

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 2023

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.03.2023 RM'000	COMPARATIVE QUARTER ENDED 31.03.2022 RM'000	3 MONTHS CUMULATIVE TO 31.03.2023 RM'000	3 MONTHS CUMULATIVE TO 31.03.2022 RM'000
Revenue		193,411	194,593	193,411	194,593
Operating expenses		(204,361)	(165,513)	(204,361)	(165,513)
Other operating income		13,986	19,300	13,986	19,300
Profit from operations		3,036	48,380	3,036	48,380
Finance costs		(27,625)	(11,404)	(27,625)	(11,404)
Share of loss of associates		(8,607)	(611)	(8,607)	(611)
Share of profit of joint ventures		9,490	1,328	9,490	1,328
(Loss)/Profit before tax	B5	(23,706)	37,693	(23,706)	37,693
Tax benefit/(expense)	B6	4,231	(8,871)	4,231	(8,871)
(Loss)/Profit for the period		(19,475)	28,822	(19,475)	28,822
Attributable to:					
Owners of the Company		(19,576)	28,723	(19,576)	28,723
Non-controlling interests		101	99	101	99
(Loss)/Profit for the period		(19,475)	28,822	(19,475)	28,822
(Loss)/Earnings per share (sen):-					
- Basic/Diluted	B11	(6.29)	9.23	(6.29)	9.23

(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 2022 and the accompanying explanatory notes attached to the interim financial statements)

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PART A1 : QUARTERLY REPORT

I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 31.03.2023 RM'000	COMPARATIVE QUARTER ENDED 31.03.2022 RM'000	3 MONTHS CUMULATIVE TO 31.03.2023 RM'000	3 MONTHS CUMULATIVE TO 31.03.2022 RM'000
(Loss)/Profit for the period	(19,475)	28,822	(19,475)	28,822
Foreign currency translation differences for foreign operations	(13,667)	97,199	(13,667)	97,199
Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")	9,577	10,374	9,577	10,374
Other comprehensive (loss)/income for the period, net of tax	(4,090)	107,573	(4,090)	107,573
Total comprehensive (loss)/income for the period	(23,565)	136,395	(23,565)	136,395
Attributable to:				
Owners of the Company	(23,932)	134,897	(23,932)	134,897
Non-controlling interests	367	1,498	367	1,498
Total comprehensive (loss)/income for the period	(23,565)	136,395	(23,565)	136,395

(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 2022 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 <i>Note</i> 31.03.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,494,782	1,481,514
Right-of-use assets		22,762	24,186
Investment properties		1,467,044	1,470,278
Investment in associates		100,811	104,651
Investment in joint ventures		74,798	66,383
Investment securities		691,435	686,821
Other investments		5,090	5,090
Goodwill		51,386	45,359
Inventories		587,567	585,423
Trade and other receivables		12,983	4,978
Other non-current assets		22,274	22,503
Deferred tax assets		504	617
		4,531,436	4,497,803
Current assets			
Inventories		824,649	769,702
Trade and other receivables		364,413	388,102
Other current assets		40,041	16,735
Current tax assets		14,542	14,211
Cash and cash equivalents		261,050	231,129
		1,504,695	1,419,879
TOTAL ASSETS		6,036,131	5,917,682

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PART A1 : QUARTERLY REPORT

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

	<i>Note</i>	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,983,858	1,983,858
Reserves		175,989	180,345
Retained earnings		1,343,708	1,363,284
		<u>3,503,555</u>	<u>3,527,487</u>
Non-controlling interests		25,787	25,940
Total equity		<u>3,529,342</u>	<u>3,553,427</u>
Non-current liabilities			
Trade and other payables		33,874	14,950
Contract liabilities		-	12,791
Provision for liabilities		5,559	5,671
Deferred tax liabilities		94,348	78,262
Loans and borrowings	<i>B8</i>	554,164	1,445,499
Lease liabilities		53,328	55,518
		<u>741,273</u>	<u>1,612,691</u>
Current liabilities			
Trade and other payables		171,781	158,610
Contract liabilities		45,685	38,606
Provision for liabilities		36,634	42,579
Loans and borrowings	<i>B8</i>	1,503,980	505,692
Lease liabilities		5,767	5,339
Current tax liabilities		1,669	738
		<u>1,765,516</u>	<u>751,564</u>
Total liabilities		<u>2,506,789</u>	<u>2,364,255</u>
TOTAL EQUITY AND LIABILITIES		<u>6,036,131</u>	<u>5,917,682</u>
Net assets per share (RM)		<u>11.26</u>	<u>11.34</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 2022 and the accompanying explanatory notes attached to the interim financial statements)

