

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the second financial quarter ended 30 June 2022

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 30.06.2022	COMPARATIVE QUARTER ENDED 30.06.2021	6 MONTHS CUMULATIVE TO 30.06.2022	6 MONTHS CUMULATIVE TO 30.06.2021
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue		251,171	261,687	445,764	485,197
Operating expenses		(233,550)	(222,236)	(399,063)	(445,140)
Other operating income		32,135	16,155	51,435	56,510
Profit from operations		49,756	55,606	98,136	96,567
Finance costs		(12,382)	(16,565)	(23,786)	(33,276)
Share of profit/(loss) of associates		2,125	(1,078)	1,514	3,750
Share of profit of joint ventures		1,272	1,149	2,600	2,115
Profit before tax	<i>B5</i>	40,771	39,112	78,464	69,156
Tax expense	<i>B6</i>	(4,222)	(8,092)	(13,093)	(12,529)
Profit for the period		36,549	31,020	65,371	56,627
Attributable to:					
Owners of the Company		35,770	30,897	64,493	56,551
Non-controlling interests		779	123	878	76
Profit for the period		36,549	31,020	65,371	56,627
Earnings per share (sen):-					
- Basic/Diluted	<i>B11</i>	11.50	9.72	20.73	17.75

(The Condensed Consolidated Profit or Loss should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

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PART A1 : QUARTERLY REPORT

I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.06.2022 RM'000	COMPARATIVE QUARTER ENDED 30.06.2021 RM'000	6 MONTHS CUMULATIVE TO 30.06.2022 RM'000	6 MONTHS CUMULATIVE TO 30.06.2021 RM'000
Profit for the period	36,549	31,020	65,371	56,627
Foreign currency translation differences for foreign operations	(116,429)	(29,870)	(19,230)	8,633
Net change in fair value of equity instruments designated at FVOCI	(10,472)	7,580	(98)	58,711
Share of other comprehensive (expense)/income of associates	(97)	12	(97)	12
Other comprehensive (loss)/income for the period, net of tax	(126,998)	(22,278)	(19,425)	67,356
Total comprehensive (loss)/income for the period	(90,449)	8,742	45,946	123,983
Attributable to:				
Owners of the Company	(89,749)	8,649	45,148	121,500
Non-controlling interests	(700)	93	798	2,483
Total comprehensive (loss)/income for the period	(90,449)	8,742	45,946	123,983

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.06.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,604,328	1,494,013
Right-of-use assets		12,642	14,571
Investment properties		1,127,407	928,902
Investment in associates		97,274	100,663
Investment in joint ventures		60,387	59,809
Investment securities		646,239	643,927
Other investments		5,090	5,086
Goodwill		40,813	12,443
Inventories		654,984	677,029
Trade and other receivables		18,330	8,386
Other non-current assets		27,012	23,408
Deferred tax assets		638	776
		<u>4,295,144</u>	<u>3,969,013</u>
Current assets			
Inventories		757,120	702,190
Trade and other receivables		399,144	365,351
Other current assets		30,220	18,265
Current tax assets		16,137	17,810
Cash and cash equivalents		269,905	370,927
		<u>1,472,526</u>	<u>1,474,543</u>
TOTAL ASSETS		<u>5,767,670</u>	<u>5,443,556</u>

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 30.06.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,983,858	2,036,698
Treasury shares	A6	-	(17,586)
Reserves		161,611	181,378
Retained earnings		1,342,898	1,243,151
		<u>3,488,367</u>	<u>3,443,641</u>
Non-controlling interests		25,410	26,298
Total equity		<u>3,513,777</u>	<u>3,469,939</u>
Non-current liabilities			
Contract liabilities		13,527	14,266
Provision for liabilities		5,499	5,705
Deferred tax liabilities		54,618	47,115
Loans and borrowings	B8	1,381,903	1,149,169
Lease liabilities		43,532	47,075
		<u>1,499,079</u>	<u>1,263,330</u>
Current liabilities			
Trade and other payables		111,079	142,745
Contract liabilities		78,943	50,008
Provision for liabilities		35,567	47,111
Loans and borrowings	B8	523,135	466,280
Lease liabilities		4,011	3,859
Current tax liabilities		2,079	284
		<u>754,814</u>	<u>710,287</u>
Total liabilities		<u>2,253,893</u>	<u>1,973,617</u>
TOTAL EQUITY AND LIABILITIES		<u>5,767,670</u>	<u>5,443,556</u>
Net assets per share (RM)		<u>11.21</u>	<u>11.07</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

