

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the third financial quarter ended 30 September 2023

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.09.2023	COMPARATIVE QUARTER ENDED 30.09.2022	9 MONTHS CUMULATIVE TO 30.09.2023	9 MONTHS CUMULATIVE TO 30.09.2022
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue		417,416	213,014	818,493	658,778
Operating expenses		(399,539)	(209,793)	(829,652)	(608,856)
Other operating income		116,572	11,338	151,509	62,773
Profit from operations		134,449	14,559	140,350	112,695
Finance costs		(33,020)	(17,808)	(92,392)	(41,594)
Share of (loss)/profit of associates		(2,708)	6,459	(10,605)	7,973
Share of profit of joint ventures		1,326	354	11,422	2,954
Profit before tax	<i>B5</i>	100,047	3,564	48,775	82,028
Tax (expense)/benefit	<i>B6</i>	(1,654)	16,971	11,182	3,878
Profit for the period		98,393	20,535	59,957	85,906
Attributable to:					
Owners of the Company		95,635	20,429	56,986	84,922
Non-controlling interests		2,758	106	2,971	984
Profit for the period		98,393	20,535	59,957	85,906
Earnings per share (sen):-					
- Basic/Diluted	<i>B11</i>	30.73	6.56	18.31	27.29

(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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I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.09.2023 RM'000	COMPARATIVE QUARTER ENDED 30.09.2022 RM'000	9 MONTHS CUMULATIVE TO 30.09.2023 RM'000	9 MONTHS CUMULATIVE TO 30.09.2022 RM'000
Profit for the period	98,393	20,535	59,957	85,906
Foreign currency translation differences for foreign operations	(75,647)	(6,898)	33,207	(26,225)
Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")	(99,021)	7,965	(75,002)	7,867
Revaluation of property, plant and equipment upon transfer of properties to investment properties	-	36,980	-	36,980
Other comprehensive (loss)/income for the period, net of tax	(174,668)	38,047	(41,795)	18,622
Total comprehensive (loss)/income for the period	(76,275)	58,582	18,162	104,528
Attributable to:				
Owners of the Company	(74,495)	58,160	17,744	103,308
Non-controlling interests	(1,780)	422	418	1,220
Total comprehensive (loss)/income for the period	(76,275)	58,582	18,162	104,528

(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	AUDITED AS AT
	<i>Note</i>	30.09.2023	31.12.2022
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,565,831	1,481,514
Right-of-use assets		20,562	24,186
Investment properties		1,490,713	1,470,278
Investment in associates		101,029	104,651
Investment in joint ventures		79,105	66,383
Investment securities		636,079	686,821
Other investments		5,090	5,090
Goodwill		54,249	45,359
Inventories		606,581	585,423
Trade and other receivables		9,408	4,978
Other non-current assets		22,235	22,503
Deferred tax assets		-	617
		4,590,882	4,497,803
Current assets			
Inventories		882,149	769,702
Trade and other receivables		356,871	388,102
Other current assets		24,251	16,735
Current tax assets		1,528	14,211
Cash and deposits		250,517	231,129
		1,515,316	1,419,879
TOTAL ASSETS		6,106,198	5,917,682

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

	UNAUDITED	AUDITED
	AS AT	AS AT
<i>Note</i>	30.09.2023	31.12.2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1,983,858	1,983,858
Reserves	141,103	180,345
Retained earnings	1,420,270	1,363,284
Equity attributable to owners of the Company	3,545,231	3,527,487
Non-controlling interests	23,214	25,940
Total equity	3,568,445	3,553,427
Non-current liabilities		
Trade and other payables	26,202	14,950
Contract liabilities	-	12,791
Provision for liabilities	6,229	5,671
Deferred tax liabilities	86,859	78,262
Loans and borrowings	254,057	1,445,499
Lease liabilities	50,856	55,518
	424,203	1,612,691
Current liabilities		
Trade and other payables	246,925	158,610
Contract liabilities	55,573	38,606
Provision for liabilities	34,252	42,579
Loans and borrowings	1,769,953	505,692
Lease liabilities	6,217	5,339
Current tax liabilities	630	738
	2,113,550	751,564
Total liabilities	2,537,753	2,364,255
TOTAL EQUITY AND LIABILITIES	6,106,198	5,917,682
Net assets per share (RM)	11.39	11.34