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PART A1 : QUARTERLY REPORT

III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	< ----- Attributable to owners of the Company ----- >							
	< ----- Non-distributable ----- >			<i>Distributable</i>			Non-	
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Retained Earnings	Total	Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	1,983,858	(14,877)	89,444	105,778	1,363,284	3,527,487	25,940	3,553,427
Foreign currency translation differences for foreign operations	-	(13,496)	-	-	-	(13,496)	(171)	(13,667)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	9,140	-	9,140	437	9,577
Total other comprehensive income for the period	-	(13,496)	-	9,140	-	(4,356)	266	(4,090)
Profit for the period	-	-	-	-	(19,576)	(19,576)	101	(19,475)
Total comprehensive income for the period	-	(13,496)	-	9,140	(19,576)	(23,932)	367	(23,565)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(520)	(520)
Total transactions with owners	-	-	-	-	-	-	(520)	(520)
At 31 March 2023	1,983,858	(28,373)	89,444	114,918	1,343,708	3,503,555	25,787	3,529,342

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

	< ----- Attributable to owners of the Company ----- >								
	< ----- Non-distributable ----- >			Distributable				Non-	Total
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total	Controlling Interests	Equity
	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	-	96,203	-	-	-	-	96,203	996	97,199
Net change in fair value of equity instruments designated at FVOCI	-	-	-	9,971	-	-	9,971	403	10,374
Total other comprehensive income for the period	-	96,203	-	9,971	-	-	106,174	1,399	107,573
Profit for the period	-	-	-	-	-	28,723	28,723	99	28,822
Total comprehensive income for the period	-	96,203	-	9,971	-	28,723	134,897	1,498	136,395
Capital returned to non-controlling interests	-	-	-	-	-	-	-	(1,651)	(1,651)
Share of other reserve of associates	-	-	-	(183)	-	-	(183)	-	(183)
At 31 March 2022	2,036,698	124,664	68,545	94,160	(17,586)	1,271,874	3,578,355	26,145	3,604,500

(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 2022 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-->	
		31.03.2023	31.03.2022
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(23,706)	37,693
Adjustments for non-cash items:			
Change in fair value of investment properties		317	255
Interest income		(4,866)	(3,101)
Interest expense		27,625	11,404
Inventories written down		179	158
Net unrealised foreign exchange loss/(gain)		113	(15)
Property, plant and equipment:			
- Depreciation		17,796	13,789
- Loss on disposal		-	14
Provision for staff benefits		9,427	11,216
Reversal of provision for repairs		-	(1,075)
Depreciation on right-of-use assets		1,271	965
(Reversal of impairment)/impairment loss on trade and other receivables		(14)	31
Share of loss of associates		8,607	611
Share of profit of joint ventures		(9,490)	(1,328)
Operating profit before changes in working capital		<u>27,259</u>	<u>70,617</u>
Changes in working capital			
Contract liabilities		(5,422)	23,333
Inventories		(62,576)	(21,906)
Other current assets		(23,562)	(23,400)
Other non-current assets		79	(415)
Other non-current liabilities		19,152	-
Payables		13,843	(10,944)
Receivables		14,775	(80,093)
Net change in working capital		<u>(43,711)</u>	<u>(113,425)</u>
Cash used in operations		(16,452)	(42,808)
Interest paid		(27,378)	(11,173)
Interest received		4,393	45
Income tax refunded/(paid)		21,917	(604)
Staff benefits paid		(16,427)	(21,280)
Net cash used in operating activities		<u>(33,947)</u>	<u>(75,820)</u>

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PART A1 : QUARTERLY REPORT

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

	Note	<---3 MONTHS ENDED-->	
		31.03.2023	31.03.2022
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(39,000)	(53,125)
Acquisition of business, net of cash and cash equivalents acquired		(7,159)	(16,524)
Capital expenditure of investment properties		(7,813)	(1,925)
Dividend received from associates and joint ventures		571	700
Net cash used in investing activities		(53,401)	(70,874)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital returned to non-controlling interests		-	(1,651)
Dividend paid to non-controlling interests of subsidiaries		(520)	-
Payment of lease liabilities		(1,233)	(850)
Net placement of pledged deposits		(9,062)	(691)
Net drawdown of borrowings		120,421	101,884
Net cash from financing activities		109,606	98,692
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22,258	(48,002)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		164,351	340,298
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,399)	6,207
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	Note A	185,210	298,503

Note A

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

- Cash and deposits with licensed banks	261,050	328,395
- Bank overdrafts	-	(12)
- Pledge bank balances and deposits	(53,790)	(29,880)
- Fixed deposits with maturity profile more than three months	(22,050)	-
	185,210	298,503

(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 2022 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 2022.

