

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2020

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR YEAR ENDED 31 DECEMBER 2020**

	<b>3 Months Ended 31 December</b>		<b>12 Months Ended 31 December</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Continuing operations</b>				
Revenue	<b>188,385</b>	209,622	<b>593,562</b>	705,974
Operating profit from continuing operations	<b>15,667</b>	41,268	<b>61,555</b>	105,909
Interest expense	<b>(2,889)</b>	(6,957)	<b>(18,304)</b>	(21,905)
Interest income	<b>504</b>	914	<b>5,597</b>	2,533
Share of profit/(loss) of associates & joint venture	<b>(298)</b>	2,206	<b>2,982</b>	2,301
Profit before tax from continuing operations	<b>12,984</b>	37,431	<b>51,830</b>	88,838
Taxation	<b>(8,344)</b>	(13,317)	<b>(20,222)</b>	(34,328)
Profit after tax from continuing operations	<b>4,640</b>	24,114	<b>31,608</b>	54,510
Profit after tax from discontinued operations	<b>498</b>	17,430	<b>471,126</b>	64,480
Profit for the period	<b>5,138</b>	41,544	<b>502,734</b>	118,990
Profit attributable to:				
Ordinary equity holders of the Company	<b>3,592</b>	39,116	<b>486,661</b>	104,049
Non-controlling interest	<b>(46)</b>	799	<b>8</b>	2,890
Holder of private debt securities of the Company	<b>1,592</b>	1,629	<b>16,065</b>	12,051
	<b>5,138</b>	41,544	<b>502,734</b>	118,990
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	<b>0.58</b>	4.99	<b>79.37</b>	17.17
Diluted EPS	<b>0.57</b>	4.81	<b>76.91</b>	16.55

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 year ended 31 December 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR YEAR ENDED 31 DECEMBER 2020**

	<b>3 Months Ended 31 December</b>		<b>12 Months Ended 31 December</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>5,138</b>	41,544	<b>502,734</b>	118,990
Other comprehensive income	<b>(69)</b>	(3,651)	<b>4,139</b>	(4,068)
Total comprehensive income/(loss) for the period	<b>5,069</b>	37,893	<b>506,873</b>	114,922
Total comprehensive income attributable to:				
Ordinary equity holders of the Company	<b>3,523</b>	35,465	<b>490,800</b>	99,981
Non-controlling interest	<b>(46)</b>	799	<b>8</b>	2,890
Holder of private debt securities of the Company	<b>1,592</b>	1,629	<b>16,065</b>	12,051
	<b>5,069</b>	37,893	<b>506,873</b>	114,922

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 year ended 31 December 2020

The figures are unaudited

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

	<b>As at 31/12/2020</b>	As at 31/12/2019
	<b>RM'000</b>	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	<b>44,644</b>	42,935
Right-of-use asset	<b>16,514</b>	20,224
Inventories - land held for property development	<b>1,032,193</b>	873,440
Investment properties	<b>517,014</b>	514,626
Investment in associates	<b>192,618</b>	29,242
Investment in a joint venture	<b>1,110</b>	235
Other investments	<b>25,077</b>	10,212
Deferred tax assets	<b>56,177</b>	47,533
	<b>1,885,347</b>	1,538,447
<b>Current assets</b>		
Inventories - property development costs	<b>109,215</b>	126,698
Inventories - completed properties and other inventories	<b>115,380</b>	105,209
Contract cost assets	<b>119,512</b>	64,657
Trade receivables	<b>136,415</b>	141,691
Other receivables	<b>36,700</b>	35,774
Other current assets	<b>5,080</b>	5,584
Contract assets	<b>353,004</b>	252,413
Tax recoverable	<b>8,236</b>	3,863
Cash and bank balances	<b>204,260</b>	134,739
	<b>1,087,802</b>	870,628
Assets of disposal group/Non-current assets held for sale	<b>0</b>	664,478
	<b>1,087,802</b>	1,535,106
<b>Total assets</b>	<b>2,973,149</b>	3,073,553
<b>Current liabilities</b>		
Borrowings	<b>165,215</b>	211,308
Lease liabilities	<b>4,512</b>	3,708
Trade payables	<b>114,976</b>	129,150
Other payables	<b>189,529</b>	160,738
Tax payable	<b>6,893</b>	6,718
Contract liabilities	<b>214</b>	53
	<b>481,339</b>	511,675
Liabilities directly associated with the assets held for sale	<b>0</b>	373,235
	<b>481,339</b>	884,910
<b>Net current assets</b>	<b>606,463</b>	650,196

