

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the first financial quarter ended 30 June 2024

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.06.2024	COMPARATIVE QUARTER ENDED 30.06.2023	6 MONTHS CUMULATIVE TO 30.06.2024	6 MONTHS CUMULATIVE TO 30.06.2023
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue		257,878	207,666	503,680	401,077
Operating expenses		(287,703)	(225,752)	(535,648)	(430,113)
Other operating income		102,043	20,951	128,939	34,937
Profit from operations		72,218	2,865	96,971	5,901
Finance costs		(35,248)	(31,747)	(69,560)	(59,372)
Share of profit/(loss) of associates		3,600	710	1,989	(7,897)
Share of profit of joint ventures		328	606	482	10,096
Profit/(Loss) before tax	<i>B5</i>	40,898	(27,566)	29,882	(51,272)
Tax benefit	<i>B6</i>	4,672	8,605	8,569	12,836
Profit/(Loss) for the period		45,570	(18,961)	38,451	(38,436)
Attributable to:					
Owners of the Company		43,401	(19,073)	36,165	(38,649)
Non-controlling interests		2,169	112	2,286	213
Profit/(Loss) for the period		45,570	(18,961)	38,451	(38,436)
Earnings/(Loss) per share (sen):-					
- Basic/Diluted	<i>B11</i>	13.95	(6.13)	11.62	(12.42)

(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 2023 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 30.06.2024 RM'000	COMPARATIVE QUARTER ENDED 30.06.2023 RM'000	6 MONTHS CUMULATIVE TO 30.06.2024 RM'000	6 MONTHS CUMULATIVE TO 30.06.2023 RM'000
Profit/(Loss) for the period	45,570	(18,961)	38,451	(38,436)
Foreign currency translation differences for foreign operations	52,811	122,521	(361)	108,854
Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")	(75,965)	14,442	(51,586)	24,019
Other comprehensive (expense)/ income for the period, net of tax	(23,154)	136,963	(51,947)	132,873
Total comprehensive income/ (expense) for the period	22,416	118,002	(13,496)	94,437
Attributable to:				
Owners of the Company	22,780	116,171	(13,863)	92,239
Non-controlling interests	(364)	1,831	367	2,198
Total comprehensive income/ (expense) for the period	22,416	118,002	(13,496)	94,437

(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 2023 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 30.06.2024 RM'000	AUDITED AS AT 31.12.2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,724,290	1,751,186
Right-of-use assets		21,235	25,868
Investment properties		1,285,844	1,548,519
Investment in associates		93,761	90,012
Investment in joint ventures		63,556	81,872
Investment securities		511,625	562,927
Other investments		5,090	5,090
Goodwill		47,274	47,274
Inventories		648,189	640,630
Trade and other receivables		40,846	21,005
Other non-current assets		29,395	17,804
Deferred tax assets		21	-
		<u>4,471,126</u>	<u>4,792,187</u>
Current assets			
Inventories		1,007,777	883,797
Trade and other receivables		280,751	331,717
Other current assets		35,778	55,142
Current tax assets		1,376	1,437
Cash and deposits		347,078	278,892
Assets classified as held for sale	<i>A12</i>	278,241	-
		<u>1,951,001</u>	<u>1,550,985</u>
TOTAL ASSETS		<u>6,422,127</u>	<u>6,343,172</u>

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

	UNAUDITED	AUDITED
	AS AT	AS AT
<i>Note</i>	30.06.2024	31.12.2023
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1,983,858	1,983,858
Reserves	97,598	147,626
Retained earnings	1,508,993	1,472,828
Equity attributable to owners of the Company	3,590,449	3,604,312
Non-controlling interests	20,466	21,464
Total equity	3,610,915	3,625,776
Non-current liabilities		
Loans and borrowings	1,544,163	766,743
Lease liabilities	51,878	57,485
Trade and other payables	48,663	49,777
Provision for liabilities	3,838	4,247
Deferred tax liabilities	70,117	82,882
	1,718,659	961,134
Current liabilities		
Loans and borrowings	804,275	1,423,423
Lease liabilities	7,277	7,136
Trade and other payables	176,119	227,144
Contract liabilities	54,234	49,194
Provision for liabilities	49,908	48,634
Current tax liabilities	740	731
	1,092,553	1,756,262
Total liabilities	2,811,212	2,717,396
TOTAL EQUITY AND LIABILITIES	6,422,127	6,343,172
Net assets per share (RM)	11.54	11.58

