Cash generated from/(used in) operations		92,617	(10,866)
Interest paid		(66,830)	(64,468)
Interest received		2,095	16,000
Income tax paid/(refund)		10,705	(9,068)
Staff benefits paid		(35,088)	(20,422)
Net cash generated from/(used in) operating activities		3,499	(88,824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties		(211,417)	-
Additional investment in a joint venture		(9,463)	-
Additional investment in an associate		-	(7,484)
Acquisition of property, plant and equipment		(266,356)	(255,835)
Acquisition of business, net of cash and cash equivalents acquired		(34,414)	(16,993)
Acquisition of investment securities		(17,748)	(8,615)
Capital expenditure of investment properties		(9,182)	(10,559)
Dividend received from associates and joint ventures		5,807	13,259
Dividend received from investment securities		44,381	150
Proceeds from disposal of:			
- Assets classified as held for sale		-	81,158
- Property, plant and equipment		89	69,371
- Investment in an associate		-	450,345
Redemption of investment securities		-	210,516
Net cash (used in)/from investing activities		(498,303)	525,313

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Note	<---12 MONTHS ENDED-->	
		31.12.2022	31.12.2021
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital returned to non-controlling interests		(1,684)	-
Dividend paid to non-controlling interests of subsidiaries		(665)	(478)
Payment of lease liabilities		(3,791)	(3,514)
Net (placement)/withdrawal of pledged deposits		(37,589)	4,951
Purchase of treasury shares		-	(17,586)
Net drawdown/(repayment) of borrowings		364,761	(335,546)
Net cash from/(used in) financing activities		321,032	(352,173)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(173,772)	84,316
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		340,298	259,360
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(2,175)	(3,378)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	Note A	164,351	340,298

Note A

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

- Cash and deposits with licensed banks	231,129	370,927
- Bank overdrafts	-	(1,440)
- Pledge bank balances and deposits	(66,778)	(29,189)
	164,351	340,298

(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 2021 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 2021.

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 2021 except for the adoption of the following:

- 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

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 January 2023

- MFRS 17, Insurance Contracts*
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback

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.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022

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 2021 was not subject to any qualification.

A3. Seasonal or Cyclical of Operations

Except for the hospitality 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 the assets, liabilities, equity, net income or cash flows of the Group for 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

On 12 April 2022, the Company had cancelled 8,288,200 units of treasury shares amounting to RM17,586,188.79 pursuant to Section 127 of the Companies Act 2016. As at 31 December 2022, there are no treasury shares held by the Company.

Other than the above, there were no other issuance, cancellation, resale or repayments of debts and equity securities for the financial year ended 31 December 2022.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**A8. Segment Information**

Segment analysis for the year ended 31 December 2022 and 2021 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	12 months ended 31.12.2022	12 months ended 31.12.2021	12 months ended 31.12.2022	12 months ended 31.12.2021
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Property	314,686	431,036	91,138	208,985
Hospitality	583,464	310,082	78,677	(91,584)
Investment and others	72,768	46,099	(12,788)	345,975
	970,918	787,217	157,027	463,376
Finance costs	-	-	(67,414)	(64,684)
Share of results of associates/joint ventures	-	-	12,850	23,867
	970,918	787,217	102,463	422,559

	Total Assets		Total Liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Property	2,723,955	2,472,060	1,090,253	758,893
Hospitality	1,781,511	1,485,938	497,754	462,685
Investment and others	3,028,136	3,230,509	2,390,110	2,926,095
	7,533,602	7,188,507	3,978,117	4,147,673
Adjustment and eliminations	(1,615,920)	(1,744,951)	(1,615,936)	(2,174,056)
	5,917,682	5,443,556	2,362,181	1,973,617

Following an internal re-organisation within the Group that changed the composition of its reportable business segments, the comparative figures have been revised accordingly.

