

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the first financial quarter ended 31 March 2022

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.03.2022	COMPARATIVE QUARTER ENDED 31.03.2021	3 MONTHS CUMULATIVE TO 31.03.2022	3 MONTHS CUMULATIVE TO 31.03.2021
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue		194,593	223,510	194,593	223,510
Operating expenses		(165,513)	(222,904)	(165,513)	(222,904)
Other operating income		19,300	40,355	19,300	40,355
Profit from operations		48,380	40,961	48,380	40,961
Finance costs		(11,404)	(16,711)	(11,404)	(16,711)
Share of (loss)/profit of associates		(611)	4,828	(611)	4,828
Share of profit of joint ventures		1,328	966	1,328	966
Profit before tax	B5	37,693	30,044	37,693	30,044
Tax expense	B6	(8,871)	(4,437)	(8,871)	(4,437)
Profit for the period		28,822	25,607	28,822	25,607
Attributable to:					
Owners of the Company		28,723	25,654	28,723	25,654
Non-controlling interests		99	(47)	99	(47)
Profit for the period		28,822	25,607	28,822	25,607
Earnings per share (sen):-					
- Basic/Diluted	B11	9.23	8.03	9.23	8.03

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

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I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED <u>31.03.2022</u> RM'000	COMPARATIVE QUARTER ENDED <u>31.03.2021</u> RM'000	3 MONTHS CUMULATIVE TO <u>31.03.2022</u> RM'000	3 MONTHS CUMULATIVE TO <u>31.03.2021</u> RM'000
Profit for the period	28,822	25,607	28,822	25,607
Foreign currency translation differences for foreign operations	97,199	38,503	97,199	38,503
Net change in fair value of equity instruments designated at FVOCI	10,374	51,131	10,374	51,131
Other comprehensive income for the period, net of tax	107,573	89,634	107,573	89,634
Total comprehensive income for the period	136,395	115,241	136,395	115,241
Attributable to:				
Owners of the Company	134,897	112,851	134,897	112,851
Non-controlling interests	1,498	2,390	1,498	2,390
Total comprehensive income for the period	136,395	115,241	136,395	115,241

(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

	<u>Note</u>	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,593,469	1,494,013
Right-of-use assets		14,144	14,571
Investment properties		963,877	928,902
Investment in associates		98,207	100,663
Investment in joint ventures		63,155	59,809
Investment securities		680,173	643,927
Other investments		5,090	5,086
Goodwill		29,671	12,443
Inventories		676,709	677,029
Trade and other receivables		16,753	8,386
Other non-current assets		24,766	23,408
Deferred tax assets		820	776
		<u>4,166,834</u>	<u>3,969,013</u>
Current assets			
Inventories		755,722	702,190
Trade and other receivables		449,738	365,351
Other current assets		43,232	18,265
Current tax assets		16,759	17,810
Cash and cash equivalents		328,395	370,927
		<u>1,593,846</u>	<u>1,474,543</u>
TOTAL ASSETS		<u>5,760,680</u>	<u>5,443,556</u>