< ----- *Attributable to owners of the Company* ----- >

< ----- *Non-distributable* ----- > *Distributable*

	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 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	-	(19,154)	-	-	-	-	(19,154)	(76)	(19,230)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(94)	-	-	(94)	(4)	(98)
Share of other comprehensive expense of associates	-	(97)	-	-	-	-	(97)	-	(97)
Total other comprehensive loss for the period	-	(19,251)	-	(94)	-	-	(19,345)	(80)	(19,425)
Profit for the period	-	-	-	-	-	64,493	64,493	878	65,371
Total comprehensive (loss)/income for the period	-	(19,251)	-	(94)	-	64,493	45,148	798	45,946
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 associates	-	-	-	(422)	-	-	(422)	-	(422)
At 30 June 2022	1,983,858	9,210	68,545	83,856	-	1,342,898	3,488,367	25,410	3,513,777

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

< ----- *Attributable to owners of the Company* ----- >

< ----- *Non-distributable* ----- > *Distributable*

	Share Capital	Exchange Reserve	Revaluation Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	2,036,698	78,283	68,545	(19,411)	-	810,908	2,975,023	22,761	2,997,784
Foreign currency translation differences for foreign operations	-	8,510	-	-	-	-	8,510	123	8,633
Net change in fair value of equity instruments designated at FVOCI	-	-	-	56,427	-	-	56,427	2,284	58,711
Share of other comprehensive income of associates	-	12	-	-	-	-	12	-	12
Total other comprehensive income for the period	-	8,522	-	56,427	-	-	64,949	2,407	67,356
Profit for the period	-	-	-	-	-	56,551	56,551	76	56,627
Total comprehensive income for the period	-	8,522	-	56,427	-	56,551	121,500	2,483	123,983
Purchase of treasury shares	-	-	-	-	(6,126)	-	(6,126)	-	(6,126)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(487)	(487)
Total transactions with owners	-	-	-	-	(6,126)	-	(6,126)	(487)	(6,613)
Share of other reserve of associates	-	-	-	249	-	-	249	-	249
At 30 June 2021	2,036,698	86,805	68,545	37,265	(6,126)	867,459	3,090,646	24,757	3,115,403

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---6 MONTHS ENDED-->	
		30.06.2022	30.06.2021
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		78,464	69,156
Adjustments for non-cash items:			
Amortisation on other non-current assets		-	1,627
Change in fair value of investment properties		529	529
Dividend income		(24,695)	-
Fair value gain on assets classified as held for sale		-	(1,001)
Fair value gain on financial assets at fair value through profit or loss		-	(1,525)
Impairment loss on trade and other receivables		33	729
Interest income		(6,473)	(13,052)
Interest expense		23,786	33,276
Inventories written down		321	78
Net unrealised foreign exchange gain		7	3
Property, plant and equipment:			
- Depreciation		28,087	28,572
- Loss on disposal		1	34
- Written off		653	-
Provision for staff benefits		14,826	13,067
Reversal of provision for repairs		(709)	-
Right-of-use assets:			
- Depreciation		1,905	1,762
- Gain on disposal		-	(26)
Share of loss/(profit) of associates		(1,514)	(3,750)
Share of profit of joint ventures		(2,600)	(2,115)
Operating profit before changes in working capital		<u>112,621</u>	<u>127,364</u>
Changes in working capital			
Contract liabilities		28,752	2,641
Inventories		(36,237)	1,051
Other current assets		(12,190)	(15,764)
Other non-current assets		(3,730)	(1,531)
Other non-current liabilities		-	588
Payables		(32,070)	(25,343)
Receivables		(38,641)	(12,409)
Net change in working capital		<u>(94,116)</u>	<u>(50,767)</u>
Cash generated from operations		18,505	76,597
Interest paid		(23,489)	(33,275)
Interest received		287	11,486
Income tax paid		(1,373)	(4,836)
Staff benefits paid		(25,845)	(12,675)
Net cash (used in)/generated from operating activities		<u>(31,915)</u>	<u>37,297</u>