(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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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	< ----- Attributable to owners of the Company ----- >							
	< ----- Non-distributable ----- >				<i>Distributable</i>		Non-	Total
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Retained Earnings	Total	Controlling Interests	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	-	32,957	-	-	-	32,957	250	33,207
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(72,199)	-	(72,199)	(2,803)	(75,002)
Total other comprehensive income for the period	-	32,957	-	(72,199)	-	(39,242)	(2,553)	(41,795)
Profit for the period	-	-	-	-	56,986	56,986	2,971	59,957
Total comprehensive income/(loss) for the period	-	32,957	-	(72,199)	56,986	17,744	418	18,162
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3,144)	(3,144)
Total transactions with owners	-	-	-	-	-	-	(3,144)	(3,144)
At 30 September 2023	1,983,858	18,080	89,444	33,579	1,420,270	3,545,231	23,214	3,568,445

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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	-	(26,153)	-	-	-	-	(26,153)	(72)	(26,225)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	7,559	-	-	7,559	308	7,867
Revaluation of property, plant and equipment upon transfer of properties to investment properties	-	-	36,980	-	-	-	36,980	-	36,980
Total other comprehensive (loss)/income for the period	-	(26,153)	36,980	7,559	-	-	18,386	236	18,622
Profit for the period	-	-	-	-	-	84,922	84,922	984	85,906
Total comprehensive (loss)/income for the period	-	(26,153)	36,980	7,559	-	84,922	103,308	1,220	104,528
Capital returned to non-controlling interests	-	-	-	-	-	-	-	(1,686)	(1,686)
Cancellation of treasury shares	(52,840)	-	-	-	17,586	35,254	-	-	-
Total transactions with owners	(52,840)	-	-	-	17,586	35,254	-	(1,686)	(1,686)
Share of other reserve of an associate	-	-	-	(422)	-	-	(422)	-	(422)
At 30 September 2022	1,983,858	2,308	105,525	91,509	-	1,363,327	3,546,527	25,832	3,572,359

(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

	<---9 MONTHS ENDED-->	
	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	48,775	82,028
Adjustments for non-cash items:		
Bad debts written off	275	-
Change in fair value of investment properties	2,492	12,047
Dividend income	(97,217)	(24,770)
Fair value gain on financial assets at fair value through profit or loss	-	(353)
Impairment loss on goodwill	1,032	-
Impairment loss on trade and other receivables	-	23
Interest income	(16,009)	(10,427)
Interest expense	92,392	41,594
Inventories written down	500	477
Net unrealised foreign exchange (gain)/loss	(41)	298
Property, plant and equipment:		
- Depreciation	57,960	43,111
- Loss/(Gain) on disposal	156	(42)
- Written off	51	1,640
Provision for staff benefits	31,820	20,341
Reversal of provision for repairs	(940)	(1,031)
Depreciation on right-of-use assets	3,854	2,837
Share of loss/(profit) of associates	10,605	(7,973)
Share of profit of joint ventures	(11,422)	(2,954)
Operating profit before changes in working capital	<u>124,283</u>	<u>156,846</u>
Changes in working capital		
Contract liabilities	3,730	12,436
Inventories	(122,113)	(86,187)
Other current assets	(7,330)	(5,316)
Other non-current assets	492	(11,947)
Other non-current liabilities	11,065	-
Payables	86,636	(25,488)
Receivables	41,730	(18,202)
Net change in working capital	<u>14,210</u>	<u>(134,704)</u>
Cash generated from operations	138,493	22,142
Interest paid	(96,401)	(41,252)
Interest received	7,487	1,101
Income tax refunded	32,650	13,711
Staff benefits paid	(40,341)	(27,276)
Net cash from/(used in) operating activities	<u>41,888</u>	<u>(31,574)</u>

