

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR PERIOD ENDED 31 MARCH 2020**

	3 Months Ended 31 March		3 Months Ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Continuing operations</b>				
Revenue	<b>122,114</b>	122,290	<b>122,114</b>	122,290
Operating profit from continuing operations	<b>8,419</b>	12,069	<b>8,419</b>	12,069
Interest expense	<b>(6,061)</b>	(3,737)	<b>(6,061)</b>	(3,737)
Interest income	<b>1,521</b>	361	<b>1,521</b>	361
Share of profit/(loss) of associates & joint venture	<b>384</b>	(68)	<b>384</b>	(68)
Profit before tax from continuing operations	<b>4,263</b>	8,625	<b>4,263</b>	8,625
Taxation	<b>(1,275)</b>	(3,914)	<b>(1,275)</b>	(3,914)
Profit after tax from continuing operations	<b>2,988</b>	4,711	<b>2,988</b>	4,711
Profit after tax from discontinued operations	<b>470,628</b>	7,294	<b>470,628</b>	7,294
Profit for the period	<b>473,616</b>	12,005	<b>473,616</b>	12,005
Profit attributable to:				
Ordinary equity holders of the Company	<b>466,954</b>	6,165	<b>466,954</b>	6,165
Non-controlling interest	<b>50</b>	664	<b>50</b>	664
Holder of private debt securities of the Company	<b>6,612</b>	5,176	<b>6,612</b>	5,176
	<b>473,616</b>	12,005	<b>473,616</b>	12,005
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	<b>76.64</b>	1.03 *	<b>76.64</b>	1.03 *
Diluted EPS	<b>73.87</b>	0.99 *	<b>73.87</b>	0.99 *

\*The comparatives have been restated to account for the effects of the bonus issue that was completed on 26 July 2019

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR PERIOD ENDED 31 MARCH 2020**

	<b>3 Months Ended 31 March</b>		<b>3 Months Ended 31 March</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit for the period	<b>473,616</b>	12,005	<b>473,616</b>	12,005
Other comprehensive income	<b>342</b>	(1)	<b>342</b>	(1)
<b>Total comprehensive income for the period</b>	<b>473,958</b>	12,004	<b>473,958</b>	12,004
Total comprehensive income attributable to:				
Ordinary equity holders of the Company	<b>467,296</b>	6,164	<b>467,296</b>	6,164
Non-controlling interest	<b>50</b>	664	<b>50</b>	664
Holder of private debt securities of the Company	<b>6,612</b>	5,176	<b>6,612</b>	5,176
	<b>473,958</b>	12,004	<b>473,958</b>	12,004

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	As at 31/3/2020	As at 31/12/2019
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	43,208	42,935
Right-of-use asset	18,959	20,224
Inventories - land held for property development	890,693	873,440
Investment properties	515,572	514,626
Investment in associates	196,921	29,242
Investment in a joint venture	178	235
Other investments	11,471	10,212
Deferred tax assets	50,216	47,533
	<u>1,727,218</u>	<u>1,538,447</u>
<b>Current assets</b>		
Inventories - property development costs	99,979	126,698
Inventories - completed properties and other inventories	108,461	105,209
Contract cost assets	72,938	64,657
Trade receivables	113,414	141,691
Other receivables	51,652	35,774
Other current assets	2,339	5,584
Contract assets	216,419	252,413
Tax recoverable	6,806	3,863
Cash and bank balances	497,947	134,739
	<u>1,169,955</u>	<u>870,628</u>
Assets of disposal group/Non-current assets held for sale	0	664,478
	<u>1,169,955</u>	<u>1,535,106</u>
<b>Total assets</b>	<u>2,897,173</u>	<u>3,073,553</u>
<b>Current liabilities</b>		
Borrowings	85,359	211,308
Lease liabilities	2,701	3,708
Trade payables	93,981	129,150
Other payables	172,237	160,738
Tax payable	2,324	6,718
Contract liabilities	112	53
	<u>356,714</u>	<u>511,675</u>
Liabilities directly associated with the assets held for sale	0	373,235
	<u>356,714</u>	<u>884,910</u>
<b>Net current assets</b>	<u>813,241</u>	<u>650,196</u>