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---6 MONTHS ENDED-->	
		30.06.2022	30.06.2021
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties		(212,111)	-
Additional investment in a joint venture		-	(4)
Additional investment in an associate		-	(5,594)
Acquisition of property, plant and equipment		(144,942)	(83,284)
Acquisition of business, net of cash and cash equivalents acquired		(29,381)	-
Acquisition of investment securities		(4,580)	(5,461)
Capital expenditure of investment properties		(1,612)	(3,728)
Dividend received from associates and joint ventures		2,113	315
Dividend received from investment securities		24,695	-
Proceeds from disposal of:			
- Assets classified as held for sale		-	82,385
- Property, plant and equipment		20	37
Net cash used in investing activities		<u>(365,798)</u>	<u>(15,334)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital returned to non-controlling interests		(1,686)	-
Dividend paid to non-controlling interests of subsidiaries		-	(487)
Payment of lease liabilities		(2,084)	(1,986)
Placement of pledged deposits		(28)	(7,259)
Purchase of treasury shares		-	(6,126)
Net drawdown/(repayment) of borrowings		303,793	(87,340)
Net cash from/(used in) financing activities		<u>299,995</u>	<u>(103,198)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(97,718)	(81,235)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		340,298	259,360
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,892)	1,175
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	Note A	<u>240,688</u>	<u>179,300</u>

Note A

Included in cash and cash equivalents as at 30 June are the following:

- Cash and deposits with licensed banks	269,905	222,530
- Bank overdrafts	-	(1,831)
- Pledge bank balances and deposits	(29,217)	(41,399)
	<u>240,688</u>	<u>179,300</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 2021 and the accompanying explanatory notes attached to the interim financial statements)

PART A

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2021.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2021 except for the adoption of the following:

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

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

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

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

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

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

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

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

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

A3. Seasonal or Cyclicity of Operations

Except for the hotel division whose performance is influenced by the festive and holiday periods, the other businesses of the Group are generally not subject to seasonal or cyclical fluctuations.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter.

A5. Changes in Estimates

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

A6. Changes in Debt And Equity Securities

On 12 April 2022, the Company had cancelled 8,288,200 units of treasury shares amounting to RM17,586,188.79 pursuant to Section 127 of the Companies Act 2016. As at 30 June 2022, there are no treasury shares held by the Company.

Other than the above, there were no other issuance, cancellation, resale or repayments of debts and equity securities for the financial year ended 31 December 2021.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

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SECOND FINANCIAL QUARTER ENDED 30 JUNE 2022

A8. Segment Information

Segment analysis for the period ended 30 June 2022 and 2021 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	6 months ended 30.06.2022	6 months ended 30.06.2021	6 months ended 30.06.2022	6 months ended 30.06.2021
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Property	155,586	273,068	65,621	108,381
Hospitality	253,182	188,642	32,907	1,208
Investment and others	36,996	23,487	(392)	(13,022)
	445,764	485,197	98,136	96,567
Finance costs	-	-	(23,786)	(33,276)
Share of results of associates/joint ventures	-	-	4,114	5,865
	445,764	485,197	78,464	69,156

	Total Assets		Total Liabilities	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Business Segment				
Property	2,753,275	2,472,060	992,956	758,893
Hospitality	1,601,247	1,485,938	492,739	462,685
Investment and others	3,326,154	3,230,509	3,108,869	2,926,095
	7,680,676	7,188,507	4,594,564	4,147,673
Adjustment and eliminations	(1,913,006)	(1,744,951)	(2,340,671)	(2,174,056)
	5,767,670	5,443,556	2,253,893	1,973,617

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

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

	Revenue		Non-current assets [^]	
	30.06.2022	30.06.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Australia	417,145	471,953	2,868,402	2,552,602
Malaysia	16,813	7,702	329,649	322,600
New Zealand	11,806	5,542	242,123	251,756
	445,764	485,197	3,440,174	3,126,958