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

	<---9 MONTHS ENDED-->	
	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties	-	(212,111)
Additional investment in joint ventures	(7,275)	(5,166)
Acquisition of property, plant and equipment	(127,649)	(224,305)
Acquisition of business, net of cash and cash equivalents acquired	(8,321)	(33,022)
Acquisition of investment securities	(17,871)	(16,976)
Capital expenditure of investment properties	(10,685)	(3,463)
Dividend received from joint ventures	2,295	4,300
Dividend received from investment securities	97,217	24,770
Proceeds from disposal of property, plant and equipment	157	63
Withdrawal of fixed deposits with maturity profile more than three months	22,050	-
Net cash used in investing activities	<u>(50,082)</u>	<u>(465,910)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital returned to non-controlling interests	-	(1,684)
Dividend paid to non-controlling interests of subsidiaries	(3,144)	(667)
Payment of lease liabilities	(4,057)	(2,947)
Net placement of pledged deposits	(3,009)	(2,336)
Net drawdown of borrowings	55,243	348,394
Net cash from financing activities	<u>45,033</u>	<u>340,760</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	36,839	(156,724)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	164,351	340,298
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,590	(1,610)
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	Note A <u>202,780</u>	<u>181,964</u>
Note A		
Included in cash and cash equivalents as at 30 Sep are the following:		
- Cash and deposits with licensed banks	250,517	213,489
- Less: Pledged bank balances and deposits	(47,737)	(31,525)
	<u>202,780</u>	<u>181,964</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 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
- Amendments to MFRS 112, Income Taxes – International Tax Reform - Pillar Two Model Rules

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
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of exchangeability

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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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 and leisure 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.

A8. Segment Information

Segment analysis for the financial period ended 30 September 2023 and 2022 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	9 months ended 30.09.2023	9 months ended 30.09.2022	9 months ended 30.09.2023	9 months ended 30.09.2022
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Hospitality and leisure	475,644	406,239	30,741	45,669
Property development	223,733	148,787	33,075	50,606
Property investment and finance	80,005	71,111	42,403	43,585
Investment and others	39,111	32,641	34,131	(27,165)
	818,493	658,778	140,350	112,695
Finance costs	-	-	(92,392)	(41,594)
Share of results of associates and joint ventures	-	-	817	10,927
	818,493	658,778	48,775	82,028

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A8. Segment Information (Cont'd)

Segment analysis for the financial period ended 30 September 2023 and 2022 are set out below: (Cont'd)

	Total Assets		Total Liabilities	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Business Segment				
Hospitality and leisure	1,875,917	1,851,257	501,300	453,524
Property development	1,463,626	1,299,331	812,621	692,370
Property investment and finance	1,646,523	1,610,833	552,521	529,988
Investment and others	2,883,640	2,772,181	2,434,819	2,304,309
	<u>7,869,706</u>	<u>7,533,602</u>	<u>4,301,261</u>	<u>3,980,191</u>
Adjustments and eliminations	<u>(1,763,508)</u>	<u>(1,615,920)</u>	<u>(1,763,508)</u>	<u>(1,615,936)</u>
	<u>6,106,198</u>	<u>5,917,682</u>	<u>2,537,753</u>	<u>2,364,255</u>

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 [^]	
	30.09.2023	30.09.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Australia	792,295	616,595	3,164,460	3,035,950
Malaysia	12,816	27,323	339,437	334,525
New Zealand	13,382	14,860	234,039	236,285
	<u>818,493</u>	<u>658,778</u>	<u>3,737,936</u>	<u>3,606,760</u>

[^] 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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A9. Related Party Disclosures

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

	3rd Quarter Ended		9 Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
A. Joint Ventures				
Dividend income	575	2,187	2,295	4,300
Interest income	12	-	40	-
Share service income	71	-	214	-
B. Other related parties				
Companies related to directors				
- Administration fee	116	196	538	601
- Interest income	-	811	-	2,408
- Rental expenses	178	171	515	515
Companies related to a person connected to a director				
- Rental income	55	58	178	176

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 30 September 2023 are as below:

	RM'000
(a) Approved and contracted for	16,193
(b) Approved but not contracted for	87

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 September 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.