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 2022 except for the adoption of the following:

- 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

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 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

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

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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2023

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 2022 was not subject to any qualification.

A3. Seasonal or Cyclicity 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

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

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2023

A8. Segment Information

Segment analysis for the financial period ended 31 March 2023 and 2022 are set out below:

	Revenue		(Loss)/Profit Before Tax	
	3 months ended 31.03.2023	3 months ended 31.03.2022	3 months ended 31.03.2023	3 months ended 31.03.2022
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Property	30,959	77,268	3,515	46,021
Hospitality	144,171	98,595	5,880	4,671
Investment and others	18,281	18,730	(6,359)	(2,312)
	193,411	194,593	3,036	48,380
Finance costs	-	-	(27,625)	(11,404)
Share of results of associates and joint ventures	-	-	883	717
	193,411	194,593	(23,706)	37,693
	Total Assets		Total Liabilities	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	2,793,535	2,723,955	1,184,888	1,090,253
Hospitality	1,746,146	1,781,511	426,941	497,754
Investment and others	3,136,146	3,028,136	2,534,656	2,392,184
	7,675,827	7,533,602	4,146,485	3,980,191
Adjustment and eliminations	(1,639,696)	(1,615,920)	(1,639,696)	(1,615,936)
	6,036,131	5,917,682	2,506,789	2,364,255

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 [^]	
	31.03.2023	31.03.2022	31.03.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Australia	181,614	180,683	3,053,769	3,035,950
Malaysia	6,775	8,068	336,019	334,525
New Zealand	5,022	5,842	233,753	236,285
	193,411	194,593	3,623,541	3,606,760

[^] 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	
	31.03.2023	31.03.2022
	RM'000	RM'000
A. Joint Ventures		
Dividend income	571	700
Interest income	17	-
Share service income	129	-
	<hr/>	<hr/>
B. Other related parties		
Companies related to directors		
- Administration fee	201	194
- Interest income	-	794
- Rental expenses	162	172
Companies related to a person connected to a director		
- Rental income	34	58
	<hr/>	<hr/>

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 2023 are as below:

	RM'000
(a) Approved and contracted for	24,581
(b) Approved but not contracted for	86
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A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 March 2023 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 quarter.

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 2022.

PART B

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

B1. Review of performance

Current Year Quarter vs. Previous Year Corresponding Quarter

	CUMULATIVE PERIOD		CHANGES	
	3 MONTHS ENDED	3 MONTHS ENDED		
	31.03.2023	31.03.2022	RM'000	RM'000
Revenue	193,411	194,593	(1,182)	(1)
Profit from operations	3,036	48,380	(45,344)	(94)
Profit before interest and tax	3,919	49,097	(45,178)	(92)
(Loss)/Profit before tax	(23,706)	37,693	(61,399)	>(100)
(Loss)/Profit after tax	(19,475)	28,822	(48,297)	>(100)
(Loss)/Profit attributable to owners of the Company	(19,576)	28,723	(48,299)	>(100)

The Group's revenue of RM193.41 million in the current quarter ended 31 March 2023 decreased by 1% compared to RM194.59 million in the previous year's corresponding quarter. The decrease was due to the underperformance of the property and investment and others division offset by stronger performances from the hospitality division.

The property division recorded lower revenue of RM46.31 million due to lower settlements in Mulpha Norwest and Sanctuary Cove developments in Australia with the dampened Australian property market arising from the multiple interest rate hikes. The hospitality division revenue increased by RM45.58 million mainly due to the reopening of InterContinental Sydney in October 2022 after the completion of its major refurbishment. The hotel enjoyed a strong start to the year supported by several events and high-profile concerts held in Sydney during the period. The investment and others division's revenue decreased by RM0.45 million due to the lower volume of debt financing deals offset by the increase in car wash businesses in the current period.

The Group's pre-tax profit decreased by RM61.40 million as compared to a pre-tax profit of RM37.69 million in the previous year's corresponding quarter mainly due to underperformance in the property division as explained above and higher finance costs on the Australian debt facilities due to the multiple interest rates raised by the Reserve Bank of Australia since May 2022.