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	<b>As at 31/3/2020</b>	As at 31/12/2019
	<b>RM'000</b>	RM'000
<b>Non-current liabilities</b>		
Borrowings	<b>660,946</b>	700,637
Lease liabilities	<b>17,617</b>	17,659
Deferred tax liabilities	<b>6,198</b>	6,198
	<b>684,761</b>	724,494
<b>Total liabilities</b>	<b>1,041,475</b>	1,609,404
<b>Equity</b>		
Share capital	<b>324,909</b>	316,945
Reserves	<b>1,281,788</b>	824,035
<b>Equity attributable to ordinary equity holders of the Company</b>	<b>1,606,697</b>	1,140,980
Non-controlling interests	<b>29</b>	74,197
Private debt securities	<b>248,972</b>	248,972
<b>Total equity</b>	<b>1,855,698</b>	1,464,149
<b>Total equity and liabilities</b>	<b>2,897,173</b>	3,073,553
<b>Net assets (NA) per share (RM)</b>	<b>2.61</b>	1.88

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR PERIOD ENDED 31 MARCH 2020**

	<-----Non Distributable----->				Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Private debt securities RM'000	Total Equity RM'000
	Share Capital RM'000	Employee Share Reserve# RM'000	Fair value Reserve RM'000	Translation Reserve RM'000				
<b>As at 1 January 2020</b>	316,945	9,337	(3,957)	(251)	818,906	74,197	248,972	1,464,149
Total comprehensive income	-	-	1,648	(1,306)	466,954	50	6,612	473,958
<b>Transactions with owners</b>								
Vesting of LTIP shares	7,964	(7,964)	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	-	-	(6,612)	(6,612)
Disposal of discontinued operations	-	-	-	-	-	(75,797)	-	(75,797)
Acquisition of non-controlling interest	-	-	-	-	(1,579)	1,579	-	-
Dividends	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>7,964</b>	<b>(7,964)</b>	<b>-</b>	<b>-</b>	<b>(1,579)</b>	<b>(74,218)</b>	<b>(6,612)</b>	<b>(82,409)</b>
<b>As at 31 March 2020</b>	<b>324,909</b>	<b>1,373</b>	<b>(2,309)</b>	<b>(1,557)</b>	<b>1,284,281</b>	<b>29</b>	<b>248,972</b>	<b>1,855,698</b>

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR PERIOD ENDED 31 MARCH 2020**

	<-----Non Distributable----->				Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Private debt securities RM'000	Total Equity RM'000
	Share Capital RM'000	Employee Share Reserve# RM'000	Fair value Reserve RM'000	Translation Reserve RM'000				
<b>As at 1 January 2019</b>	310,315	8,125	-	(140)	752,991	75,207	199,787	1,346,285
Total comprehensive income	-	-	-	(1)	6,165	664	5,176	12,004
<b>Transactions with owners</b>								
Vesting of LTIP shares	6,547	(6,547)	-	-	-	-	-	-
Award of LTIP to employees	-	-	-	-	-	-	-	-
Redemption of Private debt securities	-	-	-	-	-	-	(50,000)	(50,000)
Private debt securities distribution	-	-	-	-	-	-	(5,176)	(5,176)
<b>Total transactions with owners</b>	<b>6,547</b>	<b>(6,547)</b>	-	-	-	-	<b>(55,176)</b>	<b>(55,176)</b>
<b>As at 31 March 2019</b>	<b>316,862</b>	<b>1,578</b>	-	<b>(141)</b>	<b>759,156</b>	<b>75,871</b>	<b>149,787</b>	<b>1,303,113</b>

# - This represents reserve relating to fair valuation of restricted shares and performance shares under the long term incentive plan ("LTIP")

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR PERIOD ENDED 31 MARCH 2020**