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

	Revenue		Non-current assets [^]	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Australia	924,077	751,624	2,998,484	2,552,602
Malaysia	28,277	20,339	334,525	322,600
New Zealand	18,564	15,254	236,285	251,756
	970,918	787,217	3,569,294	3,126,958

[^] Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties, goodwill and inventories.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**A9. Related Party Disclosures**

Below are the significant related party transactions, which were carried out on terms and conditions negotiated amongst the related parties:

	4th Quarter Ended		12 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Director fees received	-	-	-	165
B. Joint Ventures				
Dividend income	1,507	13,259	5,807	13,259
C. Other related parties				
Companies related to directors				
- Administration fee	206	190	807	708
- Interest expenses	-	31	-	1,945
- Interest income	327	44	2,735	44
- Rental expenses	156	172	671	694
- Service expenses	2,327	-	2,327	-
- Share service income	-	37	-	389
Companies related to a person connected to a director				
- Rental income	58	59	234	268

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 December 2022 are as below:

	RM'000
(a) Approved and contracted for	88,303
(b) Approved but not contracted for	1,618

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 December 2022 that the Directors believe warrant disclosure.

A13. Changes in The Composition Of the Group

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

A14. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2021.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**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			12 MONTHS ENDED	12 MONTHS ENDED		
	31.12.2022	31.12.2021			31.12.2022	31.12.2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	312,140	160,833	151,307	94%	970,918	787,217	183,701	23%
Profit/(Loss) from operations	44,332	(49,551)	93,883	>(100%)	157,027	463,376	(306,349)	(66%)
Profit/(Loss) before interest and tax	46,255	(49,948)	96,203	>(100%)	169,877	487,243	(317,366)	(65%)
Profit/(Loss) before tax	20,435	(64,373)	84,808	>(100%)	102,463	422,559	(320,096)	(76%)
Profit/(Loss) after tax	598	(42,913)	43,511	>(100%)	86,504	433,430	(346,926)	(80%)
(Loss)/Profit attributable to owners of the Company	(43)	(43,033)	42,990	(100%)	84,879	432,895	(348,016)	(80%)

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

The Group's revenue of RM312.14 million in the current quarter ended 31 December 2022 increased by 94% compared to RM160.83 million in the previous year's corresponding quarter. This was due to the overall stronger performances shown by the hospitality, property and investment and others divisions.

The hospitality division revenue increased by RM105.12 million due to InterContinental Hayman Island, InterContinental Sydney and InterContinental Sanctuary Cove delivering stronger trading results from recovering domestic travel with improved occupancy rates and higher room rates. The property division recorded higher revenue of RM39.34 million due to higher settlements in Mulpha Norwest development near Sydney. The investment and others division's revenue increased by RM6.85 million arising mainly from new businesses relating to promotional merchandise and car wash operations in the current quarter.

The Group's pre-tax profit of RM20.44 million for the current quarter ended 31 December 2022 significantly increased by RM84.81 million as compared to pre-tax loss of RM64.37 million in the previous year's corresponding quarter in line with the increases in revenue in the various divisions as mentioned above.

(b) Current Year-to-date vs. Previous Year-to-date

The Group's revenue of RM970.92 million for the year ended 31 December 2022 increased by 23% as compared to RM787.22 million in the previous financial year. The favourable performance was mainly from the stronger performances from the hospitality and investments and others divisions partially offset by a decrease in the property division.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**B1. Review of performance (Cont'd)****(i) Profit or Loss Analysis (Cont'd)****(b) Current Year-to-date vs. Previous Year-to-date (Cont'd)**

The hospitality division reported a higher revenue of RM273.38 million for the year ended 31 December 2022 compared to the previous year, backed by strong demand from the leisure market and pent-up demand from the corporate and sports groups and wedding events. The three InterContinental hotels achieved higher occupancies and record-breaking room rates. The opening of 12 beachfront pavilions in September further boosted the InterContinental Hayman Island performance. The investment and others division's revenue increased by RM26.67 million as compared to the previous year due to a higher volume of debt financing deals and new promotional merchandises and car wash businesses in the current period. This was partly offset by lower student enrolments in the Hotel School in the current year due to challenging visa processing for international students and local students leaving for full time jobs due to the high demand for workforce in the hospitality industry. The property division revenue decreased by RM116.35 million compared to the previous year due to overall lower settlements in Mulpha Norwest and Sanctuary Cove developments and a one-off sale of a pad site at Lexington drive in the previous year.