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2020

The figures are unaudited

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

	<b>As at 31/12/2020</b>	As at 31/12/2019
	<b>RM'000</b>	RM'000
<b>Non-current liabilities</b>		
Borrowings	<b>788,995</b>	700,637
Lease liabilities	<b>15,232</b>	17,659
Deferred tax liabilities	<b>6,152</b>	6,198
	<b>810,379</b>	724,494
<b>Total liabilities</b>	<b>1,291,718</b>	1,609,404
<b>Equity</b>		
Share capital	<b>324,909</b>	316,945
Reserves	<b>1,106,867</b>	824,035
<b>Equity attributable to ordinary equity holders of the Company</b>	<b>1,431,776</b>	1,140,980
Non-controlling interests	<b>948</b>	74,197
Private debt securities	<b>248,707</b>	248,972
<b>Total equity</b>	<b>1,681,431</b>	1,464,149
<b>Total equity and liabilities</b>	<b>2,973,149</b>	3,073,553
<b>Net assets (NA) per share (RM)</b>	<b>2.33</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 year ended 31 December 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR YEAR ENDED 31 DECEMBER 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	-	-	4,033	106	486,661	8	16,065	506,873
<b>Transactions with owners</b>								
Vesting of LTIP shares	7,964	(7,964)	-	-	-	-	-	-
Award of LTIP to employees	-	7,414	-	-	-	-	-	7,414
Issuance of Perpetual securities	-	-	-	-	-	-	49,735	49,735
Redemption of Private debt securities	-	-	-	-	-	-	(50,000)	(50,000)
Private debt securities distribution	-	-	-	-	-	-	(16,065)	(16,065)
Disposal of discontinued operations	-	-	-	-	-	(75,752)	-	(75,752)
Capital contribution by non-controlling interest	-	-	-	-	-	916	-	916
Acquisition of non-controlling interest	-	-	-	-	(1,579)	1,579	-	-
Dividends	-	-	-	-	(205,839)	-	-	(205,839)
<b>Total transactions with owners</b>	<b>7,964</b>	<b>(550)</b>	<b>-</b>	<b>-</b>	<b>(207,418)</b>	<b>(73,257)</b>	<b>(16,330)</b>	<b>(289,591)</b>
<b>As at 31 December 2020</b>	<b>324,909</b>	<b>8,787</b>	<b>76</b>	<b>(145)</b>	<b>1,098,149</b>	<b>948</b>	<b>248,707</b>	<b>1,681,431</b>

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR YEAR ENDED 31 DECEMBER 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	-	-	(3,957)	(111)	104,049	2,890	12,051	114,922
<b>Transactions with owners</b>								
Vesting of LTIP shares	6,630	(6,630)	-	-	-	-	-	-
Award of LTIP to employees	-	7,842	-	-	-	-	-	7,842
Issuance of Private debt securities	-	-	-	-	-	-	149,185	149,185
Redemption of Private debt securities	-	-	-	-	-	-	(100,000)	(100,000)
Private debt securities distribution	-	-	-	-	-	-	(12,051)	(12,051)
Dividends paid to non-controlling interest	-	-	-	-	-	(3,900)	-	(3,900)
Dividends	-	-	-	-	(38,134)	-	-	(38,134)
<b>Total transactions with owners</b>	<b>6,630</b>	<b>1,212</b>	<b>-</b>	<b>-</b>	<b>(38,134)</b>	<b>(3,900)</b>	<b>37,134</b>	<b>2,942</b>
<b>As at 31 December 2019</b>	<b>316,945</b>	<b>9,337</b>	<b>(3,957)</b>	<b>(251)</b>	<b>818,906</b>	<b>74,197</b>	<b>248,972</b>	<b>1,464,149</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 year ended 31 December 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 31 DECEMBER 2020**