(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 2023 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- Controlling Interests	Total Equity
	< ----- Non-distributable ----- >				<i>Distributable</i>			
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2024	1,983,858	127,557	89,444	(69,375)	1,472,828	3,604,312	21,464	3,625,776
Foreign currency translation differences for foreign operations	-	(350)	-	-	-	(350)	(11)	(361)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(49,678)	-	(49,678)	(1,908)	(51,586)
Total other comprehensive expense for the period	-	(350)	-	(49,678)	-	(50,028)	(1,919)	(51,947)
Profit for the period	-	-	-	-	36,165	36,165	2,286	38,451
Total comprehensive (expense)/income for the period	-	(350)	-	(49,678)	36,165	(13,863)	367	(13,496)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,365)	(1,365)
Total transactions with owners	-	-	-	-	-	-	(1,365)	(1,365)
At 30 June 2024	1,983,858	127,207	89,444	(119,053)	1,508,993	3,590,449	20,466	3,610,915

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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 ----- >				<i>Distributable</i>			
	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Retained Earnings	Total		
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	-	107,876	-	-	-	107,876	978	108,854
Net change in fair value of equity instruments designated at FVOCI	-	-	-	23,012	-	23,012	1,007	24,019
Total other comprehensive income for the period	-	107,876	-	23,012	-	130,888	1,985	132,873
(Loss)/Profit for the period	-	-	-	-	(38,649)	(38,649)	213	(38,436)
Total comprehensive income/(expense) for the period	-	107,876	-	23,012	(38,649)	92,239	2,198	94,437
Dividends paid to non-controlling interests	-	-	-	-	-	-	(525)	(525)
Total transactions with owners	-	-	-	-	-	-	(525)	(525)
At 30 June 2023	1,983,858	92,999	89,444	128,790	1,324,635	3,619,726	27,613	3,647,339

(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 2023 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<---6 MONTHS ENDED-->	
	30.06.2024	30.06.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	29,882	(51,272)
Adjustments for non-cash items:		
Change in fair value of investment properties	145	701
Dividend income	(76,423)	-
Net impairment losses	1,030	338
Interest income	(12,654)	(10,433)
Interest expense	69,560	59,372
Loss on lease modification	144	-
Depreciation and amortisation	45,836	40,737
Property, plant and equipment:		
- Loss on disposal	11	-
- Written off	77	-
Share of (profit)/loss of associates	(1,989)	7,897
Share of profit of joint ventures	(482)	(10,096)
Operating profit before changes in working capital	<u>55,137</u>	<u>37,244</u>
Changes in working capital		
Contract liabilities	4,945	(9,836)
Inventories	(120,912)	(149,602)
Other current assets	19,177	(14,557)
Other non-current assets	(9,458)	491
Other non-current liabilities	(1,103)	11,473
Payables	(49,538)	20,032
Receivables	36,927	85,907
Net changes in working capital	<u>(119,962)</u>	<u>(56,092)</u>
Cash used in operations	(64,825)	(18,848)
Interest paid	(79,985)	(59,145)
Interest received	5,954	4,219
Income tax (paid)/refunded	(3,278)	19,527
Net cash used in operating activities	<u>(142,134)</u>	<u>(54,247)</u>