The Group's pre-tax profit of RM102.46 million for the year ended 31 December 2022 decreased by 76% as compared to pre-tax profit of RM422.56 million in the previous year. The decrease in the Group's pre-tax profit by RM320.10 million was mainly attributed to a one-off gain in the previous year which arose from the disposal of an associate, Education Perfect, a New Zealand company involved in online education sector, amounting to RM420.90 million, and also the underperformance in the property division as mentioned above.

B2. Comparisons With Preceding Quarter's Results

	CURRENT	PRECEDING	CHANGES	
	QUARTER	QUARTER		
	ENDED	ENDED		
	31.12.2022	30.09.2022	RM'000	%
	RM'000	RM'000		
Revenue	312,140	213,014	99,126	47%
Profit from operations	44,332	14,559	29,773	>100%
Profit before interest and tax	46,255	21,372	24,883	>100%
Profit before tax	20,435	3,564	16,871	>100%
Profit after tax	598	20,535	(19,937)	(97%)
(Loss)/Profit attributable to owners of the Company	(43)	20,429	(20,472)	>(100%)

The Group's revenue of RM312.14 million in the current quarter ended 31 December increased by 47% as compared to revenue of RM213.01 million in the preceding quarter. The increase was mainly from the property and hospitality divisions and partly offset by the decrease in the investment and others division.

The higher property division revenue by RM77.29 million was mainly due to higher settlements in Mulpha Norwest and Sanctuary Cove developments in Australia. The hospitality division recorded higher revenue by RM24.86 million as compared to the preceding quarter was mainly due to the full reopening of InterContinental Sydney in October 2022. The investment and others division's revenue decreased by RM3.02 million as compared to preceding quarter was mainly due to lower student enrolments in the Hotel School in the current quarter.

The Group's pre-tax profit of RM20.43 million for the current quarter ended 31 December 2022 increased by RM16.87 million as compared to pre-tax profit of RM3.56 million in the previous quarter in line with the increases in revenue as mentioned above which was partly offset by higher interest rates in the current quarter.

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B3. Prospects

The fourth quarter saw trading at the Group's Resort Hotels continue to strengthen with InterContinental Sydney, InterContinental Hayman Island and InterContinental Sanctuary Cove reporting record-breaking room rates and solid occupancies mostly backed by domestic leisure and corporate group business. We are now seeing domestic leisure demand soften as outbound travel gradually increases. These trends are expected to be offset by a return of international tourists particularly in the second half of 2023. The period also saw increased pressure on operating costs including labour rates, food and beverage purchases, and fuel costs. Electricity prices have also materially increased in 2023 across all Australian markets.

The 12 new luxury beach pavilions at InterContinental Hayman Island have been well received and the Group will consider further pavilions once occupancies are more stabilised. The InterContinental Sydney was officially opened in early October which was well-timed with a strengthening of accommodation demand particularly from the corporate market. The new exclusive Aster rooftop bar is gaining strong exposure and it is expected that this venue will become a well-known destination in the Sydney market.

Sydney real estate market conditions continued to soften following a series of interest rate rises and increased cost of living pressures. As the Group's real estate products typically target mature buyers and owner-occupiers, this market is less impacted than first home buyers and investors. Steady sales have been achieved at the new Norwest Quarter project which comprises 196 apartment units that were released in early 2022. Construction on this project has commenced with civil earthworks well underway. Land sales have remained slow at Sanctuary Cove with the local market now seeing prices decline following exceptional sales in 2021. However, it is pleasing that the first waterfront apartment building in Sanctuary Cove, Harbour One, has achieved strong sales and price growth since its release in 2022.