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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**PART B****Explanatory Notes Pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad****B1. Review of performance**

	INDIVIDUAL PERIOD		CHANGES		CUMULATIVE PERIOD		CHANGES	
	QUARTER ENDED 30.09.2023	QUARTER ENDED 30.09.2022			9 MONTHS ENDED 30.09.2023	9 MONTHS ENDED 30.09.2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	417,416	213,014	204,402	96	818,493	658,778	159,715	24
Profit from operations	134,449	14,559	119,890	>100	140,350	112,695	27,655	25
Profit before interest and tax	133,067	21,372	111,695	>100	141,167	123,622	17,545	14
Profit before tax	100,047	3,564	96,483	>100	48,775	82,028	(33,254)	(41)
Profit after tax	98,393	20,535	77,858	>100	59,957	85,906	(25,949)	(30)
Profit attributable to owners of the Company	95,635	20,429	75,206	>100	56,986	84,922	(27,936)	(33)

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

The Group's revenue of RM417.42 million in the current quarter ended 30 September 2023 increased by 96% compared to RM213.01 million in the previous year's corresponding quarter. The increase was due to the stronger performances of the property development, hospitality and leisure and investment and others divisions offset by the underperformance of the property investment and finance division.

The property development division recorded higher revenue of RM182.21 million attributed to the settlement of The Bond project in Australia, a seven-storey commercial office and medical building adjacent to the Norwest private hospital. The hospitality and leisure division revenue also increased by RM20.09 million driven by strong trading results from InterContinental Sydney supported by numerous events in Sydney and in general, the return of the corporate market to the Sydney Central Business District for both business travel and corporate conferencing during the quarter. The investment and others division's revenue increased by RM2.26 million due to higher trading results from the corporate merchandises and car wash businesses in the current quarter. The property investment and finance division's revenue marginally decreased by RM0.15 million due to the fewer debt financing deals offset by higher leasing income from the Norwest Marketown shopping centre in New South Wales and Capri on Via Roma shopping centre in Surfers Paradise.

The Group's pre-tax profit of RM100.05 million in the current quarter significantly increased by RM96.48 million as compared to a pre-tax profit of RM3.56 million in the previous year's corresponding quarter mainly due to the improved performance of the divisions as explained above and dividend income received of RM97.22 million from the Group's investment securities in Hydra RL TopCo Pty Limited offset by higher finance costs on the Group's debt facilities due to the multiple interest rate hikes.

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

The Group's revenue of RM818.49 million for the 9 months period ended 30 September 2023 increased by 24% as compared to revenue of RM658.78 million in the previous year's corresponding period. The improved performance was result of generally stronger performances from all operating divisions.

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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**B1. Review of performance (Cont'd)****(b) Current Year-to-date vs. Previous Year-to-date (Cont'd)**

The property development division revenue increased by RM74.95 million for the 9 months period ended 30 September 2023 as compared to the previous year's corresponding period due to the settlement of The Bond project mentioned above offset by lower settlements in the Mulpha Norwest and Sanctuary Cove developments in Australia, caused partly by construction delays and an overall cautious market sentiment because of multiple interest rate rises. The hospitality and leisure division reported higher revenue of RM69.40 million for the 9 months period ended 30 September 2023 as compared to the previous year's corresponding period mainly due to the strong performance by InterContinental Sydney since its reopening in October 2022 following a major refurbishment. The property investment and finance division's revenue increased by RM 8.89 million as compared to the previous year's corresponding period mainly attributed to higher leasing income from the Capri on Via Roma shopping centre that was acquired in June 2022 offset by fewer debt financing deals. The investment and others division's revenue increased by RM6.47 million as compared to the previous year's corresponding period due to higher contributions from the corporate merchandises and car wash businesses.

The Group's pre-tax profit of RM48.78 million for the 9 months period ended 30 September 2023 decreased by RM33.25 million as compared to pre-tax profit of RM82.03 million in the previous year's corresponding period mainly attributed to higher finance costs on the Group's debt facilities mainly from the multiple interest rate hikes offset by dividend income received as mentioned in B1(a).

B2. Comparisons With Preceding Quarter's Results

	CURRENT	PRECEDING	CHANGES	
	QUARTER	QUARTER		
	ENDED	ENDED		
	30.09.2023	30.06.2023		
	RM'000	RM'000	RM'000	%
Revenue	417,416	207,666	209,750	>100
Profit from operations	134,449	2,865	131,584	>100
Profit before interest and tax	133,067	4,181	128,886	>100
Profit/(Loss) before tax	100,047	(27,566)	127,613	>(100)
Profit/(Loss) after tax	98,393	(18,961)	117,354	>(100)
Profit/(Loss) attributable to owners of the Company	95,635	(19,073)	114,708	>(100)

The Group's revenue of RM417.42 million in the current quarter ended 30 September 2023 increased by more than 100% as compared to revenue of RM207.67 million in the preceding quarter. The increase was mainly arising from the property development, hospitality and leisure and investment and others divisions offset by the decrease in the property investment and finance division.