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

	<---6 MONTHS ENDED-->	
	30.06.2024	30.06.2023
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(15,992)	(69,868)
Acquisition of business, net of cash and cash equivalents acquired	(1,539)	(7,205)
Acquisition of investment securities	(1,749)	-
Capital expenditure of investment properties	(2,839)	(8,731)
Dividend received	78,671	1,720
Proceeds from disposal of property, plant and equipment	1	-
Withdrawal of fixed deposits with maturity profile more than three months	-	22,050
Net cash generated from/(used in) investing activities	<u>56,553</u>	<u>(62,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests of subsidiaries	(1,365)	(525)
Payment of lease liabilities	(3,593)	(2,752)
Net placement of pledged deposits	(9,687)	(10,555)
Net drawdown of borrowings	158,559	147,308
Net cash generated from financing activities	<u>143,914</u>	<u>133,476</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,333	17,195
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	229,074	164,351
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	166	6,353
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	Note A <u>287,573</u>	<u>187,899</u>
Note A		
Included in cash and cash equivalents as at 30 June are the following:		
- Cash and deposits with licensed banks	347,078	243,182
- Less: Pledged bank balances and deposits	(59,505)	(55,283)
	<u>287,573</u>	<u>187,899</u>

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 2023.

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 2023 except for the adoption of the following:

- 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*

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 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 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

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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SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024**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 2023 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 quarter ended 30 June 2024 and 2023 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	6 months ended 30.06.2024	6 months ended 30.06.2023	6 months ended 30.06.2024	6 months ended 30.06.2023
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Property development	63,066	19,151	3,151	(17,985)
Property investment and finance	50,170	54,591	26,769	31,174
Hospitality and leisure	360,275	302,617	38,489	13,153
Investment and others	30,169	24,718	28,562	(20,441)
	503,680	401,077	96,971	5,901
Finance costs	-	-	(69,560)	(59,372)
Share of results of associates and joint ventures	-	-	2,471	2,199
	503,680	401,077	29,882	(51,272)

Comparative figures have been revised accordingly following an internal re-organisation within the Group that changed the composition of its reportable business segments since third financial quarter ended 30 September 2023.

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A8. Segment Information (Cont'd)

Segment analysis for the financial quarter ended 30 June 2024 and 2023 are set out below: (Cont'd)

	Total Assets		Total Liabilities	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property development	1,753,443	1,614,772	836,133	701,076
Property investment and finance	1,468,450	1,481,981	536,387	551,717
Hospitality and leisure	2,033,253	2,129,924	711,641	708,932
Investment and others	2,934,138	2,824,377	2,494,208	2,463,553
	8,189,284	8,051,054	4,578,369	4,425,278
Adjustments and eliminations	(1,767,157)	(1,707,882)	(1,767,157)	(1,707,882)
	6,422,127	6,343,172	2,811,212	2,717,396

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

	Revenue		Non-current assets [^]	
	30.06.2024	30.06.2023	30.06.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Australia	482,853	379,593	3,129,585	3,412,024
Malaysia	12,816	12,059	357,281	357,383
New Zealand	8,011	9,425	239,966	244,070
	503,680	401,077	3,726,832	4,013,477

[^] *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:

	2nd Quarter Ended		6 Months Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
A. Joint Ventures				
Dividend income	1,438	1,149	2,248	1,720
Share service income/(expense)	1,071	(654)	2,143	143

A9. Related Party Disclosures (Cont'd)

	2nd Quarter Ended		6 Months Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
B. Other related parties				
Companies related to Directors				
- Administration fee	133	221	281	422
- Rental paid	102	175	203	337
Companies related to a person connected to a Director				
- Rental income	78	68	148	123

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 June 2024 are as below:

	RM'000
(a) Approved and contracted for	8,885
(b) Approved but not contracted for	<u>91</u>

A12. Asset Classified as Held for Sale

(a) Divestment of Capri Via Roma Shopping Centre ("Capri")

During the current financial period, the Group has entered into a negotiation in relation to the divestment of its investment property in Capri. The Board has approved on the sale of Capri and is being actively marketed for sale at fair value. The divestment is expected to be completed within the next 12 months. The divestment of Capri is presented as asset classified as held for sale as at 30 June 2024 with carrying amount of RM262.04 million.

(b) Divestment of Mulpha Child Care Pty Ltd ("MCC")

During the current financial period, the Group has entered into a negotiation in relation to the divestment of 100% shareholdings in MCC. The Board has approved on the sale of MCC and the transaction price has been agreed with the buyer. The Sales and Purchase Agreement is expected to be executed in third quarter of 2024 and the divestment is expected to be completed within the next 12 months. The divestment of MCC is presented as asset classified as held for sale as at 30 June 2024 with carrying amount of RM16.20 million.