[^]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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Director fees received	-	55	-	110
B. Joint Ventures				
Dividend income	2,113	-	2,113	-
C. Other related parties				
Companies related to directors				
- Administration fee	211	225	405	327
- Interest expenses	-	663	-	1,568
- Interest income	803	-	1,597	-
- Rental expense	172	171	344	350
- Share service income	-	119	-	237
Companies related to a person connected to a director				
- Rental income	60	32	118	145

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 2022 are as below:

	RM'000
(a) Approved and contracted for	74,617
(b) Approved but not contracted for	33,639

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 June 2022 that the Directors believe warrant disclosure.

A13. Changes in The Composition Of the Group

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

A14. Changes in Contingent Liabilities or Contingent Assets

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

PART B

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

B1. Review of performance

(i) Profit or Loss Analysis

	INDIVIDUAL PERIOD		CHANGES		CUMULATIVE PERIOD		CHANGES	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED			6 MONTHS ENDED	6 MONTHS ENDED		
	30.06.2022	30.06.2021	RM'000	RM'000	30.06.2022	30.06.2021	RM'000	%
Revenue	251,171	261,687	(10,516)	(4%)	445,764	485,197	(39,433)	(8%)
Profit from operations	49,756	55,606	(5,850)	(11%)	98,136	96,567	1,569	2%
Profit before interest and tax	53,153	55,677	(2,524)	(5%)	102,250	102,432	(182)	-
Profit before tax	40,771	39,112	1,659	4%	78,464	69,156	9,308	13%
Profit after tax	36,549	31,020	5,529	18%	65,371	56,627	8,744	15%
Profit attributable to:								
Owners of the Company	35,770	30,897	4,873	16%	64,493	56,551	7,942	14%

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

The Group's revenue of RM251.17 million in the current quarter ended 30 June 2022 decreased by 4% as compared to revenue of RM261.69 million in the previous year's corresponding quarter. The decrease was caused by the property division offset by favourable performances from the hospitality and investments and others divisions.

Property division recorded lower revenue of RM58.35 million due to lower settlements in Mulpha Norwest and Sanctuary Cove developments in Australia aligned with the challenging market from the multiple increased interest rates by the Reserve Bank of Australia. Hospitality division revenue increased by RM41.71 million due to InterContinental Hayman Island, InterContinental Sydney and InterContinental Sanctuary Cove delivered stronger trading results from the recovering domestic travels with improved occupancy rates and higher room rates. Increased wedding events bookings at Bimbadgen Palmers Lane and the successful Sanctuary Cove International Boat Show event during the current quarter also contributed positively to the hospitality division. The investment and others division's revenue increased by RM6.12 million due to higher volume of debt financing deals and new business on promotional merchandise and car wash business in the current quarter.

The Group's pre-tax profit of RM40.77 million for the current quarter ended 30 June 2022 increased by 4% as compared to pre-tax profit of RM39.11 million in the previous year's corresponding quarter predominantly due to the improved performance in hospitality division and dividend income received of RM24.70 million from the Group's investment securities offset by the underperformance of property division.

B1. Review of performance (Cont'd)

(i) Profit or Loss Analysis (Cont'd)

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

The Group's revenue of RM445.76 million for the 6 months period ended 30 June 2022 decreased by 8% as compared to revenue of RM485.20 million in the previous year's corresponding period. The underperformance was mainly from the decrease in property division offset by stronger performance from the hospitality and investments and others divisions.

The property division revenue decreased by RM117.48 million for the 6 months period ended 30 June 2022 as compared to previous year's corresponding period due to lower settlements in Mulpha Norwest and Sanctuary Cove developments in Australia as elaborated in B1(a) and the one-off sale of a pad site at Lexington drive in the previous year's corresponding period. The hospitality division reported a higher revenue of RM64.54 million for the 6 months period ended 30 June 2022 as compared to previous year's corresponding period, backed by the strong demand from leisure market and pent-up business from the corporate group sector. Both InterContinental Hayman Island and InterContinental Sanctuary Cove enjoyed strong growth in the occupancy rates and record-breaking average room rates in the current financial period. The investment and others division's revenue increased by RM13.51 million as compared to previous year's corresponding period due to higher volume of debt financing deals and new promotional merchandises and car wash businesses in the current period. This was offset by lower students enrolments due to challenging visa processing for international students and local students taking on full time job with the interest from high demand workforce in the hospitality industry.