	<b>3 Months Ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax		
- from continuing operations	<b>4,263</b>	8,625
- from discontinued operations	<b>472,838</b>	10,566
	<b>477,101</b>	19,191
Profit before tax		
Adjustment for:		
Non-cash items	<b>4,676</b>	10,379
Non-operating items	<b>(454,936)</b>	6,634
	<b>26,841</b>	36,204
<b>Operating profit before working capital changes</b>	<b>26,841</b>	36,204
Decrease in receivables	<b>43,181</b>	58,015
Decrease in inventories	<b>31,469</b>	7,026
Decrease in payables	<b>(24,112)</b>	(59,454)
	<b>77,379</b>	41,791
<b>Cash generated from operations</b>	<b>77,379</b>	41,791
Taxes paid	<b>(13,505)</b>	(12,981)
Interest paid	<b>(19,570)</b>	(18,684)
	<b>44,304</b>	10,126
Net cash generated from operating activities	<b>44,304</b>	10,126
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in land held for development	<b>(12,647)</b>	(173,449)
Acquisition of non-controlling interest	<b>(3,000)</b>	-
Investment in an associate	<b>(8,438)</b>	(127)
Investment in a joint venture	-	(225)
Purchase of property, plant and equipment	<b>(1,655)</b>	(17,821)
Purchase of investment properties	<b>(3,576)</b>	(5,322)
Proceeds from disposal of investment properties	<b>1,600</b>	-
Proceeds from disposal of property, plant and equipment	<b>8</b>	6
Proceeds from disposal of equity interest in subsidiaries	<b>479,932</b>	-
Movement in other investment	-	-
Movement in asset held for sale	<b>39,066</b>	7,918
Interest received	<b>1,683</b>	626
	<b>492,973</b>	(188,394)
Net cash generated from/(used in) investing activities	<b>492,973</b>	(188,394)

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the period ended 31 March 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR PERIOD ENDED 31 MARCH 2020**

	<b>3 Months Ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	85,560
Issuance of Islamic Medium Term Notes	-	127,500
Redemption of PDS	-	(50,000)
PDS distribution	<b>(6,612)</b>	(5,176)
Withdrawal/(placements) in banks restricted for use	<b>(2,597)</b>	14,187
Repayment of borrowings	<b>(166,240)</b>	(21,324)
Lease payments	<b>(1,817)</b>	(2,550)
Net cash generated from/(used in) financing activities	<b>(177,266)</b>	148,197
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>360,011</b>	(30,071)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<b>119,872</b>	72,315
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>479,883</b>	42,244
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise:		
Cash and bank balances	<b>132,537</b>	102,424
Fixed deposits	<b>365,410</b>	4,012
Cash and bank balances	<b>497,947</b>	106,436
Cash and bank balances restricted for use	<b>(17,428)</b>	(10,403)
Fixed deposits maturing more than 3 months	<b>(36)</b>	(1,388)
Overdrafts	<b>(600)</b>	(52,401)
	<b>479,883</b>	42,244
Cash and bank balances held in HDA accounts	<b>90,988</b>	56,629

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.



**PARAMOUNT CORPORATION BERHAD**  
**Interim Financial Report for the period ended 31 March 2020**

The figures are unaudited

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

**A2. Changes in accounting policies**

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 31 December 2019.

**A3. Audit report qualification**

The audit report for the financial year ended 31 December 2019 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

The operations of the Group were not materially affected by any factor of a seasonal or cyclical nature.

**A5. Exceptional or unusual items**

Save for items disclosed in Note A9, there were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

**A6. Changes in estimates of amounts reported previously**

There were no significant changes in estimates in prior periods that have materially affected the current quarter and financial year to date results.

## A7. Debt and equity securities

Save for items disclosed below, there were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year to date.

### (i) Employee share scheme

On 17 March 2020, the Company issued 7,761,400 shares to its eligible employees pursuant to the vesting of the Restricted Share Incentive Plan ("RS Award") and Performance-based Incentive Plan ("PS Award") of the Long Term Incentive Plan ("LTIP"). The details of the vested shares are as below:

	LTIP	Grant date	Vesting	No. of shares
(a)	2017 RS Award	13 March 2017	Third	1,107,000
(b)	2018 RS Award	11 June 2018	Second	957,400
(c)	2019 RS Award	13 March 2019	First	962,700
(d)	2017 PS Award	13 March 2017	Final	4,734,300
				<u>7,761,400</u>

## A8. Dividends paid

There was no dividend paid during the current quarter and financial year to date.