	<b>12 Months Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax		
- from continuing operations	<b>51,830</b>	88,838
- from discontinued operations	<b>474,906</b>	74,624
Profit before tax	<b>526,736</b>	163,462
Adjustment for:		
Non-cash items	<b>26,220</b>	42,282
Non-operating items	<b>(452,258)</b>	5,432
<b>Operating profit before working capital changes</b>	<b>100,698</b>	211,176
Increase in receivables	<b>(145,187)</b>	(67,052)
Decrease in inventories	<b>185,371</b>	119,724
Increase in payables	<b>26,653</b>	73,473
<b>Cash generated from operations</b>	<b>167,535</b>	337,321
Taxes paid	<b>(36,890)</b>	(52,673)
Interest paid	<b>(27,671)</b>	(45,813)
Net cash generated from operating activities	<b>102,974</b>	238,835
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in land held for development	<b>(334,140)</b>	(256,951)
Addition in course development	-	(37)
Capital contribution from non-controlling interest	<b>961</b>	
Acquisition of non-controlling interest	<b>(3,000)</b>	-
Investment in an associate	<b>(8,438)</b>	-
Investment in a joint venture	<b>(897)</b>	-
Purchase of property, plant and equipment	<b>(12,410)</b>	(83,500)
Purchase of investment properties	<b>(10,422)</b>	(18,497)
Proceeds from disposal of investment properties	<b>1,600</b>	-
Proceeds from disposal of property, plant and equipment	<b>5,275</b>	5,006
Proceeds from disposal of asset held for sale	<b>514,156</b>	30,518
Movement in other investment	<b>(14,865)</b>	(3,855)
Movement in asset held for sale	<b>6,910</b>	(33,031)
Interest received	<b>5,759</b>	3,190
Net cash generated from/(used in) investing activities	<b>150,489</b>	(357,157)

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2020

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 31 DECEMBER 2020**

	<b>12 Months Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to ordinary equity holders of the Company	<b>(205,839)</b>	(38,134)
Dividends paid to non-controlling interest	-	(3,900)
Drawdown of borrowings	<b>258,000</b>	-
Issuance of Islamic Medium Term Notes	-	127,500
Issuance of Medium Term Notes	-	294,000
Issuance of PDS	<b>50,000</b>	150,000
Redemption of PDS	<b>(50,000)</b>	(100,000)
Payment of PDS related expenses	<b>(265)</b>	(815)
PDS distribution	<b>(16,065)</b>	(12,051)
Withdrawal in banks restricted for use	<b>7,239</b>	11,111
Repayment of borrowings	<b>(231,205)</b>	(243,852)
Lease payments	<b>(4,038)</b>	(17,980)
Net cash (used in)/generated from financing activities	<b>(192,173)</b>	165,879
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>61,290</b>	47,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<b>119,872</b>	72,315
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>181,162</b>	119,872
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise:		
Cash and bank balances	<b>162,311</b>	117,952
Fixed deposits	<b>41,949</b>	16,787
Cash and bank balances	<b>204,260</b>	134,739
Cash and bank balances restricted for use	<b>(7,534)</b>	(14,803)
Fixed deposits maturing more than 3 months	<b>(94)</b>	(64)
Overdrafts	<b>(15,470)</b>	-
	<b>181,162</b>	119,872
Cash and bank balances held in HDA accounts	<b>130,321</b>	86,441

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 year ended 31 December 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 Notes A9 and B1, 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>

### (ii) RM200 Million Private Debt Securities

On 21 September 2020, the Group has redeemed RM50,000,000 in nominal value of the PDS.

### (iii) RM500 Million Perpetual Securities Programme

On 24 September 2020, the Group made the third issuance of RM50,000,000 in nominal value of Perpetual Securities, bringing the total Perpetual Securities in issue to RM200,000,000 in nominal value.