The Group's pre-tax profit of RM78.46 million for the 6 months period ended 30 June 2022 increased by 13% as compared to pre-tax profit of RM69.16 million in the previous year's corresponding period. The increase in the Group's pre-tax profit by RM9.30 million was mainly attributed to performance of the divisions as elaborated above and the dividend income received of RM24.70 million from the Group's investment securities.

(ii) Financial Position Analysis

	AS AT 30.06.2022	AS AT 31.12.2021
	RM'000	RM'000
Total Assets		
Property, plant and equipment	1,604,328	1,494,013
Right-of-use assets	12,642	14,571
Inventories	1,412,104	1,379,219
Investment in associates	97,274	100,663
Investment properties	1,127,407	928,902
Investment securities	646,239	643,927
Cash and cash equivalents	269,905	370,927
Trade and other receivables	417,474	373,737
Other current assets	57,232	41,673
Others	123,065	95,924
Total	5,767,670	5,443,556

The Group's assets increased by 6% to RM5.77 billion as at 30 June 2022 mainly attributable to the increase in property, plant and equipment ("PPE"), investment properties and offset by the decrease in cash and cash equivalents.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis (Cont'd)

The increase of PPE was mainly due to the ongoing refurbishment of InterContinental Sydney hotel, car wash pad site and construction of 60 Bimbadgen boutique cabins. The acquisition of Capri on Via Roma shopping centre in Queensland, Australia contributed to the increase of the Group's investment properties. In addition, the increase in trade receivables was due to new first mortgage debt loans eventuated during the financial period. The increase in inventories was due to increased capitalised development costs of Sanctuary Cove and Norwest residential and commercial projects. This was offset by the decrease in cash and cash equivalent attributed to capital and development expenditures as explained above.

	AS AT 30.06.2022	AS AT 31.12.2021
	RM'000	RM'000
Total Liabilities		
Loans and Borrowings	1,905,038	1,615,449
Others	348,855	358,168
Total	2,253,893	1,973,617

The Group's total liabilities increased by 14% to RM2.25 billion as at 30 June 2022 mainly attributable to loan drawdowns for the Group's investment activities and working capital requirements.

	AS AT 30.06.2022	AS AT 31.12.2021
	RM'000	RM'000
Total Equity attributable to Owners of the Company		
Share capital	1,983,858	2,036,698
Treasury shares	-	(17,586)
Reserves	161,611	181,378
Retained earnings	1,342,898	1,243,151
Total	3,488,367	3,443,641

The Group's total equity increased by 1% to RM3.49 billion as at 30 June 2022 mainly attributable to the profit recognised for the current period amounting to RM61.92 million. This was offset by the share capital reduction from the cancellation of treasury shares pursuant to Section 127(14) of Companies Act 2016 and the decrease in foreign exchange reserves arising from the translation loss of foreign subsidiaries.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 30.06.2022	PRECEDING QUARTER ENDED 31.03.2022	CHANGES	
	RM'000	RM'000	RM'000	%
	Revenue	251,171	194,593	56,578
Profit from operations	49,756	48,380	1,376	3%
Profit before interest and tax	53,153	49,097	4,056	8%
Profit before tax	40,771	37,693	3,078	8%
Profit after tax	36,549	28,822	7,727	27%
Profit attributable to owners of the Company	35,770	28,723	7,047	25%

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

The Group's revenue of RM251.17 million in the current quarter ended 30 June 2022 increased by 29% as compared to revenue of RM194.59 million in the preceding quarter. The increase was mainly from the hospitality and property divisions and offset by the marginal decrease in the investment and others division.