## A9. Profit before tax

The following items have been included in arriving at profit before tax:

	3 months ended 31 March		3 months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b><u>Continuing operations</u></b>				
Depreciation of:				
- Property, plant and equipment	1,381	868	1,381	868
- Right-of-use asset	1,084	368	1,084	368
- Investment properties	1,976	488	1,976	488
Interest expense on:				
- Borrowings	5,898	3,634	5,898	3,634
- Lease liabilities	163	103	163	103
(Gain)/loss on disposal of:				
- Property, plant and equipment	(7)	(4)	(7)	(4)
- Investment properties	(478)	0	(478)	0
Net derivative (gain)/loss:				
Interest rate swap	0	(8)	0	(8)
Net foreign exchange (gain)/loss	536	0	536	0

**A9. Profit before tax (cont'd)**

	3 months ended 31 March		3 months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b><u>Discontinued operations</u></b>				
Depreciation of:				
- Property, plant and equipment	0	5,034	0	5,034
- Right-of-use asset	0	3,212	0	3,212
Interest expense on:				
- Borrowings	596	2,214	596	2,214
- Lease liabilities	786	1,229	786	1,229
Amortisation of intangible assets	0	409	0	409
Additions/(reversal) of allowance for impairment of receivables	160	825	160	825
Bad debts written off	75	0	75	0
(Gain)/loss on disposal of:				
- Property, plant and equipment	0	1	0	1
- Equity interest in subsidiaries (A13(a))	(460,595)	0	(460,595)	0
Net foreign exchange (gain)/loss	0	(269)	0	(269)

Save for the items disclosed in the Income Statement and the note above, other items pursuant to Appendix 9B Note16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**A10. Segment reporting for the current financial year to date**

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property	119,659	121,501	6,113	15,133
Co-labs Coworking	1,059	667	(1,358)	(505)
Investment & others	25,272	16,939	808	7,116
	<u>145,990</u>	<u>139,107</u>	<u>5,563</u>	<u>21,744</u>
Inter-segment elimination	(23,876)	(16,817)	(1,300)	(13,119)
Total - continuing	<u>122,114</u>	<u>122,290</u>	<u>4,263</u>	<u>8,625</u>
Education - discontinued	34,200	69,154	472,838	10,566
	<u>156,314</u>	<u>191,444</u>	<u>477,101</u>	<u>19,191</u>

**A11. Carrying amount of revalued assets**

The valuations of property, plant and equipment and investment properties have been brought forward without amendments from the financial statements for the financial year ended 31 December 2019.

**A12. Subsequent events**

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial report.

### A13. Changes in composition of the Group

(a) On 19 June 2019, the Company had entered into a conditional share sale and purchase agreement ("SPA") with Character First Sdn Bhd ("CFSB") and Prestigion Education Sdn Bhd (formerly known as Two Horses Capital Sdn Bhd) for the disposal by the Company of the following controlling equity interests in Paramount Education Sdn Bhd ("PESB"), Paramount Education (Klang) Sdn Bhd ("PEKSB") and Sri KDU sdn Bhd ("Sri KDU") (together, the "Target Companies") to Prestigion Education Sdn Bhd for an indicative total cash consideration of RM540.5 million, subject to adjustments which may be made to the cash consideration as set out in the SPA ("Proposed Disposal"):

- (i) 130,339,000 ordinary shares in PESB, representing 69.7% equity interest in PESB, for an indicative cash consideration of RM134.5 million
- (ii) 800,000 ordinary shares in PEKSB, representing 80.0% equity interest in PEKSB, for an indicative cash consideration of RM21.0 million; and
- (iii) 1,800,000 ordinary shares in Sri KDU, representing 80.0% equity interest in Sri KDU after the internal restructuring in accordance with the terms of the SPA, for an indicative cash consideration of RM385.0 million.

The disposal was completed with the last conditions precedent was fulfilled on 28 January 2020 and total consideration received on 20 February 2020 amounted to RM569,198,750.