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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2023**B2. Comparisons With Preceding Quarter's Results**

	CURRENT QUARTER ENDED 31.03.2023	PRECEDING QUARTER ENDED 31.12.2022	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	193,411	312,140	(118,729)	(38)
Profit from operations	3,036	44,332	(41,296)	(93)
Profit before interest and tax	3,919	46,255	(42,336)	(92)
(Loss)/Profit before tax	(23,706)	20,435	(44,141)	>(100)
(Loss)/Profit after tax	(19,475)	598	(20,073)	>(100)
(Loss)/Profit attributable to owners of the Company	(19,576)	(43)	(19,533)	>100

The Group's revenue of RM193.41 million in the current quarter ended 31 December decreased by 38% as compared to revenue of RM312.14 million in the preceding quarter. The decrease was mainly arising from the property and hospitality divisions and partly offset by the increase in the investment and others division.

The lower property division revenue of RM87.24 million was mainly due to lower settlements in Mulpha Norwest and Sanctuary Cove developments in Australia. The hospitality division recorded overall lower revenue by RM33.40 million as compared to the preceding quarter as the domestic demand for leisure travel has tightened and a slower return of international leisure travel has negatively impacted the performance of InterContinental Hayman. However, the higher international visitation primarily to the capital city, Sydney, Australia has reflected in the outperformance of InterContinental Sydney against the preceding quarter. The investment and others division's revenue increased by RM1.90 million as compared to the preceding quarter mainly due to higher trading results from the name badges and corporate merchandises businesses.

The Group's pre-tax profit decreased by RM44.14 million as compared to a pre-tax profit of RM20.43 million in the preceding quarter in line with the revenue performance in various divisions as mentioned above.

B3. Prospects

The first quarter saw trading at the Group's Resort Hotel soften from the strong results seen throughout 2022. The Resorts, predominately InterContinental Hayman Island and Sanctuary Cove, are finding that with outbound travel fully opened, that domestic demand for leisure travel has decreased from the levels experienced in 2022. This has been coupled with a slower than expected return of international leisure travel, particularly outside the major capitals. Intercontinental Sydney provides a different picture to the Resorts with the Sydney market performing strongly on the back of the return of the corporate market to the central business district for both business travel and conferencing. Inbound international travel is also being impacted by limited flight capacity and higher airfares. Market expectations are that these restrictions will ease moving into 2024 with greater flight numbers and a gradual lowering of flight costs.

The Group's investment properties have continued to maintain solid occupancies in 2023 with Transport House, a commercial office located in Sydney central business district now fully leased. The Group is cognisant of the high inflation and interest rate environment and how that affects the underlying performance of tenants. Arrears and tenant mix will be specific areas of focus for the shopping centre assets. This environment will also put upward pressure on the capitalisation rates which could lead to a softening in valuations. The 2022 acquisition of Capri on Via Roma shopping centre in Gold Coast, Queensland, Australia continues to perform strongly with a focus on Mulpha Hospitality tenants opening their second restaurant, Isla Cantina, at the property in Q2.

B3. Prospects (Cont'd)

Sydney real estate market conditions softened as interest rate rises and increased cost of living pressures continue into 2023. This is being partially offset in the market by the lack of overall supply which have largely maintained pricing levels. 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. Demand and sales at the Norwest Quarter project, which comprises 196 apartment units, remain strong with construction on this project well underway. Land sales to domestic buyers at Sanctuary Cove have materially slowed after significant sales price growth during 2021 and early 2022. It however starting to see the emergence of foreign buyers albeit in low numbers. Sales at Harbour One the first waterfront apartment building in Sanctuary Cove, are strong and price growth is now at levels on par with Gold Coast beachfront.

Construction of The Bond, a six-story commercial office and medical building adjacent to the Norwest private hospital, is now completed with settlements occurring in the coming months. Construction of Swing City, a golf entertainment facility at Norwest, and Palmers Lane Retreat, 60 boutique cabins in the Hunter Valley are scheduled for completion in Q3 2023 after significant delays from wet weather and changes in builders.

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 Hospitality and Leisure assets are expected to face headwinds due to high inflation and high interest rates putting pressure on the consumer spending. A strong focus on cost and margin is in place to minimise this shortfall. In 2023 so far, the Group opened Isla Cantina, a Mexican restaurant at the Gold Coast and Bar Messenger, a wine bar in Transport House. Also opening in 2023 are Pont Brasserie, a restaurant in the InterContinental Sydney, and the newly constructed Swing City and Palmers Lane Retreat mentioned previously. Bimbadgen Wine Estate performance is expected to remain resilient on a strong wedding event pipeline, the additional accommodation revenue from the cabins and return of more consistent concerts.