The hospitality division recorded higher revenue by RM55.99 million as compared to the preceding quarter, backed by the strong domestic leisure travels during the Easter and school holidays in April and the successful Sanctuary Cove International Boat Show event in May. The higher property division revenue by RM1.05 million was mainly due to higher settlements in Mulpha Norwest developments offset by lower settlements in Sanctuary Cove developments in Australia. The lower investment and others division's revenue by RM0.47 million was mainly due to the lower promotional merchandise revenue offset against the higher revenue generated from the new car wash business and a strong rebound in international student enrolments in the current quarter.

The Group's pre-tax profit of RM40.77 million for the current quarter ended 30 June 2022 increased as compared to pre-tax profit of RM37.69 million in the previous quarter was mainly attributed to the better performance in the hospitality division offset by underperformance of the property segment as mentioned above.

B3. Prospects

The second quarter saw trading at the Group's Resort Hotels, InterContinental Hayman Island and InterContinental Sanctuary Cove improved with a return of stronger group and conference bookings together with solid leisure demand. The financial results were assisted by strong room rates that exceeded pre-COVID levels. While COVID continued to result in some booking cancellations, greater impacts were felt in staff infections and isolations which placed pressure on operating teams particularly in peak times. Positive trading at the Group's resort properties are expected to continue for the balance of the year with strong group bookings in place. It is anticipated that the domestic market may soften as more Australians travel overseas however this is likely to be offset by the gradual recovery in international arrivals.

InterContinental Sydney continued to be under renovation for the period with majority of public areas, restaurants and bars closed to guests and general public. Accordingly, occupancies remained subdued due to lack of group and conference business and reduced mid-week business travellers. The construction progress has minor delays mostly in relation to the delay in furniture shipping from China. However, works are nearing completion with a full re-opening scheduled for September 2022. The timing of the re-opening will coincide with the strengthen Sydney market and the Group looks forward to a positive earnings contribution from the property in the final quarter.

Sydney real estate market conditions have softened following a series of interest rate rises and increased cost of living pressures. As the Group's real estate products typically target older, owner occupiers, it is anticipated that this market will be less impacted than first home buyers and investors as the interest rates rise. The initial stages of the new Norwest Quarter (formerly called The Greens) apartments project have been released with a solid early interest. Construction on this project will commence during the end of third quarter. Land sales have slowed at Sanctuary Cove, however strong sales momentum has been achieved on the first waterfront apartment building, Harbour One, with strong growth in sales prices. Pleasingly, a large number of sales have been recorded to existing Sanctuary Cove residents seeking to downsize. After strong price growth was achieved in 2021, buyers have become increasingly price sensitive particularly in relation to land pricing. Sanctuary Cove had traditionally sold majority of the land to the Chinese buyers. Since the onset of COVID, buyers have been almost exclusively been from South East Queensland.

B3. Prospects (Cont'd)

Construction is progressing well on The Bond, a six-storey commercial office and medical building adjacent to the Norwest private hospital. As previously noted, agreement has been reached for a full sell down of the project on completion. All development approvals have been received for Swing City, a golf entertainment facility at Norwest and construction has commenced. Extensive wet weather and shortage of subcontractors delayed the construction, and it is anticipated that the completion will happen in late 2022 or early 2023. Construction of 60 boutique cabins has commenced at the Palmers Lane vineyard site in the Hunter valley to complement the successful wedding venue. The builder of cabins has been placed in administration and the Management has appointed a new builder to complete the project. Due to significant disruption to global supply chains and shortages of skilled labour in Australian market, construction costs have risen materially over the past 12 - 18 months across all building sectors. This has resulted in a series of large and small builders facing financial difficulties and most builders seeking clients to contribute to the unexpected cost increases. Management is working with the builders across all projects to mitigate these construction cost increases.

The Leisure Farm project in Iskandar Malaysia continues to operate in a highly competitive market. Despite the competition, Leisure Farm has performed relatively well as compared to competing developments with the existing built product now increasingly attractive given the increased costs to build new product. With the opening of Malaysia's borders, the Group expects increased interest from foreign buyers.