#### Discontinued operations of the previous financial period

Following the completion of disposal of education operations, the financial results of the education division in the previous financial period has been classified as discontinued operations.

The comparative condensed consolidated income statement has been re-presented to show the discontinued operations separately from the continuing operations, in accordance with the requirement of MFRS 5: Non-current assets held for sale and discontinued operations.

In presenting the discontinued operations, the Group continues to apply MFRS 10 which requires the elimination of the intra-group transactions.

The results of the education division for individual quarter and cumulative quarter are as follows:

	3 Months Ended 31 March		3 Months Ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	34,200	69,154	34,200	69,154
Gain on disposal of discontinued operations	460,595	0	460,595	0
Operating profit	13,463	13,744	13,463	13,744
Interest expense	(1,382)	(3,443)	(1,382)	(3,443)
Interest income	162	265	162	265
Profit before tax	472,838	10,566	472,838	10,566
Taxation	(2,210)	(3,272)	(2,210)	(3,272)
<b>Profit after tax</b>	<b>470,628</b>	<b>7,294</b>	<b>470,628</b>	<b>7,294</b>

### A13. Changes in composition of the Group (cont'd)

- (b) On 22 January 2020, Paramount Global Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a Share Purchase Agreement with Navarang Asset Co. Ltd. for the acquisition of 49% equity interest in Navarang Charoennakhon Company Limited ("NCCL") for total purchase consideration of THB60,270,000 (RM8,437,800). On the same date, Paramount Global Sdn. Bhd. has entered into a Shareholder Loan Agreement with NCCL to provide shareholder loan of THB63,859,740 (RM8,940,364) to NCCL. The acquisition of equity interest in NCCL was completed on 3 February 2020.
- (c) On 4 March 2020, the Company incorporated Paramount Globalcom Sdn. Bhd. ("PGSB") with a share capital of RM100, represented by 100 ordinary shares.
- (d) On 11 March 2020, PGSB incorporated Gardens of Hope Sdn. Bhd. with a share capital of RM100, represented by 100 ordinary shares. PGSB has 70% equity interest in Gardens of Hope Sdn. Bhd.

### A14. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities of the Group since the last annual reporting date.

### A15. Capital commitment

The amount of commitments not provided for in the interim financial statements as at 31 March 2020 were as follows:

	<b>RM'000</b>
Approved and contracted for:-	
Payment under DRA (Note: B6(i))	113,000
Investment properties	6,755
	<u>119,755</u>

### A16. Capital expenditure

The major additions and disposals to the property, plant and equipment during the current quarter and financial year to date were as follows:

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Property, plant and equipment	1,655	1,655

**A17. Related party transactions****Financial  
Year-to-date  
RM'000**

Rental charges and license fees paid to Damansara Uptown One Sdn Bhd, Damansara Uptown Seven Sdn Bhd, Damansara Uptown Retail Centre Sdn Bhd and Damansara Uptown Car Parks Sdn Bhd, companies in which a brother of Dato' Teo Chiang Quan has substantial interest	541
Rental charges paid to CF Land Sdn Bhd, a company in which Mr. Ee Ching Wah, Mr. Kee Keok Kuay and Dr. Sim Guan Seng, directors of subsidiaries have substantial interest	46
Rental income received from Peoplender Sdn Bhd, a company in which Dato' Teo Chiang Quan and Mr. Chew Sun Teong have substantial interest	35
Rental charges paid to Mr Chew Sun Teong, a director of the Company	12
	<hr/>
	634
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The directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