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		2,036,698	2,036,698
Treasury shares	A6	(17,586)	(17,586)
Reserves		287,369	181,378
Retained earnings		1,271,874	1,243,151
		<u>3,578,355</u>	<u>3,443,641</u>
Non-controlling interests		26,145	26,298
Total equity		<u>3,604,500</u>	<u>3,469,939</u>
Non-current liabilities			
Contract liabilities		14,470	14,266
Provision for liabilities		5,705	5,705
Deferred tax liabilities		54,151	47,115
Loans and borrowings	B8	1,247,600	1,149,169
Lease liabilities		47,647	47,075
		<u>1,369,573</u>	<u>1,263,330</u>
Current liabilities			
Trade and other payables		136,065	142,745
Contract liabilities		76,321	50,008
Provision for liabilities		37,622	47,111
Loans and borrowings	B8	530,724	466,280
Lease liabilities		4,030	3,859
Current tax liabilities		1,845	284
		<u>786,607</u>	<u>710,287</u>
Total liabilities		<u>2,156,180</u>	<u>1,973,617</u>
TOTAL EQUITY AND LIABILITIES		<u>5,760,680</u>	<u>5,443,556</u>
Net assets per share (RM)		<u>11.50</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	-	96,203	-	-	-	-	96,203	996	97,199
Net change in fair value of equity instruments designated at FVOCI	-	-	-	9,971	-	-	9,971	403	10,374
Total other comprehensive income for the period	-	96,203	-	9,971	-	-	106,174	1,399	107,573
Profit for the period	-	-	-	-	-	28,723	28,723	99	28,822
Total comprehensive income for the period	-	96,203	-	9,971	-	28,723	134,897	1,498	136,395
Capital returned to non-controlling interests	-	-	-	-	-	-	-	(1,651)	(1,651)
Share of other reserve of associates	-	-	-	(183)	-	-	(183)	-	(183)
At 31 March 2022	2,036,698	124,664	68,545	94,160	(17,586)	1,271,874	3,578,355	26,145	3,604,500
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	-	38,055	-	-	-	-	38,055	448	38,503
Net change in fair value of equity instruments designated at FVOCI	-	-	-	49,142	-	-	49,142	1,989	51,131
Total other comprehensive income for the period	-	38,055	-	49,142	-	-	87,197	2,437	89,634
Profit/(Loss) for the period	-	-	-	-	-	25,654	25,654	(47)	25,607
Total comprehensive income for the period	-	38,055	-	49,142	-	25,654	112,851	2,390	115,241
Share of other reserve of associates	-	-	-	248	-	-	248	-	248
At 31 March 2021	2,036,698	116,338	68,545	29,979	-	836,562	3,088,122	25,151	3,113,273

(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	<---3 MONTHS ENDED-->	
		31.03.2022	31.03.2021
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		37,693	30,044
Adjustments for non-cash items:			
Accrued lease income written off		-	1,085
Amortisation on other non-current assets		-	811
Change in fair value of investment properties		255	270
Depreciation on right-of-use assets		965	887
Fair value gain on assets classified as held for sale		-	(997)
Fair value gain on financial assets at fair value through profit or loss		-	(697)
Impairment loss on trade and other receivables		31	110
Interest income		(3,101)	(6,490)
Interest expense		11,404	16,711
Inventories written down		158	170
Net unrealised foreign exchange gain		(15)	8
Property, plant and equipment:			
- Depreciation		13,789	13,890
- Loss on disposal		14	-
Provision for staff benefits		11,216	5,819
Reversal of provision for repairs		(1,075)	-
Share of loss/(profit) of associates		611	(4,828)
Share of profit of joint ventures		(1,328)	(966)
Operating profit before changes in working capital		<u>70,617</u>	<u>55,827</u>
Changes in working capital			
Contract liabilities		23,333	13,230
Inventories		(21,906)	(24,969)
Other current assets		(23,400)	(29,049)
Other non-current assets		(415)	(1,510)
Other non-current liabilities		-	824
Payables		(10,944)	5,092
Receivables		(80,093)	(3,808)
Net change in working capital		<u>(113,425)</u>	<u>(40,190)</u>
Cash (used in)/generated from operations		(42,808)	15,637
Interest paid		(11,173)	(16,712)
Interest received		45	5,711
Income tax paid		(604)	(2,410)
Staff benefits paid		(21,280)	(7,378)
Net cash used in operating activities		<u>(75,820)</u>	<u>(5,152)</u>

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---3 MONTHS ENDED-->	
		31.03.2022	31.03.2021
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in an associate		-	(5,594)
Acquisition of property, plant and equipment		(53,125)	(27,775)
Acquisition of business, net of cash and cash equivalents acquired		(16,524)	-
Capital expenditure of investment properties		(1,925)	(1,600)
Dividend received from associates and joint ventures		700	315
Proceeds from disposal of assets classified as held for sale		-	82,123
Net cash (used in)/from investing activities		<u>(70,874)</u>	<u>47,469</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital returned to non-controlling interests		(1,651)	-
Payment of lease liabilities		(850)	(750)
Placement of pledged deposits		(691)	(3,029)
Net drawdown/(repayment) of borrowings		101,884	(77,084)
Net cash from/(used in) financing activities		<u>98,692</u>	<u>(80,863)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(48,002)	(38,546)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		340,298	259,360
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		6,207	3,044
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	Note A	<u>298,503</u>	<u>223,858</u>