The higher property development division revenue of RM196.34 million was mainly arising from The Bond project as elaborated in B1(a). The hospitality and leisure division recorded higher revenue by RM15.18 million as compared to the preceding quarter mainly due to higher occupancies in InterContinental Sydney and InterContinental Hayman Island. The investment and others division's revenue increased by RM1.52 million as compared to the preceding quarter mainly due to higher trading results from the corporate merchandises and car wash businesses. The property investment and finance division revenue decreased by RM3.23 million as compared to the preceding quarter mainly due to fewer debt financing deals as compared to the preceding quarter.

The Group's pre-tax profit of RM100.05 million increased by RM127.62 million as compared to pre-tax loss of RM27.57 million in the preceding quarter mainly due to the improved performance of the divisions as explained above and dividend income received as mentioned in B1(a).

B3. Prospects

The third quarter saw varied trading at the Group's hotel portfolio with InterContinental Sydney performing strongly on the back of the return of the corporate market to the central business district for both business travel and conferencing, alongside events such as Vivid in June and the FIFA Women's World Cup in July/August. The InterContinental Hayman Island experienced soft trading conditions with increased outbound travel and a softening of domestic demand for luxury travel. However, it is pleasing to note that occupancy levels are expected to improve in the final quarter.

The Group's investment properties have continued to maintain solid occupancies in 2023. The Group is cognisant of the high inflationary environment, increased cost of living pressures and increased interest rates and the negative impact on consumer spending. Accordingly, arrears and tenant mix remain specific areas of focus for the shopping centre assets. While transactions in the commercial real estate market remain thin, it is expected that this environment will also put upward pressure on the capitalisation rates in the context of year-end valuations.

The property market in the third quarter positively impacted Mulpha sales with ongoing apartment supply constraints and solid demand for high quality development projects. Mulpha has achieved consistent price increases across all projects, with sales success anchored in the flight to quality by owner-occupiers. Norwest Quarter sales have progressed well during the year with the project exceeding pre-sales targets for our debt facility drawdowns. As a result of the market conditions, small and mid-size developers are not committing to projects due to construction cost and financing constraints. These cost pressures are also applying to Mulpha projects with significant focus being applied to efficient design and improved procurement of key materials. The Group anticipates that supply will continue to be constrained in each of the key markets which will support pricing despite a likely deterioration in economic conditions in 2024.

The Bond project, a seven-storey commercial office and medical building adjacent to the Norwest private hospital, is now complete with settlements achieved in the third quarter.

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 products, particularly in higher-end villas. Accordingly, Leisure Farm sales have gradually improved in 2023.

The Group's hospitality and leisure assets will continue to be tested in the higher inflationary and interest rates environment where there is greater pressure on consumer spending. A strong focus on effective cost management is in place to minimise this shortfall. Palmers Lane Retreat, the 60-boutique cabin resort in the Hunter Valley is now completed and opened in October. Bimbadgen Wine Estate's performance is expected to grow steadily with a strong wedding event pipeline, the additional accommodation revenue from the cabins and the return of more consistent concerts. In addition, Swing City, a golf entertainment facility at Norwest opened in mid-November and is expected to contribute positively to the Group's hospitality performance.