	1Q2020 RM'000	1Q2019 RM'000	Var. %		3M2020 RM'000	3M2019 RM'000	Var. %
<b><u>Continuing</u></b>							
Revenue	<b>122,114</b>	122,290	0%		<b>122,114</b>	122,290	0%
Operating profit	<b>8,419</b>	12,069	-30%		<b>8,419</b>	12,069	-30%
Profit before interest & tax	<b>8,803</b>	12,001	-27%		<b>8,803</b>	12,001	-27%
Profit before Tax	<b>4,263</b>	8,625	-51%		<b>4,263</b>	8,625	-51%
Profit after tax	<b>2,988</b>	4,711	-37%		<b>2,988</b>	4,711	-37%
<b><u>Discontinued</u></b>							
Profit after tax	<b>470,628</b>	7,294	6352%		<b>470,628</b>	7,294	6352%
Profit for the period	<b>473,616</b>	12,005	3845%		<b>473,616</b>	12,005	3845%
Profit attributable to ordinary equity holders of the Company	<b>466,954</b>	6,165	7474%		<b>466,954</b>	6,165	7474%

(Note: Pursuant to the completion of the disposal of the pre-tertiary education and the tertiary businesses as set out in Note A13 above, the education division has been presented as "discontinued operations" in 1Q2020 income statement. This is in line with the requirements of the Malaysian Financial Reporting Standards (MFRS) 5 while the Group's other existing businesses (including property development) are presented as 'continuing operations'. The comparative financial results of 1Q2019 have also been presented in the same manner. Post completion of the tertiary and pre-tertiary education business divestments, Paramount has recognised its share of financial results from the remaining equity interests it held in these businesses which is 35% and 20%, respectively and has been reflected in the investment and others division.)

**1Q2020 vs 1Q2019**

For 1Q2020, the Group recorded a revenue from continuing operations of RM122.1 million, which was marginally lower than that of the corresponding quarter last year of RM122.3 million. However, the Group's profit before tax (PBT) from continuing operations was 51% lower at RM4.3 million (1Q2019: RM8.6 million) mainly attributable to the lower contribution from the property division. The Group's profit attributable to ordinary equity holders of the Company has increased by RM460.8 million to RM467.0 million (1Q2019: RM6.2 million) contributed by the higher profit after tax from discontinued operations.

**Continuing operations**

For 1Q2020, the property division achieved a revenue of RM119.7 million, marginally lower than that of 1Q2019 of RM121.5 million while its PBT had decreased by 60% to RM6.1 million (1Q2019: RM15.1 million). This was mainly due to lower contribution from Utropolis Batu Kawan, Penang development, whereby its Phase 1, comprising commercial and high rise residential properties were completed in 4Q2019 while the launch of its Phase 3 service apartments has been deferred. In addition, all on-going phases of Sejati Residences, in Cyberjaya and Sekitar26, in Shah Alam had been completed in 2019 while some of its on-going projects such as Sejati Lakeside, in Cyberjaya, Berkeley Uptown, in Klang and Kemuning Idaman, in Kemuning Utama are at the initial stages of development. In addition, the construction works of all its projects have been halted in compliance to the movement control order (MCO), which has also affected the Group's profitability.

## B1. Review of performance (cont'd)

Despite lower launches and the implementation of the MCO during 1Q2020, the Group achieved property sales of RM113 million (1Q2019: RM104 million), which was 9% higher than the corresponding quarter last year. The sales status and unbilled sales of the property division are as follow:

Projects	Location	For period ended 31/3/2020			As at
		Launched units	Units sold**	Sales value RM'M	31/3/2020
Central region	Klang Valley	0	159	88	703
Northern region	Kedah, Penang	49	76	25	151
<b>Total</b>		<b>49</b>	<b>235</b>	<b>113</b>	<b>854</b>

\*\* - Includes sales of units launched in the prior years

### Discontinued operations

The education division recorded a revenue of RM34.2 million in 1Q2020, which was 51% lower than that of the corresponding quarter last year of RM69.2 million. This was mainly due to the lower contribution from the tertiary education business following the completion of the disposal of the Company's controlling equity stakes in UOW Malaysia KDU University College Sdn Bhd (KDUUC), UOW Malaysia KDU Penang University College Sdn Bhd (KDUPG) and UOW Malaysia KDU College Sdn Bhd (KDUPJ) to UOWM Sdn Bhd on 3 September 2019. In addition, the revenue contribution from the pre-tertiary education business was also lower as the Company had divested its controlling equity stakes in Paramount Education Sdn Bhd, Paramount Education (Klang) Sdn Bhd and Sri KDU Sdn Bhd (collectively referred to as "Pre-Tertiary Education Group") on 20 February 2020. However, the PBT for the education division in 1Q2020 had increased by RM462.2 million to RM472.8 million (1Q2019: RM10.6 million). This was mainly due to the gain recognised on the disposal of the Pre-Tertiary Education Group of RM460.6 million. In addition, the assets of Sri KDU and the R.E.A.L Education Group were not depreciated since the signing of the sale and purchase agreement with Prestigion Education Sdn Bhd until the completion of the sale, in line with the accounting treatment of "assets held for sale", which has also contributed to the improved PBT of the education division.