Note A

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

- Cash and deposits with licensed banks	328,395	265,104
- Bank overdrafts	(12)	(4,077)
- Pledge bank balances and deposits	(29,880)	(37,169)
	<u>298,503</u>	<u>223,858</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

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

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2022**A8. Segment Information**

Segment analysis for the period ended 31 March 2022 and 2021 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	3 months ended	3 months ended	3 months ended	3 months ended
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	78,306	137,293	47,249	52,237
Hospitality	97,557	69,306	2,949	(6,806)
Investment and others	18,730	16,911	(1,818)	(4,470)
	194,593	223,510	48,380	40,961
Finance costs	-	-	(11,404)	(16,711)
Share of results of associates/joint ventures	-	-	717	5,794
	194,593	223,510	37,693	30,044

	Total Assets		Total Liabilities	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	2,655,086	2,518,023	891,194	761,880
Hospitality	1,577,179	1,439,975	493,354	459,698
Investment and others	3,349,796	3,230,509	3,040,991	2,926,095
	7,582,061	7,188,507	4,425,539	4,147,673
Adjustment and eliminations	(1,821,381)	(1,744,951)	(2,269,359)	(2,174,056)
	5,760,680	5,443,556	2,156,180	1,973,617

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

	Revenue		Non-current assets ^	
	31.03.2022	31.03.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Australia	180,683	221,009	2,694,659	2,552,602
Malaysia	8,068	277	324,378	322,600
New Zealand	5,842	2,224	258,833	251,756
	194,593	223,510	3,277,870	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:

	3 Months Ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
A. Associates		
Director fees received	-	55
B. Other related parties		
Companies related to directors		
- Administration fee	194	102
- Interest expenses	-	905
- Interest income	794	-
- Rental expense	172	179
- Share service income	-	118
Companies related to a person connected to a director		
- Rental income	58	113

These transactions have been entered into in the normal course of business and established under negotiated terms.

A10. Valuation Of Property, Plant And Equipment

The carrying value of the property, plant and equipment is stated at cost less depreciation and impairment losses.

A11. Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at 31 March 2022 are as below:

	RM'000
(a) Approved and contracted for	125,573
(b) Approved but not contracted for	11,019
	<u>11,019</u>

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 March 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

Current Quarter-to-date vs. Previous Year's Quarter-to-date

	CUMULATIVE PERIOD		CHANGES	
	CURRENT ENDED 31.03.2022	CURRENT ENDED 31.03.2021		
	RM'000	RM'000	RM'000	%
Revenue	194,593	223,510	(28,917)	(13%)
Profit from operations	48,380	40,961	7,419	18%
Profit before interest and tax	49,097	46,755	2,342	5%
Profit before tax	37,693	30,044	7,649	25%
Profit after tax	28,822	25,607	3,215	13%
Profit attributable to: Owners of the Company	28,723	25,654	3,069	12%

The Group's revenue of RM194.59 million in the current quarter ended 31 March 2022 decreased by 13% as compared to revenue of RM223.51 million in the previous year's corresponding quarter. The decrease was caused by the property division offset by better performances from the hospitality and investments and others divisions.

Property division recorded lower revenue of RM58.99 million due to lower settlements in Mulpha Norwest and Sanctuary Cove developments in Australia and the one-off sale of a pad site at Lexington drive in the previous year's corresponding quarter, which were partly offset by the stronger settlements in Leisure Farm development in Malaysia. Hospitality division revenue increased by RM22.68 million due to InterContinental Hayman Island and InterContinental Sanctuary Cove delivering stronger trading results on the back of recovering domestic travel with improved occupancy rates and higher room rates. The investment and others division's revenue increased by RM7.39 million due to a higher volume of debt financing deals and a new promotional merchandise business in the current quarter.