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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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**B4. Variance from Profit Forecast or Profit Guarantee**

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

B5. Profit Before Tax

	3rd Quarter Ended		9 Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Change in fair value of investment properties	1,791	11,518	2,492	12,047
Dividend income	(97,217)	(75)	(97,217)	(24,770)
Fair value gain on financial assets at fair value through profit or loss	-	(353)	-	(353)
Reversal of impairment loss on trade and other receivables	-	(33)	-	-
Interest income	(5,576)	(3,954)	(16,009)	(10,427)
Interest expense	33,020	17,808	92,392	41,594
Inventories written down	162	156	500	477
Net foreign exchange (gain)/loss	(2,127)	1,804	(2,896)	1,811
Property, plant and equipment:				
- Depreciation	19,787	15,024	57,960	43,111
- Loss/(Gain) on disposal	156	(43)	156	(42)
- Written off	51	987	51	1,640
Depreciation on right-of-use assets	1,290	932	3,854	2,837
Provision for staff benefits	8,116	5,515	31,820	20,341
Provision/(Reversal of provision) for repairs	265	(322)	(940)	(1,031)
Rental income and reimbursable expenses	(8,958)	(3,489)	(17,278)	(12,111)

B6. Tax expense/(benefit)

	3rd Quarter Ended		9 Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(benefit)				
Malaysian - current year	945	2,995	3,805	4,246
Malaysian - prior year	39	22	39	22
Overseas - current year	(492)	148	628	2,273
Overseas - prior year	(383)	(14,528)	(24,463)	(13,098)
	109	(11,363)	(19,991)	(6,557)
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	1,094	(5,623)	(15,722)	4,084
Under/(Over) provision in prior year	451	15	24,531	(1,405)
	1,545	(5,608)	8,809	2,679
Tax benefit	1,654	(16,971)	(11,182)	(3,878)

The credit to current tax benefit for 9 months ended 30 September 2023 predominantly 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).

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B7. Status of Corporate Proposals

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

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 September 2023 are as follows:-

	As at 3rd Quarter Ended 2023											
	Long term				Short term				Total borrowings			
		Foreign denomination	Exch Rate			Foreign denomination	Exch Rate			Foreign denomination	Exch Rate	
	Currency	'000		RM'000	Currency	'000		RM'000	Currency	'000		RM'000
Secured												
Revolving Credit/Loan	RM			-	RM			87,448	RM			87,448
Revolving Credit/Loan	AUD	5,000	3.02	15,100	AUD	180,524	3.02	545,182	AUD	185,524	3.02	560,282
Term Loan	RM			7,682	RM			24,891	RM			32,573
Term Loan	AUD	55,736	3.02	168,323	AUD	334,215	3.02	1,009,329	AUD	389,951	3.02	1,177,652
Term Loan	NZD	-	2.80	-	NZD	32,629	2.80	91,361	NZD	32,629	2.80	91,361
Finance Lease	AUD	2,770	3.02	8,365	AUD	-	3.02	-	AUD	2,770	3.02	8,365
Bonds	AUD	18,075	3.02	54,587	AUD	3,888	3.02	11,742	AUD	21,963	3.02	66,329
				254,057				1,769,953				2,024,010
							(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 30 September 2022 are as follows:-

	As at 3rd 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			87,448	RM			87,448
Revolving Credit/Loan	AUD	109,700	3.02	331,294	AUD	46,502	3.02	140,436	AUD	156,202	3.02	471,730
Term Loan	RM			25,283	RM			5,500	RM			30,783
Term Loan	AUD	315,236	3.02	952,012	AUD	77,000	3.02	232,540	AUD	392,236	3.02	1,184,552
Term Loan	NZD	-	2.66	-	NZD	34,629	2.66	92,113	NZD	34,629	2.66	92,113
Finance Lease	AUD	2,770	3.02	8,365	AUD	-	3.02	-	AUD	2,770	3.02	8,365
Bonds	AUD	21,581	3.02	65,175	AUD	2,036	3.02	6,149	AUD	23,617	3.02	71,324
				1,382,129				564,186				1,946,315

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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.

Judgment was delivered on 17 July 2020 and 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. Moreover the High Court dismissed Mula's counterclaim with costs. On 24 June 2022, the Court of Appeal dismissed Mula’s appeal with costs. Subsequently on 15 November 2022, the Federal Court dismissed Mula’s leave application and the matter is fully litigated.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 30 September 2023.

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 period, excluding treasury shares held by the Company as set out below:

	9 Months Ended 30.09.2023	9 Months Ended 30.09.2022
Profit for the period, amount attributable to equity holders of the parent (RM'000)	56,986	84,922
Weighted average number of ordinary shares ('000)	311,178	311,178
Basic earnings per share (sen)	18.31	27.29

(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.