A13. Material Events Subsequent to the Reporting Date

There were no material events subsequent to 30 June 2024 that the Directors believe warrant disclosure.

A14. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial quarter except as disclosed in Note A12.

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SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024**A15. 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 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	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED			6 MONTHS ENDED	6 MONTHS ENDED		
	30.06.2024	30.06.2023			30.06.2024	30.06.2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	257,878	207,666	50,212	24	503,680	401,077	102,603	26
Profit from operations	72,218	2,865	69,353	>100	96,971	5,901	91,070	>100
Profit/(Loss) before interest and tax	76,146	4,181	71,965	>100	99,442	8,100	91,342	>100
Profit/(Loss) before tax	40,898	(27,566)	68,464	>100	29,882	(51,272)	81,154	>100
Profit/(Loss) after tax	45,570	(18,961)	64,531	>100	38,451	(38,436)	76,887	>100
Profit/(Loss) attributable to owners of the Company	43,401	(19,073)	62,474	>100	36,165	(38,649)	74,814	>100

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

In the current quarter ended 30 June 2024, the Group saw a revenue increase of 24% to RM257.88 million compared to RM207.67 million in the same quarter of the previous year.

The growth in revenue was driven by stronger performances of hospitality and leisure, property development and investment and others divisions offset by lower revenues from the property investment and finance division.

The property development division registered a higher revenue of RM28.81 million which was attributed to increased settlements in Sanctuary Cove and Mulpha Norwest developments in Australia. The hospitality and leisure division's revenue increased by RM21.26 million, driven by strong trading results from InterContinental Sydney backed by business travels, various Sydney events and corporate conferencing as well as the results of the newly opened golf entertainment facility, Swing City at Norwest. The investment and others division saw revenue grow by RM3.29 million, driven by strong trading results from corporate merchandises and car wash businesses. The property investment and finance division's revenue decreased by RM3.15 million, primarily due to fewer debt financing deals and reduction of leasing income generated from the Group's commercial and retail properties.

The Group's pre-tax profit for the current quarter increased to RM40.90 million, a strong increase of RM68.46 million compared to pre-tax loss of RM27.57 million in the same quarter of the previous year mainly due to stronger operation performance from the respective division as explained above and dividend income from the Group's investments in Hydra RL TopCo Pty Limited's securities. However, this increase was partially offset by higher finance costs on the Group's debt facilities due to multiple interest rate hikes since previous year.

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B1. Review of Performance (Cont'd)

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

The Group's revenue of RM503.68 million for the 6 months period ended 30 June 2024 increased by 26% as compared to revenue of RM401.08 million in the previous year's corresponding period. This improvement aligns with the strong performance from hospitality and leisure, property development and investment and others divisions offset by lower revenues from the property investment and finance division.

The revenue for the hospitality and leisure division saw an increase in revenue of RM57.66 million for the 6 months period ended 30 June 2024 as compared to the previous year's corresponding period due to the continuous strong performance of InterContinental Sydney, contribution from Swing City at Norwest, which has commenced full operation since launched in December 2023. The property development division reported a higher revenue of RM43.92 million for the 6 months period ended 30 June 2024 as compared to previous year's corresponding period due to higher settlements in Mulpha Norwest and Sanctuary Cove developments in Australia as elaborated in B1(a). The investment and others division's revenue increased by RM5.45 million as compared to previous year's corresponding period due to higher contributions from corporate merchandises and car wash businesses. The revenue for property investment and finance division observed a decrease of RM4.42 million as a result of decreased debt financing deals.

The Group's pre-tax profit increased substantially by RM81.15 million as compared to pre-tax loss of RM51.27 million in the previous year's corresponding period mainly attributed to the stronger operation performance from the respective division and dividend income as elaborated above whilst offset against the higher finance costs of the Group's debt facilities from interest rate hikes.