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.

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.

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B4. Variance from Profit Forecast or Profit Guarantee

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

B5. Profit Before Tax

	3 Months Ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):		
Change in fair value of investment properties	317	255
Impairment loss on trade and other receivables	(14)	31
Interest income	(4,866)	(3,101)
Interest expense	27,625	11,404
Inventories written down	179	158
Net foreign exchange loss/(gain)	431	(4,238)
Property, plant and equipment:		
- Depreciation	17,796	13,789
- Gain on disposal	-	14
Depreciation on right-of-use assets	1,271	965
Provision for staff benefits	9,427	11,216
Reversal of provision for repairs	-	(1,075)
Rental income and reimbursable expenses	(5,457)	(4,807)

B6. Tax (benefit)/expense

	3 Months Ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Current tax (benefit)/expense		
Malaysian - current year	1,557	554
Overseas - current year	969	1,790
Overseas - prior year	(23,920)	1,435
	<u>(21,394)</u>	<u>3,779</u>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	(6,757)	6,517
Over/(Under) provision in prior year	23,920	(1,425)
	<u>17,163</u>	<u>5,092</u>
Tax (benefit)/expense	<u>(4,231)</u>	<u>8,871</u>

The credit to this quarter's current tax benefit predominately relates to the tax refunds from overseas tax authorities, which offset the Group's carried forward losses that the deferred tax asset relates. As such, there is a correspondence movement in deferred tax (net of the tax benefit in the current quarter).

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 2023 are as follows:-

	As at 1st Quarter Ended 2023											
	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			87,447	RM			87,447
Revolving Credit/Loan	AUD	101,000	2.97	299,970	AUD	99,880	2.97	296,644	AUD	200,880	2.97	596,614
Term Loan	RM			23,695	RM			5,500	RM			29,195
Term Loan	AUD	55,736	2.97	165,536	AUD	339,215	2.97	1,007,469	AUD	394,951	2.97	1,173,005
Term Loan	NZD	-	2.77	-	NZD	34,629	2.77	95,922	NZD	34,629	2.77	95,922
Finance Lease	AUD	2,770	2.97	8,227	AUD	-	2.97	-	AUD	2,770	2.97	8,227
Bonds	AUD	19,103	2.97	56,736	AUD	3,703	2.97	10,998	AUD	22,806	2.97	67,734
				554,164				1,503,980				2,058,144
							(Note 1)					

Note 1: For those loans and borrowings maturing within the next 12 months, the Group does not foresee any issues in renewing the credit facilities upon maturity.

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B8. Group Loans and Borrowings (Cont'd)

The details of the loans and borrowings as at 31 March 2022 are as follows:-

	As at 1st 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												
Overdraft	RM			-	RM			12	RM			12
Revolving Credit/Loan	RM			-	RM			80,347	RM			80,347
Revolving Credit/Loan	AUD	104,700	3.15	329,805	AUD	30,059	3.15	94,686	AUD	134,759	3.15	424,491
Term Loan	RM			25,250	RM			5,500	RM			30,750
Term Loan	AUD	258,138	3.15	813,136	AUD	77,000	3.15	242,551	AUD	335,138	3.15	1,055,687
Term Loan	NZD		2.93	-	NZD	34,629	2.93	101,463	NZD	34,629	2.93	101,463
Finance Lease	AUD	2,770	3.15	8,726	AUD		3.15	-	AUD	2,770	3.15	8,726
Bonds	AUD	22,439	3.15	70,683	AUD	1,957	3.15	6,165	AUD	24,396	3.15	76,848
				1,247,600				530,724				1,778,324

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 period ended 31 March 2023.

B11. (Loss)/Earnings Per Share

(i) Basic (loss)/earnings per share

The basic (loss)/earnings per share of the Group have been computed by dividing the (loss)/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 31.03.2023	3 Months Ended 31.03.2022
(Loss)/Profit for the period, amount attributable to equity holders of the parent (RM'000)	<u>(19,576)</u>	<u>28,723</u>
Weighted average number of ordinary shares ('000)	<u>311,178</u>	<u>311,178</u>
Basic (loss)/earnings per share (sen)	<u>(6.29)</u>	<u>9.23</u>

(ii) Diluted (loss)/earnings per share

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