The Group recognised pre-tax profit of RM37.69 million for the current quarter ended 31 March 2022 as compared to pre-tax profit of RM30.04 million in the previous year's corresponding quarter, mainly attributed to a better performance in the hospitality division. In early January, the hospitality division experienced significant business interruptions caused by Omicron outbreaks in Australia where the Group's hotel assets saw a high cancellation of bookings coupled with a surge in staff absenteeism. However, as the various Australian state governments began to adopt a more pragmatic approach in relaxing the restrictions, both InterContinental Hayman Islands and Sanctuary Cove enjoyed strong rebound in trading results in March in which were further supported by higher room rates.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis

	AS AT 31.03.2022	AS AT 31.12.2021
	RM'000	RM'000
Total Assets		
Property, plant and equipment	1,593,469	1,494,013
Right-of-use assets	14,144	14,571
Inventories	1,432,431	1,379,219
Investment in associates	98,207	100,663
Investment properties	963,877	928,902
Investment securities	680,173	643,927
Cash and cash equivalents	328,395	370,927
Trade and other receivables	466,491	373,737
Other current assets	67,998	41,673
Others	115,495	95,924
Total	5,760,680	5,443,556

The Group's assets increased by 6% to RM5.76 billion as at 31 March 2022 mainly attributable to the increase in property, plant and equipment ("PPE"), trade and other receivables, inventories and partially offset by the decrease in cash and cash equivalents.

The increase of PPE was mainly due to the ongoing refurbishment of InterContinental Sydney, Swing City and construction of 60 Bimbadgen boutique cabins. The increase in trade and other receivables was mainly due to new first mortgage debt loans amounting to RM59.99 million eventuate in the current financial quarter. In addition, the increase in inventories was mainly 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 the acquisition of new food and beverage and car wash businesses as well as capital expenditures as explained above.

	AS AT 31.03.2022	AS AT 31.12.2021
	RM'000	RM'000
Total Liabilities		
Loans and Borrowings	1,778,324	1,615,449
Others	377,856	358,168
Total	2,156,180	1,973,617

The Group's total liabilities increased by 9% to RM2.16 billion as at 31 March 2022, mainly attributable to loan drawdowns for the Group's investment activities and working capital.

	AS AT 31.03.2022	AS AT 31.12.2021
	RM'000	RM'000
Total Equity attributable to Owners of the Company		
Share capital	2,036,698	2,036,698
Reserves	287,369	181,378
Retained earnings	1,271,874	1,243,151
Total	3,578,355	3,443,641

The Group's total equity increased by 4% to RM3.58 billion as at 31 March 2022 mainly attributable to the profit recognised for the period amounting to RM28.72 million and increase in foreign exchange reserves arising from the translation gain of foreign subsidiaries.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 31.03.2022	PRECEDING QUARTER ENDED 31.12.2021	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	194,593	160,833	33,760	21%
Profit/(Loss) from operations	48,380	(49,551)	97,931	>100%
Profit/(Loss) before interest and tax	49,097	(49,948)	99,045	>100%
Profit/(Loss) before tax	37,693	(64,373)	102,066	>100%
Profit/(Loss) after tax	28,822	(42,913)	71,735	>100%
Profit/(Loss) attributable to: owners of the Company	28,723	(43,033)	71,756	>100%

The Group's revenue of RM194.59 million in the current quarter ended 31 March 2022 increased by 21% as compared to revenue of RM160.83 million in the preceding quarter. The increase was mainly from the hospitality and investments and others divisions and offset by the decrease in the property division.

The hospitality division recorded higher revenue by RM26.62 million, backed by the strong domestic leisure demand as compared to the preceding quarter mainly due to the reopened interstate borders in Australia and helped by the easing of travel restrictions. The higher investment and others division's revenue by RM9.21 million was mainly due to the higher volume of debt financing deals and a new promotional merchandise business as mentioned in B1(i). The lower property division revenue by RM2.07 million was mainly due to lower settlements in Mulpha Norwest developments offset by higher settlements in Sanctuary Cove developments in Australia.