## A8. Dividends paid

	12 months ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Special dividends		
2020 - 29.0 sen single tier	178,189	0
Final dividends		
2019 - 4.50 sen single tier (2018 - 6.00 sen single tier)	27,650	26,001
Interim dividends		
2019 - 2.00 sen single tier	0	12,133
	<u>205,839</u>	<u>38,134</u>

**A9. Profit/(loss) before tax**

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

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b><u>Continuing operations</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of:				
- Property, plant and equipment	1,569	5,594	5,415	7,247
- Right-of-use asset	1,043	1,077	4,248	3,919
- Investment properties	2,151	5,304	8,515	8,105
Impairment of investment property	0	0	1,930	0
Impairment of right-of-use asset	708	0	708	0
Interest expense on:				
- Borrowings	2,634	5,846	17,319	21,025
- Lease liabilities	255	1,111	985	880
Additions/(reversal) of allowance for impairment of receivables	0	118	0	118
(Gain)/loss on disposal of:				
- Property, plant and equipment	(3)	(111)	(380)	(111)
- Investment properties	0	0	(478)	0
Net derivative (gain)/loss:				
Interest rate swap	0	0	0	(10)
Forward foreign exchange contract	384	0	296	0
Net foreign exchange (gain)/loss	(221)	0	318	0

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b><u>Discontinued operations</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of:				
- Property, plant and equipment	0	(2,090)	0	10,550
- Right-of-use asset	0	1,175	0	7,624
Interest expense on:				
- Borrowings	0	1,359	596	7,638
- Lease liabilities	0	2,376	786	6,793
Amortisation of intangible assets	0	(88)	0	870
Additions/(reversal) of allowance for impairment of receivables	0	(332)	160	101
Bad debts written off	0	0	75	380
(Gain)/loss on disposal of:				
- Property, plant and equipment	0	0	0	0
- Equity interest in subsidiaries	0	(25,412)	(462,663)	(25,412)
Net foreign exchange (gain)/loss	0	(2)	0	(526)

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>	12 months ended 31 December Revenue		12 months ended 31 December Profit/(loss) before tax	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Property	584,352	700,337	62,625	117,452
Co-labs Coworking	4,530	3,307	(4,668)	(3,941)
Investment & others	98,967	191,044	144,432	131,977
	<u>687,849</u>	<u>894,688</u>	<u>202,389</u>	<u>245,488</u>
Inter-segment elimination	(94,287)	(188,714)	(150,559)	(156,650)
Total - continuing	<u>593,562</u>	<u>705,974</u>	<u>51,830</u>	<u>88,838</u>
Education - discontinued	<u>34,200</u>	<u>249,906</u>	<u>474,906</u>	<u>74,624</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 December		12 Months Ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	0	50,289	34,200	249,906
Gain on disposal of discontinued operations	2,068	2,098	462,663	25,412
Operating profit	0	18,773	13,463	62,984
Interest expense	0	(3,729)	(1,382)	(14,430)
Interest income	0	204	162	658
Profit before tax	2,068	17,346	474,906	74,624
Taxation	(1,570)	84	(3,780)	(10,144)
<b>Profit after tax</b>	<b>498</b>	<b>17,430</b>	<b>471,126</b>	<b>64,480</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.
- (e) On 24 September 2020, the Company subscribed for 897,000 ordinary shares and 12,034,000 preference shares, respectively, in Super Ace Resources Sdn Bhd ("SAR") for a total consideration of RM12,931,000. As a result, the Company's shareholding in SAR was increased to 71%. In accordance to the Joint Venture Agreement, the Group continues to account SAR as a joint venture.

### 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 December 2020 were as follows:

	<b>RM'000</b>
Approved and contracted for:-	
Payment under DRA (Note: B6(i))	113,000
Investment properties	71,763
	<u>184,763</u>
Approved but not contracted for:-	
Investment properties	8,641
	<u>8,641</u>
	<u>193,404</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	<u>7,636</u>	<u>12,410</u>

**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	2,060
Rental income received from UOW Malaysia KDU University College Sdn Bhd and UOW Malaysia KDU University College (PG) Sdn Bhd, associated companies of the Company	3,712
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 former subsidiaries have substantial interest	46
Rental income received from Peoplender Sdn Bhd, a company in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have substantial interest	121
Rental charges paid to Mr Chew Sun Teong, a director of the Company	48
	<hr/>
	5,987
	<hr/>