## B2. Material changes in Profit Before Tax for the quarter reported on as compared with the immediate preceding quarter

	1Q2020 RM'000	4Q2019 RM000	Var. %
<b><u>Continuing</u></b>			
Revenue	<b>122,114</b>	209,622	-42%
Operating profit	<b>8,419</b>	41,268	-80%
Profit before interest & tax	<b>8,803</b>	43,474	-80%
Profit before Tax	<b>4,263</b>	37,431	-89%

The Group's PBT for continuing operations for 1Q2020 of RM4.3 million was 89% lower as compared to the preceding quarter of RM37.4 million mainly due to the lower contribution from the property division by RM37.1 million. The lower level of construction progress achieved coupled with the lower property sales were the main contributors. In addition, all on-going phases of Sejati Residences, in Cyberjaya and Sekitar26, in Shah Alam had been completed in 2019 while some of its on-going projects such as Sejati Lakeside, in Cyberjaya, Berkeley Uptown, in Klang and Kemuning Idaman, in Kemuning Utama are at the initial stage of developments.



### B3. Prospects

The prospects of the Malaysian economy for 2020 has been dampened by the sudden outbreak of COVID-19 pandemic. Latest economic indicators suggest that the pace of economic activities in Malaysia are contracting and growth prospects are deteriorating. Large output losses from the Malaysian economy in 2020 are expected as a result of the pandemic and the consequences of the containment measures of the government to curb the spread of the virus.

The Group's operations has also been impacted. Its offices, construction sites and property sales galleries had been closed in compliance with the Movement Control Order that was effective from 18 March 2020 though the marketing of properties continued to be conducted digitally. Thereafter, the Group's operations and construction activities have since resumed progressively during the Conditional Movement Control Order period, after complying with the relevant standard operating procedures and guidelines. While the implementation of a combination of monetary and fiscal measures by the Malaysian government and Bank Negara Malaysia could help to lessen the impact of this crisis to households and businesses, the scale and duration of the economic effects arising from the pandemic remain uncertain.

To face these challenges, the Group has to embrace the new norm and overcome obstacles to become more resilient. Hence, the Group is adapting and redefining its business processes, products and service offerings to customers under the new normal. Measures have been taken to protect the health and well being of the Group's employees, customers, suppliers and the Group's financial resiliency during this unprecedented time. The divestment of Paramount's pre-tertiary education businesses that was completed in February 2020 provides a strong cash buffer which put the Group in a good financial position.

#### Property

Paramount Property's pipeline launches for FY2020 is estimated at RM647 million, comprising entirely of residential properties (including new phases of existing projects). The Group's total unbilled sales of RM854 million as at 31 March 2020 is expected to contribute positively to the Group's financial performance in the near future. As at 31 March 2020, the Group had 509.1 acres of undeveloped land as follows:

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)
Central region	Klang Valley	7	921.4	236.5
Northern region	Kedah, Penang	4	1,122.9	272.6
<b>Total</b>		<b>11</b>	<b>2,044.3</b>	<b>509.1</b>

#### Co-labs Coworking

The spread of COVID-19 could lead to flexible workspaces becoming more relevant to larger companies as they seek to address the risk of business disruption and to protect their employees by setting up remote offices and/or creating smaller teams to work from multiple locations as part of their business continuity plans. Hence, Co-labs Coworking has moved to serve this emerging market by offering flexible workspace solutions that are available for immediate move-in for teams to stay productive.