The Group's pre-tax profit of RM37.69 million for the current quarter ended 31 March 2022 increased significantly as compared to pre-tax loss of RM64.37 million in the previous quarter was mainly attributed to the better performance in the hospitality division as mentioned in B1(i) and above.

B3. Prospects

In anticipation of the opening of state borders in December 2021, strong forward holiday bookings were recorded for January 2022 at both InterContinental Hayman Island and InterContinental Sanctuary Cove. Unfortunately, the widespread of COVID outbreaks were experienced in early January resulted in significant cancellations and many staff contracted the virus. This placed pressure on operational teams due to staff shortages. Despite lower than expected occupancies in January, demand slowly returned with stronger trading recorded in March and increased conference and group bookings for the second quarter of 2022. In addition, room rates have strengthened across most regional markets on the back of strong demand. These increased room rates and a restructured cost base will assist the Group's resort properties in building profitability for the balance of 2022.

InterContinental Sydney traded with reduced room inventory and the majority of public areas, restaurants and bars closed for renovation. Occupancies were subdued for the first quarter with leisure and corporate clients reluctant to utilize the hotel while under renovation. Renovation works are largely on track for completion at the end of the second quarter however there remains some risk that furniture and other materials may be delayed due to shipping delays and lockdowns in China.

Sydney real estate market conditions have remained positive although pricing has stabilised with more certainty around increases in interest rates. As Mulpha products typically target older, owner occupiers it is anticipated that this market will be less impacted than first home buyers and investors as rates rise. The Sydney development team have released the first stages of the new Norwest Quarter (formerly called The Greens) apartments project with solid early interest. At Sanctuary Cove, land sales have slowed 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.

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. Agreement has also been reached for a full sell down of the project on completion. All development approvals have been received for Swing City, planned golf entertainment facility at Norwest and construction has commenced. The delay in completion is now expected around year end due to extensive wet weather. Construction of 60 boutique cabins has commenced at the Palmers Lane vineyard site in the Hunter valley to complement a successful wedding venue. Over the past three months, further construction price increases due to a shortage of labour and materials across most Australian markets. It has placed significant pressure on builders who priced work prior to these cost pressures. As a result, it is likely that most construction contracts will need to be renegotiated to share cost increases. Fortunately, these increases remain well below the growth in retail property prices.

The Leisure Farm project in Iskandar Malaysia continues to operate in a highly competitive market. Despite the competition, Leisure Farm has performed relatively well compared to competing developments with existing built product now increasingly attractive given the increased costs to build new product. Traditionally Leisure Farm has sold the majority of real estate to foreign buyers. Accordingly, Leisure Farm now expect increased interest from foreign buyers after Malaysia's borders have re-opened.

With the easing of pandemic restrictions, the Group's investment properties have maintained strong occupancies with most tenants reporting a strong rebound in retail sales. Based on Government guidelines many tenants have been able to defer the payment of rent while restrictions were in place. Management are now focused on working with tenants to progressively reduce these arrears.

Trading at Bimbadgen Wine Estate saw a general recovery during the quarter. The Group has also expanded its hospitality operations with the recent purchases of Ioesco restaurant and Sanctuary Cove Tavern at Sanctuary Cove. In particular, the Tavern acquisition provides an expansion opportunity to make the business a focal point of the Village and a Food and Beverage destination to draw additional traffic from local communities. Further enhancement of the business is planned for later in 2022.

The Group is actively looking to build its funds management capability in order 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 significant trading disruption throughout 2021 and the impact of the Omicron strain in January 2022, the Group is anticipating stronger results with the reopening of international borders. Australia and Malaysia now have high vaccination rates and Governments are moving towards a living with COVID-19 strategy which will assist all the Group's customer facing businesses. While it is expected real estate conditions to stabilize, the premium positioning of Mulpha products and the focus on quality is expected to protect the Group should the market soften in the medium term.

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.