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**

	4Q2020 RM'000	4Q2019 RM'000	Var. %		FY2020 RM'000	FY2019 RM'000	Var. %
<b>Continuing</b>							
Revenue	188,385	209,622	-10%		593,562	705,974	-16%
Operating profit	15,667	41,268	-62%		61,555	105,909	-42%
Profit before interest & tax	15,369	43,474	-65%		64,537	108,210	-40%
Profit before Tax	12,984	37,431	-65%		51,830	88,838	-42%
Profit after tax	4,640	24,114	-81%		31,608	54,510	-42%
<b>Discontinued</b>							
Profit after tax	498	17,430	-97%		471,126	64,480	631%
Profit for the period	5,138	41,544	-88%		502,734	118,990	323%
Profit attributable to ordinary equity holders of the Company	3,592	39,116	-91%		486,661	104,049	368%

*(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 the 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'. 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.)*

**4Q2020 vs 4Q2019**

For 4Q2020, the Group recorded a revenue from continuing operations of RM188.4 million, which was 10% lower than that of the corresponding quarter last year of RM209.6 million. However, the Group's profit before tax (PBT) from continuing operations was 65% lower at RM13 million (4Q2019: RM37.4 million) mainly attributable to the lower profit contribution from the property division. In light of this, the Group's profit attributable to ordinary equity holders of the Company was also lower at RM3.6 million (4Q2019: RM39.1 million). As the financial results of the pre-tertiary education business is no longer consolidated after the divestment of the Company's controlling equity stakes in February 2020, this has also contributed to the decline in the Group's profit attributable to ordinary equity holders of the Company.

**Continuing operations - Property Division**

For 4Q2020, the property division achieved a revenue of RM185.9 million, which was 10% lower than that of the corresponding quarter last year of RM207.4 million. The top three revenue contributors in 4Q2020 were Bukit Banyan development in Kedah, Utropolis Batu Kawan development in Penang, and Greenwoods Salak Perdana development in Selangor. On the back of the lower revenue coupled with the additional project related and compliance costs arising from the COVID-19 pandemic, the property division recorded a lower PBT of RM22.5 million as compared to RM43.1 million in 4Q2019.



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

### Discontinued operations - Education Division

The education division recorded a PBT of RM2.1 million in 4Q2020 which also translated into additional gain being recognised for the disposal of the pre-tertiary education business. This additional amount arises from the reversal of provision for expenses that did not materialise. For 4Q2019, the financial results was in respect of the pre-tertiary education business which the Company has divested its controlling equity stakes in February 2020. However, the Company retains minority stakes in these businesses and its share of results have been equity accounted for in the investment & others division.

### FY2020 vs FY2019

For FY2020, the Group's revenue from continuing operations was RM593.6 million, which was 16% lower than that of the corresponding period last year of RM706.0 million. On the back of lower revenue, the Group recorded a PBT from continuing operations of RM51.8 million as compared to RM88.8 million in FY2019, mainly attributable to the lower contribution from the property division but was mitigated by the lower non-recurring expenses and interest expense in the investment & others division. However, the Group's profit attributable to ordinary equity holders of the Company has increased by RM382.6 million to RM486.7 million (FY2019: RM104.0 million) contributed by the gain recognised on the disposal of the pre-tertiary education business of RM462.7 million.

### Continuing operations- Property Division

For FY2020, the property division achieved a revenue of RM584.4 million, which was 17% lower than that of FY2019 of RM700.3 million. The top three revenue contributors in FY2020 were Utropolis Batu Kawan development in Penang, Bukit Banyan development in Kedah and Greenwoods Salak Perdana development in Selangor. On the back of lower revenue, the PBT of the property division was lower by 47% at RM62.6 million as compared to RM117.4 million in FY2019. Among the other factors that have contributed to the lower PBT were the unprecedented disruptions to the construction progress coupled with the additional project related and compliance costs arising from the COVID-19 pandemic.