With the easing of pandemic restrictions, the Group's investment properties have maintained solid occupancies with most tenants reporting a strong rebound in retail sales. Based on the Government guidelines, tenants have been able to defer the payment of rent while restrictions were in place. Management is focused on working with the tenants to progressively reduce these arrears. In June 2022, the Group completed the acquisition of Capri on Via Roma shopping centre in Gold Coast, Queensland, Australia. This centre has a strong focus on grocery and food and beverage tenants and located in an affluent neighbourhood in the northern Gold Coast. Management is confident of delivering steady increases in the earnings through active management.

Trading at Bimbadgen Wine Estate has continued to recover during the quarter. The Group has also expanded hospitality operations with the recent purchases of Ioesco restaurant and Sanctuary Cove Tavern at Sanctuary Cove. More recently the Group completed the acquisition of Edgewater Dining and Fish Emporium restaurants that are located within the Capri on Via Roma shopping centre. These high-volume transaction restaurants will provide additional opportunity for sale of Bimbadgen wines.

The Group is actively looking to build its funds management capability to secure attractive real estate investments with third party capital support. The Group also continues to explore opportunities to expand its interests in operating businesses particularly where the Group has established operational capability.

After a number of years of trading disruption, the Group is looking forward to a return of more normalised trading patterns in the second half of the year. The completion of the InterContinental Sydney refurbishment will boost trading performance together with a range of new hospitality investments that will progressively commence trading in the balance of the year. The Group has successfully diversified earnings to deliver greater resilience and stability in future years. In addition, a range of major developments including Norwest Quarter and Harbour One will provide significant earnings contributions in 2023 and beyond.

As a Group, Mulpha have built a team of highly skilled and specialised professionals in each industry segment and are well placed to continue to grow the business in an endemic environment.

B4. Variance from Profit Forecast or Profit Guarantee

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

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B5. Profit Before Tax

	2nd Quarter Ended		6 Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Accrued lease income written off	-	(1,085)	-	-
Amortisation on other non-current assets	-	816	-	1,627
Change in fair value of investment properties	274	259	529	529
Dividend income	(24,695)	-	(24,695)	-
Fair value gain on assets classified as held for sale	-	(4)	-	(1,001)
Fair value gain on financial assets at fair value through profit or loss	-	(828)	-	(1,525)
Impairment loss on trade and other receivables	2	619	33	729
Interest income	(3,372)	(6,562)	(6,473)	(13,052)
Interest expense	12,382	16,565	23,786	33,276
Inventories written down/(back)	163	(92)	321	78
Net foreign exchange loss/(gain)	4,245	(5)	7	(1,720)
Property, plant and equipment:				
- Depreciation	14,298	14,682	28,087	28,572
- (Gain)/Loss on disposal	(13)	34	1	34
- Written off	653	-	653	-
Provision for staff benefits	3,610	7,248	14,826	13,067
Right-of-use assets:				
- Depreciation	940	875	1,905	1,762
- Gain on disposal	-	(26)	-	(26)
Rental income	(3,815)	(4,563)	(8,622)	(8,534)

B6. Tax expense

	2nd Quarter Ended		6 Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(benefit)				
Malaysian - current year	697	568	1,251	1,136
Malaysian - prior year	-	-	-	35
Overseas - current year	335	(38)	2,125	(1,256)
Overseas - prior year	(5)	(603)	1,430	(436)
	1,027	(73)	4,806	(521)
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	3,190	8,165	9,707	13,205
(Over)/Under provision in prior year	5	-	(1,420)	(155)
	3,195	8,165	8,287	13,050
Tax expense	4,222	8,092	13,093	12,529

The effective tax rate of the Group for the period ended 30 June 2022 is lower than the statutory rate of 24% due to certain income not being subject to tax and the utilisation of carried forward losses to offset against the Group's assessable income.