B5. Profit Before Tax

	3 Months Ended	
	31.03.2022	31.03.2021
	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	-	811
Change in fair value of investment properties	255	270
Depreciation on right-of-use assets	965	887
Fair value gain on assets classified as held for sale	-	(997)
Fair value gain on financial assets at fair value through profit or loss	-	(697)
Impairment loss on trade and other receivables	31	110
Interest income	(3,101)	(6,490)
Interest expense	11,404	16,711
Inventories written down	158	170
Net foreign exchange gain	(4,238)	(1,715)
Property, plant and equipment:		
- Depreciation	13,789	13,890
- Loss on disposal	14	-
Provision for staff benefits	11,216	5,819
Reversal provision for repairs	(1,075)	-
Rental income	(4,807)	(3,971)

B6. Tax expense

	3 Months Ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Current tax expense/(benefit)		
Malaysian - current year	554	568
Malaysian - prior year	-	35
Overseas - current year	1,790	(1,218)
Overseas - prior year	1,435	167
	<u>3,779</u>	<u>(448)</u>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	6,517	5,040
Underprovision in prior year	(1,425)	(155)
	<u>5,092</u>	<u>4,885</u>
Tax expense	<u>8,871</u>	<u>4,437</u>

The effective tax rate of the Group for the period ended 31 March 2022 is slightly 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 31 March 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	41.98	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>141.98</u>	

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B8. Group Loans and Borrowings

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

	As at 1st Quarter Ended 2022											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			12	RM			12
Revolving Credit/Loan	RM			-	RM			80,347	RM			80,347
Revolving Credit/Loan	AUD	104,700	3.15	329,805	AUD	30,059	3.15	94,686	AUD	134,759	3.15	424,491
Term Loan	RM			25,250	RM			5,500	RM			30,750
Term Loan	AUD	258,138	3.15	813,136	AUD	77,000	3.15	242,551	AUD	335,138	3.15	1,055,687
Term Loan	NZD		2.93	-	NZD	34,629	2.93	101,463	NZD	34,629	2.93	101,463
Finance Lease	AUD	2,770	3.15	8,726	AUD		3.15	-	AUD	2,770	3.15	8,726
Bonds	AUD	22,439	3.15	70,683	AUD	1,957	3.15	6,165	AUD	24,396	3.15	76,848
				1,247,600				530,724				1,778,324

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B8. Group Loans and Borrowings (Cont'd)

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

	As at 1st 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			4,077	RM			4,077
Revolving Credit/Loan	RM			-	RM			110,998	RM			110,998
Revolving Credit/Loan	AUD	75,700	3.16	239,212	AUD	-	3.16	-	AUD	75,700	3.16	239,212
Revolving Credit/Loan	USD		4.15	-	USD	8,607	4.15	35,719	AUD	8,607	2.91	35,719
Term Loan	RM			23,586	RM			6,700	RM			30,286
Term Loan	HKD		0.53	-	HKD	127,004	0.53	67,820	HKD	127,004	0.53	67,820
Term Loan	USD	13,046	4.15	54,141	USD	2,134	4.15	8,856	USD	15,180	4.15	62,997
Term Loan	AUD	184,290	3.16	582,356	AUD	97,000	3.16	306,520	AUD	281,290	3.16	888,876
Term Loan	NZD		2.91	-	NZD	39,438	2.91	114,765	AUD	39,438	2.91	114,765
Finance Lease	AUD	2,770	3.16	8,753	AUD		3.16	-	AUD	2,770	3.16	8,753
Bonds	AUD	24,058	3.16	76,022	AUD	1,809	3.16	5,716	AUD	25,867	3.16	81,738
Bonds	USD		4.15	-	USD	70,000	4.15	290,500	USD	70,000	4.15	290,500
				984,070				951,671				1,935,741

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. The Court of Appeal hearing has been fixed for 24 June 2022. In addition, the High Court has issued their written grounds of judgment to the parties.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 31 March 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:

	3 Months Ended	
	<u>31.03.2022</u>	<u>31.03.2021</u>
Profit for the period, amount attributable to equity holders of the parent (RM'000)	<u>28,723</u>	<u>25,654</u>
Weighted average number of ordinary shares as at 31 March 2022 ('000)	<u>311,178</u>	<u>319,467</u>
Basic earnings per share (sen)	<u>9.23</u>	<u>8.03</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.