Despite the on-going pandemic, the Group's property sales for the FY2020 grew by 11% to RM770 million (FY2019: RM692 million). This was buoyed by the stronger sales in 2H2020, which was 51% higher than the corresponding period last year mainly from the new project launches in 2020, namely, Sinaran at Utropolis Batu Kawan development, Cendana at Greenwoods Salak Perdana development and Phase 2 of Sejati Lakeside development. The sales status and unbilled sales of the property division are as follow:

Projects	Location	For year ended 31/12/2020			As at
		Launched units	Units sold**	Sales value RM'M	31/12/2020 Unbilled sales RM'M
Central region	Klang Valley	843	766	463	813
Northern region	Kedah, Penang	589	709	307	274
<b>Total</b>		<b>1,432</b>	<b>1,475</b>	<b>770</b>	<b>1,087</b>

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

### Discontinued operations

The education division recorded a revenue of RM34.2 million in FY2020, which was RM215.7 million lower than that of the last year of RM249.9 million. This was mainly due to the lower contribution from the pre-tertiary business following the completion of the divestments of the Company's controlling equity stake on 20 February 2020. However, the PBT for the education division for the FY2020 had increased by RM400.3 million to RM474.9 million (FY2019: RM74.6 million). This was mainly due to the gain recognised on the disposal of the pre-tertiary education business of RM462.7 million.

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

	4Q2020 RM'000	3Q2020 RM'000	Var. %
<b>Continuing</b>			
Revenue	188,385	218,865	-14%
Operating profit/(loss)	15,667	39,218	-60%
Profit before interest & tax	15,369	40,130	-62%
Profit/(loss) before tax	12,984	36,572	-64%

For 4Q2020, the Group recorded a PBT from continuing operations of RM13 million as compared to RM36.6 million in the preceding quarter. Apart from the lower revenue, the other factors that have contributed to the lower PBT was the additional project related and compliance costs arising from the COVID-19 pandemic.

## B3. Prospects

The economy registered a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. For 2020 as a whole, the economy contracted by 5.6%.

While near-term growth in 2021 will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, where the International Monetary Fund has revised upwards their 2021 global growth forecast by 0.3 percentage points to 5.5%. Growth will also be supported by a turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine roll-out which will commence this month is also expected to lift sentiments.

(Source: Bank Negara Malaysia Quarterly Bulletin for 4Q2020)

The property market will, however, be weighed down by continued economic uncertainties which could result in cautious household spending, reduced business expenditure and weakened employment market. Nevertheless, the low interest rate environment coupled with the stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes under the home ownership campaign and 2021 Budget initiatives are expected to continue to spur buying interests in properties.

### (a) Property

Unlike the previous movement control order (MCO), the re-imposed MCO from 13 January 2021 (MCO 2.0) has allowed more economic sectors to remain open. Hence, the Group's construction activities remained operational during the MCO 2.0 while the sales of properties have been carried out on virtual platforms.

Despite the on-going pandemic, the Group's property sales for 2020 has surpassed the 2019 sales by 11% to RM770 million. Given this, the Group intends to capitalise on the strong sales momentum generated last year and would intensify the promotional activities to boost sales. While the pipeline of property launches for 2021 is RM1.2 billion, about 42% more than the GDV launched last year, the pandemic could, however, derail the timing of these launches. We are hopeful that the pandemic would be brought under control with the expected rollout of the National COVID-19 Immunisation Programme in February 2021.

### B3. Prospects (cont'd)

The Group's unbilled sales of RM1.1 billion as at 31 December 2020 is a new record achieved. Although this provides some visibility on the Group's cashflow in the near term, the pace at which this can be converted into billings would depend largely on the construction progress of the projects. As at 31 December 2020, the Group had 589.2 acres of undeveloped land as detailed below.

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)
Central region	Klang Valley	7	925.3	192.5
Northern region	Kedah, Penang	4	760.0	396.7
<b>Total</b>		<b>11</b>	<b>1,685.3</b>	<b>589.2</b>

#### (b) Co-labs Coworking

Co-labs Coworking has opened a new outlet in early January 2021 at Tropicana Gardens Mall, located in Kota Damansara, Selangor prior to the implementation of MCO 2.0. It looks towards capitalising on opportunities arising from the change in business landscape as a result of the COVID-19 pandemic.

Despite the shifts towards remote working, the physical office is still very much the preferred place for collaboration, innovation and social interaction among colleagues, clients and other stakeholders. Hence, Scalable Malaysia was launched in 2020 to provide an end-to-end consult, design, build and manage workspace ecosystem solution to the corporates. This new business derives synergies between the Group's property development and its coworking businesses and is expected to derive new revenue streams for the Group.