Construction is progressing well on The Bond, a six-story commercial office and medical building adjacent to the Norwest private hospital with completion scheduled for March/April 2023. Following significant construction and wet weather delays, the construction of Swing City, a golf entertainment facility at Norwest is now gaining momentum and completion is scheduled for mid-2023. Construction of 60 boutique cabins has commenced at the Palmers Lane vineyard site in the Hunter Valley to complement our successful wedding venue. The builder of the cabins was placed in administration and Management has appointed a new builder to complete the project which is also expected in mid-2023.

The Leisure Farm project in Iskandar Malaysia operates in a highly competitive market however enquiry levels have improved since mid-2022. As previously noted, the higher costs of new construction have increased the attractiveness of completed built product, particularly in higher-end villas. Accordingly, it is anticipated that Leisure Farm sales will see a gradual improvement in 2023.

The Group's investment properties have maintained solid occupancies consistent with pre-COVID levels with most tenants reporting a strong rebound in retail sales. In June 2022, the Group completed the acquisition of Capri on Via Roma shopping centre in Gold Coast, Queensland, Australia. This centre has a strong focus on grocery and food and beverage tenants and located in an affluent neighbourhood in the northern Gold Coast. Management is confident of delivering steady increases in earnings through active management. Leasing activity at Brimbank Shopping Centre in Victoria, has been positive with a range of new tenants secured to fill vacancies that grew during COVID lockdowns in 2020 and 2021. After a period of disruption due to tenant fitout works, Transport House will return to full occupancy of office tenancies in the first quarter of 2023.

Bimbadgen Wine Estate had a strong year of hosting over 170 wedding events which also contributed to its winery sales. The Group has also expanded hospitality operations with the recent purchases of Ioesco restaurant and Sanctuary Cove Tavern at Sanctuary Cove. The Group also completed the acquisition of Edgewater Dining and Fish Emporium restaurants that are located within the Capri on Via Roma shopping centre in the financial year. These high-volume restaurants will provide additional opportunities for the sale of Bimbadgen wines.

B3. Prospects (Cont'd)

The Group is actively looking to build its fund management capability to secure attractive real estate equity and debt 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.

The completion of the InterContinental Sydney refurbishment will boost trading performance together with a range of new hospitality investments under construction. The Group has successfully diversified earnings to deliver greater resilience and stability in future years. In addition, a range of major developments including The Bond, Norwest Quarter and Harbour One will provide significant earnings contributions in 2023 and beyond. Planning has commenced for future stages of these projects.

As a Group, Mulpha has built a team of highly skilled and specialized professionals in each industry segment and is well positioned to continue to grow the business despite increasing macro-economic challenges in Australia and globally.

B4. Variance from Profit Forecast or Profit Guarantee

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

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**B5. Profit Before Tax**

	4th Quarter Ended		12 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation on other non-current assets	-	(9)	-	1,602
Change in fair value of investment properties	18,634	(53,146)	30,681	(52,368)
Dividend income	(19,611)	(150)	(44,381)	(150)
Exchange reserve transfer to profit or loss upon disposal of an associate	-	-	-	1,119
Fair value gain on assets classified as held for sale	-	(527)	-	(1,062)
Fair value loss/(gain) on financial assets at fair value through profit or loss	353	9	-	(1,501)
Gain on disposal of an associate	-	(148)	-	(421,047)
Impairment loss on financial assets:				
- Investment in a joint venture	-	401	-	3,371
Impairment loss on trade and other receivables	298	1,460	321	2,595
Interest income	(4,458)	(5,008)	(14,885)	(24,574)
Interest expense	25,820	14,425	67,414	64,684
Inventories written down	5,288	322	5,765	478
Net foreign exchange loss/(gain)	2,142	(1,140)	3,953	(324)
Property, plant and equipment:				
- Depreciation	20,062	10,783	63,173	55,215
- Gain on disposal	(28)	(753)	(70)	(346)
- Written off	119	71,161	1,759	71,161
Provision for staff benefits	11,890	19,269	32,231	40,489
Right-of-use assets:				
- Depreciation	1,905	914	4,742	3,544
- Gain on disposal	-	-	-	(26)
(Reversal of provision)/Provision for repairs	(58)	2,460	(1,089)	2,319
Rental income	(5,184)	(5,013)	(17,295)	(18,864)