B7. Status of Corporate Proposals

The Company had on 22 June 2021 announced that Mulpha Credit Sdn Bhd (“MCSB”), an indirect wholly-owned subsidiary of the Company, which owns 37.81% in Education Perfect Group Limited (“EPGL”), a New Zealand company involved in the online education sector, has entered into a transaction to dispose of its entire equity interest in EPGL (“the Disposal”). Approval for the Disposal has been obtained from the Overseas Investment Office in New Zealand (“OIO”) on 14 September 2021. Pursuant to the terms of the Share Sale Agreement dated 22 June 2021, the completion and settlement of the Disposal took place on 30 September 2021, being the last business day of the month in which the approval of OIO is received. Upon completion, MCSB received the total proceeds of NZD156.37 million (equivalent to approximately RM450.35 million) after net debt and balance sheet adjustments of EPGL and EPGL has ceased to be an associated company of MCSB.

As at 30 June 2022, the total proceeds of NZD156.37 million were utilised in the following manner:

Purposes	Proposed Utilisation NZD'm	Actual Utilisation NZD'm	Timeframe for utilisation
1) Working capital requirements and/or future investments	56.37	56.24	September 2023
2) Redemption of medium term notes and/or repayment of bank borrowings	100.00	100.00	September 2022
	<u>156.37</u>	<u>156.24</u>	

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B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 June 2022 are as follows:-

	As at 2nd 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			84,448	RM			84,448
Revolving Credit/Loan	AUD	114,700	3.02	346,394	AUD	33,174	3.02	100,185	AUD	147,874	3.02	446,579
Term Loan	RM			26,208	RM			5,050	RM			31,258
Term Loan	AUD	309,421	3.02	934,453	AUD	77,000	3.02	232,541	AUD	386,421	3.02	1,166,994
Term Loan	NZD		2.74	-	NZD	34,629	2.74	94,883	NZD	34,629	2.74	94,883
Finance Lease	AUD	2,770	3.02	8,365	AUD		3.02	-	AUD	2,770	3.02	8,365
Bonds	AUD	22,014	3.02	66,483	AUD	1,996	3.02	6,028	AUD	24,010	3.02	72,511
				1,381,903				523,135				1,905,038

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B8. Group Loans and Borrowings (Cont'd)

The details of the loans and borrowings as at 30 June 2021 are as follows:-

	As at 2nd Quarter Ended 2021											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			1,831	RM			1,831
Revolving Credit/Loan	RM			-	RM			108,000	RM			108,000
Revolving Credit/Loan	AUD	56,000	3.12	174,720	AUD	19,700	3.12	61,464	AUD	75,700	3.12	236,184
Revolving Credit/Loan	USD		4.15	-	USD	12,287	4.15	50,991	AUD	12,287	2.90	50,991
Term Loan	RM			25,979	RM			6,945	RM			32,924
Term Loan	HKD		0.53	-	HKD	66,929	0.53	35,799	HKD	66,929	0.53	35,799
Term Loan	USD	12,501	4.15	51,879	USD	2,150	4.15	8,923	USD	14,651	4.15	60,802
Term Loan	AUD	187,475	3.12	584,923	AUD	97,000	3.12	302,639	AUD	284,475	3.12	887,562
Term Loan	NZD		2.90	-	NZD	39,438	2.90	114,369	AUD	39,438	2.90	114,369
Finance Lease	AUD	2,770	3.12	8,643	AUD		3.12	-	AUD	2,770	3.12	8,643
Bonds	AUD	23,665	3.12	73,835	AUD	1,845	3.12	5,756	AUD	25,510	3.12	79,591
Bonds	USD		4.15	-	USD	70,000	4.15	290,500	USD	70,000	4.15	290,500
				919,979				987,217				1,907,196

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 judges concluded in our favour and dismissed Mula’s appeal. Mula has filed a motion for leave to appeal to the Federal Court.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 30 June 2022.

B11. Earnings Per Share

(i) Basic earnings per share

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

	6 Months Ended	
	30.06.2022	30.06.2021
Profit for the period, amount attributable to equity holders of the parent (RM'000)	<u>64,493</u>	<u>56,551</u>
Weighted average number of ordinary shares in issue ('000)	311,178	319,467
Effect of share buy back ('000)	<u>-</u>	<u>(862)</u>
Weighted average number of ordinary shares ('000)	<u>311,178</u>	<u>318,605</u>
Basic earnings per share (sen)	<u>20.73</u>	<u>17.75</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.