As the resurgence of COVID-19 infections remains a risk, the Group will continue to be vigilant and have taken measures to safeguard its staff wellbeing and minimise disruption to its supply chain. As cash and liquidity management are critical during this challenging time, the Group has also put in place risk mitigation plans and cost rationalisation measures to manage the Group's expenses but will continue to invest for long term business sustainability.

Barring any unforeseen circumstances, the Group is cautiously optimistic that its earnings from continuing operations for the financial year ending 31 December 2021 would be relatively better than last year with the anticipation that the COVID-19 pandemic would be brought under control. However, any re-imposition of containment measures resulting in prolonged disruptions/closure of construction sites affecting the work progress and the timely launching of property projects would have an adverse impact on the Group's financial performance.

### 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	11,037	26,980
RPGT	162	162
Deferred tax	(2,855)	(6,920)
	<u>8,344</u>	<u>20,222</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 25 February 2021.

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. On 31 December 2020, both parties have agreed to further extend the second phase conditions precedent period to 30 September 2021.

## B7. Borrowings and debt securities

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

	<b>31/12/2020 RM'000</b>	<b>31/12/2019 RM'000</b>
<u>Short-term borrowings</u>		
Bank overdraft - Unsecured	15,470	0
Revolving credit - Secured	70,200	67,200
Revolving credit - Unsecured	30,000	30,000
Current portion of long term loans - Secured	49,545	114,108
Total short-term borrowings	<u>165,215</u>	<u>211,308</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	376,850	281,921
Medium Term Notes (MTN)	292,822	292,608
Sukuk Murabahah	119,323	126,108
Total long-term borrowings	<u>788,995</u>	<u>700,637</u>
Total borrowings	<u>954,210</u>	<u>911,945</u>

## B7. Borrowings and debt securities (cont'd)

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

Floating interest rate	3.45%	4.82%
Fixed interest rate	N/A	N/A

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

The increase in bank borrowings were mainly due to:

- (i) Drawdown of term loan of RM195 million to part finance the purchase of a freehold land for property development at a total consideration of RM243.8 million; offset by
- (ii) Repayment of term loan amounting to RM134 million after completion of proposed disposal mentioned in Note A13(a)

## B8. Derivative financial instrument

The outstanding forward foreign exchange contracts as at 31 December 2020 were as follows:

	<b>Contract amount</b>	<b>Net Fair value Assets/ (Liabilities)</b>
	<b>THB'000</b>	<b>RM'000</b>
Forward foreign exchange contract*		
- More than 3 years	124,130	(296)

\* The above contracts were entered into as hedges for investment denominated in foreign currency and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currency

## B9. Fair value gain/(loss)

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Forward foreign exchange contract	(384)	(296)

Basis of fair value measurement: The differences between contracted rates and the market forward rates

Reason for loss: The exchange rate has moved unfavourably against the Group from the last measurement date.

## B10. Changes in material litigation

As at 25 February 2021, there were no changes in material litigation since the last annual reporting date of 31 December 2019.

## B11. Dividends payable

### FY2020 - Final dividend

The Directors has proposed a single tier final dividend for the financial year ended 31 December 2020.

- (i) Amount per share - single tier 2.50 sen; and
- (ii) Previous corresponding period - single tier 4.50 sen per share

The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.

The total dividend for the current financial year is single tier 31.50 sen (special dividend of 29.0 sen and final dividend of 2.50 sen, per share, respectively). (2019: single tier, 6.50 sen per share)

## 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 period.

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
Profit attributable to equity holders of the Company (RM'000)	3,592	486,661
Weighted average number of ordinary shares ('000)	614,443	613,150
	<hr/>	<hr/>
Basic EPS (sen)	0.58	79.37
	<hr/>	<hr/>

### (b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	3,592	486,661
Weighted average number of ordinary shares ('000)	614,443	613,150
Effect of dilution ('000)	19,653	19,653
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	634,096	632,803
	<hr/>	<hr/>
Diluted EPS (sen)	0.57	76.91
	<hr/>	<hr/>