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B6. Tax expense/(benefit)

	4th Quarter Ended		12 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(benefit)				
Malaysian - current year	1,216	686	5,462	2,467
Malaysian - prior year	-	9	22	44
Overseas - current year	(1,544)	(536)	729	(1,255)
Overseas - prior year	47	331	(13,051)	(101)
	<u>(281)</u>	<u>490</u>	<u>(6,838)</u>	<u>1,155</u>
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	20,118	(21,974)	24,202	(11,896)
Under/(Over) provision in prior year	-	24	(1,405)	(130)
	<u>20,118</u>	<u>(21,950)</u>	<u>22,797</u>	<u>(12,026)</u>
Tax expense/(benefit)	<u>19,837</u>	<u>(21,460)</u>	<u>15,959</u>	<u>(10,871)</u>

The effective tax rate of the Group for the year ended 31 December 2022 is lower than the statutory rate of 24% due to certain income not being subject to tax and the utilisation of carried forward losses to offset against the Group's assessable income.

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 December 2022 are as follows:-

	As at 4th Quarter Ended 2022											
	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												
Revolving Credit/Loan	RM			-	RM			87,449	RM			87,449
Revolving Credit/Loan	AUD	140,000	2.99	418,600	AUD	24,951	2.99	74,603	AUD	164,951	2.99	493,203
Term Loan	RM			25,070	RM			5,500	RM			30,570
Term Loan	AUD	317,736	2.99	950,031	AUD	72,000	2.99	215,280	AUD	389,736	2.99	1,165,311
Term Loan	NZD	-	2.80	-	NZD	34,629	2.80	96,962	NZD	34,629	2.80	96,962
Finance Lease	AUD	2,770	2.99	8,282	AUD	-	2.99	-	AUD	2,770	2.99	8,282
Bonds	AUD	21,139	2.99	63,206	AUD	2,076	2.99	6,208	AUD	23,215	2.99	69,414
				1,465,189				486,002				1,951,191

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B8. Group Loans and Borrowings (Cont'd)

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

	As at 4th 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			1,441	RM			1,441
Revolving Credit/Loan	RM			-	RM			95,000	RM			95,000
Revolving Credit/Loan	AUD	99,700	3.03	302,091	AUD		3.03	-	AUD	99,700	3.03	302,091
Revolving Credit/Loan	USD		4.17	-	USD	5,172	4.17	21,567	USD	5,172	4.17	21,567
Term Loan	RM			26,195	RM			10,455	RM			36,650
Term Loan	AUD	245,293	3.03	743,237	AUD	77,000	3.03	233,310	AUD	322,293	3.03	976,547
Term Loan	NZD		2.85	-	NZD	34,629	2.85	98,693	NZD	34,629	2.85	98,693
Finance Lease	AUD	2,770	3.03	8,393	AUD		3.03	-	AUD	2,770	3.03	8,393
Bonds	AUD	22,856	3.03	69,253	AUD	1,919	3.03	5,814	AUD	24,775	3.03	75,067
				1,149,169				466,280				1,615,449

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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. On 24 June 2022, the panel Court of Appeal dismissed Mula’s appeal with costs. Mula has since applied to the Federal Court for leave to appeal further and this was heard on 15 November 2022. The Federal Court panel of judges has dismissed Mula’s leave application.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial year ended 31 December 2022.

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B11. Earnings Per Share**(i) Basic earnings per share**

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

	12 Months Ended 31.12.2022	12 Months Ended 31.12.2021
Profit for the period, amount attributable to equity holders of the parent (RM'000)	<u>84,879</u>	<u>432,895</u>
Weighted average number of ordinary shares in issue ('000)	311,178	319,466
Effect of share buy back ('000)	<u>-</u>	<u>(3,453)</u>
Weighted average number of ordinary shares ('000)	<u>311,178</u>	<u>316,013</u>
Basic earnings per share (sen)	<u>27.28</u>	<u>136.99</u>

(ii) Diluted earnings per share

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