For the financial year ending 31 December 2020, the Group expects the COVID-19 pandemic to significantly affect the demand of its products and services as well as the projects' construction progress and hence, the Group's financial performance. However, this would be bolstered by the RM460.6 million gain on disposal of the Pre-Tertiary Education Group that was recognised in 1Q2020.

#### B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee for the current quarter and financial year to date.

#### B5. Taxation

The taxation charge included the following:

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Income tax	4,806	4,806
Deferred tax	(3,531)	(3,531)
	<u>1,275</u>	<u>1,275</u>

The effective tax rate for the current quarter and financial year to date was higher than the statutory income tax rate in Malaysia due to the losses of certain subsidiaries that were not available for full set off against taxable profits of other subsidiaries and certain expenses which were not deductible for tax purposes.

#### B6. Corporate proposal

Save for the proposal disclosed below, there were no corporate proposals announced but not completed as at 29 May 2020.

- (i) On 22 December 2017, the Group entered into a Development Rights Agreement ("DRA") with Kumpulan Hartanah Selangor Berhad (KHSB) to accept the rights granted by KHSB to the proposed development of two (2) contiguous parcels of leasehold commercial land measuring approximately 9.662 acres in total area situated in Section 14, Bandar Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan.
- (ii) The status of utilisation of proceeds arising from the disposal of equity interest in Sri KDU, PEK & PESB as at 29 May 2020 is as follow:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Intended Timeframe</b>
(i) Distribution to shareholders	177,000	177,000	0	6-month
(ii) Acquisition of land bank	150,000	17,378	(132,622)	24-month
(iii) Repayment of borrowings	133,649	133,649	0	6-month
(iv) Working capital of the Group	57,851	57,851	0	12-month
(v) Expenses in relation to the disposal	22,000	2,391	(19,609)	3-month
	<u>540,500</u>	<u>388,269</u>	<u>(152,231)</u>	

## B7. Borrowings and debt securities

The Group's borrowings and debt securities as at 31 March 2020 and 31 March 2019 were as follows:

	31/3/2020	31/3/2019
	RM'000	RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Secured	0	14,802
Bank overdraft - Unsecured	600	37,599
Revolving credit - Secured	70,200	66,450
Revolving credit - Unsecured	0	110,000
Islamic Medium Term Notes (IMTN)	0	168,750
Current portion of long term loans - Secured	14,559	99,920
Total short-term borrowings	<u>85,359</u>	<u>497,521</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	241,630	482,353
Medium Term Notes (MTN)	293,067	0
Sukuk Murabahah	126,249	0
Islamic Medium Term Notes (IMTN)	0	126,255
Total long-term borrowings	<u>660,946</u>	<u>608,608</u>
Total borrowings	<u>746,305</u>	<u>1,106,129</u>

The weighted average interest rates at the end of the reporting period were as follows:

Floating interest rate	4.31%	4.97%
Fixed interest rate	N/A	5.02%

There were no bank borrowings denominated in foreign currencies as at the reporting date.

The decrease in bank borrowings were mainly due to:

- (i) Repayment of term loan amounting to RM134 million after completion of proposed disposal mentioned in Note A13(a); and
- (ii) Derecognition of borrowings amounting to RM140 million after completion of proposed disposal mentioned in Note A13(a)

## B8. Derivative financial instrument

The was no derivative financial instrument outstanding as at 31 March 2020.

## B9. Fair value gain/(loss)

The was no fair value gain/loss for the current quarter and financial year to date.

## B10. Changes in material litigation

As at 29 May 2020, there were no changes in material litigation since the last annual reporting date of 31 December 2019.

## B11. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2020.

## B12. Earnings per share

### (a) Basic EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
Profit attributable to equity holders of the Company (RM'000)	466,954	466,954
Weighted average number of ordinary shares ('000)	609,270	609,270
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Basic EPS (sen)	76.64	76.64
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### (b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	466,954	466,954
Weighted average number of ordinary shares ('000)	609,270	609,270
Effect of dilution ('000)	22,897	22,897
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Adjusted weighted average number of ordinary shares in issue and issuable ('000)	632,167	632,167
Diluted EPS (sen)	73.87	73.87
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