MULPHA INTERNATIONAL BHD**Registration No. 197401002704 (19764-T)****SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024****B2. Comparisons with Preceding Quarter's Results**

	CURRENT QUARTER ENDED 30.06.2024	PRECEDING QUARTER ENDED 31.03.2024	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	257,878	245,802	12,076	5
Profit from operations	72,218	24,753	47,465	>100
Profit before interest and tax	76,146	23,296	52,850	>100
Profit/(Loss) before tax	40,898	(11,016)	51,914	>100
Profit/(Loss) after tax	45,570	(7,119)	52,689	>100
Profit/(Loss) attributable to owners of the Company	43,401	(7,236)	50,637	>100

The Group's revenue increased by 5% to RM257.88 million for the quarter ended 30 June compared to RM245.80 million for the preceding quarter. The increase was primarily driven by the property development, property investment and finance and investment and others divisions offset by the decline in the hospitality and leisure division.

The surge in revenue of the property development division, totalling RM37.06 million was primarily due to higher settlements than preceding quarter from Mulpha Norwest developments in Australia. Revenue in the investment and others division reported an increase in revenue of RM2.15 million compared to the preceding quarter, mainly attributed to higher international student enrolments and strong trading results from corporate merchandises businesses offset by the decline in car wash businesses as a result of rainy season in the current quarter. Revenue in the property investment and finance division observed a marginal increase of RM0.80 million compared to the preceding quarter, primarily due to higher occupancy in Sanctuary Cove Marine Village. The hospitality and leisure division reported decrease in revenue of RM1.93 million compared to the preceding quarter due to lower occupancy rate from InterContinental Sydney this quarter whilst offset against the strong performance from Sanctuary Cove International Boat Show event.

The Group's pre-tax profit for the current quarter ended 30 June 2024 amounted to RM40.90 million, representing an increase of RM51.91 million compared to the pre-tax loss of RM11.02 million in the preceding quarter in line with the dividend income from the Group's investment securities in Hydra RL TopCo Pty Limited and the revenue performance in various divisions as explained above.

B3. Prospects

The second quarter saw softer trading for the Group's hotel portfolio, with InterContinental Sydney occupancy level down following a strong first quarter on the back of concerts and events in Sydney, consistent corporate market business travel and conferencing and the return of cruise ship visitors. InterContinental Hayman Island experienced further softer trading conditions due to lower levels of domestic and international demand for luxury travel. InterContinental Sanctuary Cove experienced consistent conference business yet weaker leisure demand to fall marginally below expectations. Looking ahead to the third quarter of 2024, it is anticipated that occupancy levels will vary by location. Sydney is expected to be similar to the second quarter and to continue to perform ahead of expectations. InterContinental Hayman Island is expected to experience improved occupancy with demand levels increasing in the third quarter. Pleasingly however resort properties are expected to experience stronger group business in the second half.

The Group's investment properties have continued to maintain solid occupancies in the second quarter of 2024. The Group is cognisant of the high inflationary environment, increased cost of living pressures 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, valuations should be positively impacted if interest rates reduce over the coming 12 months.

The residential property market in the second quarter had slower sales despite the ongoing supply constraints for houses and apartments 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 slowed during the quarter. As a result of the market conditions, small and mid-size developers are not committing to projects due to construction costs and financing constraints as well as many builders facing financial pressures, including some going into liquidation. 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 Leisure Farm project in Iskandar Malaysia operates in a highly competitive market, however, enquiry levels have continued to improve since the beginning of 2023. This positive trend comes amidst a backdrop of rising construction costs, which have made completed-built properties, especially high-end villas, more attractive to potential buyers. This shift in preference towards ready-to-move-in options is expected to drive sales growth for Leisure Farm in 2024. The ability to offer completed-built products in response to market demands positions it favourably to capitalise on the evolving needs of discerning buyers in the region.

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. Bimbadgen Wine Estate's performance is expected to grow steadily with a strong wedding event pipeline, the additional accommodation revenue from the luxury cabins and the return of more consistent concerts. In addition, Swing City, a golf entertainment facility at Norwest, has continued to perform strongly this quarter, exceeding expectations and is expected to have a solid performance and contribute positively to the Group's hospitality results in 2024.

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 specialised 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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SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024**B4. Variance from Profit Forecast or Profit Guarantee**

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

B5. Profit/(Loss) Before Tax

	2nd Quarter Ended		6 Months Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging:				
Change in fair value of investment properties	73	384	145	701
Dividend income	(75,669)	-	(76,423)	-
Loss on lease modification	268	-	144	-
Net impairment losses	(197)	173	1,030	338
Interest income	(6,461)	(5,567)	(12,654)	(10,433)
Interest expense	35,248	31,747	69,560	59,372
Insurance recoveries	(7,985)	-	(7,985)	-
Net foreign exchange loss/(gain)	1,164	(1,200)	6	(769)
Depreciation and amortisation	23,487	21,670	45,836	40,737
Rental income	(6,995)	(2,863)	(14,327)	(8,320)

B6. Tax Benefit

	2nd Quarter Ended		6 Months Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(benefit)				
Malaysian - current year	1,291	1,303	2,609	2,860
Malaysian - prior year	-	-	(48)	-
Overseas - current year	360	151	617	1,120
Overseas - prior year	-	(160)	(28)	(24,080)
	1,651	1,294	3,150	(20,100)
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	(6,323)	(10,059)	(11,719)	(16,816)
Under provision in prior year	-	160	-	24,080
	(6,323)	(9,899)	(11,719)	7,264
Tax benefit	(4,672)	(8,605)	(8,569)	(12,836)

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SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024

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 June 2024 are as follows:-

	As at 2nd Quarter Ended 2024											
	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			107,448	RM			107,448
Revolving Credit/Loan	AUD	69,000	3.14	216,660	AUD	125,562	3.14	394,265	AUD	194,562	3.14	610,925
Term Loan	RM			19,843	RM			19,418	RM			39,261
Term Loan	AUD	397,175	3.14	1,247,130	AUD	55,736	3.14	175,011	AUD	452,911	3.14	1,422,141
Term Loan	NZD	-	2.87	-	NZD	30,629	2.87	87,905	NZD	30,629	2.87	87,905
Finance Lease	AUD	2,770	3.14	8,698	AUD	-	3.14	-	AUD	2,770	3.14	8,698
Bonds	AUD	16,507	3.14	51,832	AUD	2,337	3.14	7,338	AUD	18,844	3.14	59,170
				1,544,163				791,385				2,335,548
Unsecured												
Term Loan	AUD	-	3.14	-	AUD	4,105	3.14	12,890	AUD	4,105	3.14	12,890
				-				12,890				12,890
				1,544,163				804,275				2,348,438

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SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024

B8. Group Loans and Borrowings (Cont'd)

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

	As at 2nd 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			87,449	RM			87,449
Revolving Credit/Loan	AUD	114,206	3.10	354,039	AUD	100,321	3.10	310,995	AUD	214,527	3.10	665,034
Term Loan	RM			22,669	RM			7,828	RM			30,497
Term Loan	AUD	55,736	3.10	172,782	AUD	334,215	3.10	1,036,067	AUD	389,951	3.10	1,208,849
Term Loan	NZD	-	2.89	-	NZD	34,629	2.89	100,078	NZD	34,629	2.89	100,078
Finance Lease	AUD	2,770	3.10	8,587	AUD	-	3.10	-	AUD	2,770	3.10	8,587
Bonds	AUD	18,577	3.10	57,589	AUD	3,811	3.10	11,814	AUD	22,388	3.10	69,403
				615,666				1,554,231				2,169,897

B9. Material Litigation

There was no material litigation against the Group as at reporting date.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 30 June 2024.

B11. Earnings/(Loss) Per Share

(i) Basic earnings/(loss) per share

The basic earnings/(loss) per share of the Group have been computed by dividing the profit/(loss) 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:

	6 Months Ended 30.06.2024	6 Months Ended 30.06.2023
Profit/(Loss) for the period, amount attributable to equity holders of the parent (RM'000)	<u>36,165</u>	<u>(38,649)</u>
Weighted average number of ordinary shares ('000)	<u>311,178</u>	<u>311,178</u>
Basic earnings/(loss) per share (sen)	<u>11.62</u>	<u>(12.42)</u>

(ii) Diluted earnings per share

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