

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2021

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 SEPTEMBER 2021**

	3 Months Ended 30 September		9 Months Ended 30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing operations				
Revenue	84,761	218,865	364,016	405,177
Operating profit from continuing operations	11,492	40,747	42,407	48,468
Interest expense	(5,374)	(5,601)	(15,853)	(18,290)
Interest income	301	1,059	1,202	5,092
Share of profit/(loss) of associates & joint venture	(61)	912	(361)	3,304
Profit before tax from continuing operations	6,358	37,117	27,395	38,574
Taxation	(527)	(10,612)	(10,492)	(11,813)
Profit after tax from continuing operations	5,831	26,505	16,903	26,761
Profit after tax from discontinued operations	-	-	-	470,628
Profit for the period	5,831	26,505	16,903	497,389
Profit/(loss) attributable to:				
Ordinary equity holders of the Company	267	20,230	4,188	482,862
Non-controlling interest	(91)	6	(279)	54
Holder of private debt securities of the Company	5,655	6,269	12,994	14,473
	5,831	26,505	16,903	497,389
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	0.04	3.30	0.68	78.81
Diluted EPS	0.04	3.17	0.66	75.97

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

PARAMOUNT CORPORATION BERHAD

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The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 SEPTEMBER 2021**

	3 Months Ended 30 September 2021		9 Months Ended 30 September 2021	
	RM'000	2020 RM'000 (Restated)	RM'000	2020 RM'000 (Restated)
Profit for the period	5,831	26,505	16,903	497,389
Other comprehensive income/(loss)	1	3,148	(4,732)	4,208
Total comprehensive income for the period	5,832	29,653	12,171	501,597
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the Company	268	23,378	(544)	487,070
Non-controlling interest	(91)	6	(279)	54
Holder of private debt securities of the Company	5,655	6,269	12,994	14,473
	5,832	29,653	12,171	501,597

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	As at 30/9/2021 RM'000	As at 31/12/2020 RM'000 (Restated)	As at 1/1/2020 RM'000 (Restated)
Non-current assets			
Property, plant and equipment	42,576	44,644	42,935
Right-of-use asset	13,935	16,514	20,224
Inventories - land held for property development	999,313	993,664	873,440
Investment properties	516,588	517,014	514,626
Investment in associates	206,563	192,618	29,242
Investment in a joint venture	121	1,110	235
Other investments	20,405	25,077	10,212
Deferred tax assets	57,329	55,979	46,565
	1,856,830	1,846,620	1,537,479
Current assets			
Inventories and contract cost assets	363,062	380,907	294,967
Trade receivables	123,760	136,415	141,691
Other receivables	48,525	30,177	35,774
Other current assets	5,085	5,080	5,584
Contract assets	307,457	353,004	252,413
Tax recoverable	9,861	8,187	3,863
Cash and bank balances	128,327	204,260	134,739
	986,077	1,118,030	869,031
Assets of disposal group/Non-current assets held for sale	0	0	664,478
	986,077	1,118,030	1,533,509
Total assets	2,842,907	2,964,650	3,070,988
Current liabilities			
Borrowings	192,516	165,215	211,308
Lease liabilities	4,435	4,509	3,708
Trade payables	152,154	178,531	166,622
Other payables	81,217	119,449	123,266
Tax payable	4,267	7,017	6,718
Contract liabilities	92	214	53
	434,681	474,935	511,675
Liabilities directly associated with the assets held for sale	0	0	373,235
	434,681	474,935	884,910
Net current assets	551,396	643,095	648,599

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Interim Financial Report for the period ended 30 September 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	As at 30/9/2021	As at 31/12/2020	As at 1/1/2020
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
Non-current liabilities			
Borrowings	726,547	788,995	700,637
Lease liabilities	12,224	15,235	17,659
Deferred tax liabilities	6,074	6,101	6,198
	744,845	810,331	724,494
Total liabilities	1,179,526	1,285,266	1,609,404
Equity			
Share capital	330,834	324,909	316,945
Reserves	1,082,871	1,104,820	821,470
Equity attributable to ordinary equity holders of the Company	1,413,705	1,429,729	1,138,415
Private debt securities	248,707	248,707	248,972
Non-controlling interests	969	948	74,197
Total equity	1,663,381	1,679,384	1,461,584
Total equity and liabilities	2,842,907	2,964,650	3,070,988
Net assets (NA) per share (RM)	2.28	2.33	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 2020.

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Interim Financial Report for the period ended 30 September 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 2021**

	<-----Non Distributable----->							
	Share Capital RM'000	Employee Share Reserve# RM'000	Fair value Reserve RM'000	Translation Reserve RM'000	Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Private debt securities RM'000	Total Equity RM'000
As at 1 January 2021 (Restated)	324,909	8,789	76	(145)	1,096,100	948	248,707	1,679,384
Total comprehensive income	-	-	(4,581)	(151)	4,188	(279)	12,994	12,171
Transactions with owners								
Vesting of LTIP shares	5,925	(5,925)	-	-	-	-	-	-
Capital contribution from NCI	-	-	-	-	-	300	-	300
Private debt securities distribution	-	-	-	-	-	-	(12,994)	(12,994)
Dividends	-	-	-	-	(15,480)	-	-	(15,480)
Total transactions with owners	5,925	(5,925)	-	-	(15,480)	300	(12,994)	(28,174)
As at 30 September 2021	330,834	2,864	(4,505)	(296)	1,084,808	969	248,707	1,663,381

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Interim Financial Report for the period ended 30 September 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 2021**

	<-----Non Distributable----->							
	Share Capital RM'000	Employee Share Reserve# RM'000	Fair value Reserve RM'000	Translation Reserve RM'000	Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Private debt securities RM'000	Total Equity RM'000
As at 1 January 2020 (Restated)	316,945	9,337	(3,957)	(251)	816,341	74,197	248,972	1,461,584
Total comprehensive income	-	-	1,648	(1,306)	486,728	54	14,473	501,597
Transactions with owners								
Vesting of LTIP shares	7,964	(7,964)	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	-	-	(14,473)	(14,473)
Disposal of discontinued operations	-	-	-	-	-	(75,798)	-	(75,798)
Capital contribution by non-controlling interest	-	-	-	-	-	300	-	300
Acquisition of non-controlling interest	-	-	-	-	(1,579)	1,579	-	-
Dividends	-	-	-	-	(205,839)	-	-	(205,839)
Total transactions with owners	7,964	(7,964)	-	-	(207,418)	(73,919)	(14,473)	(295,810)
As at 30 September 2020 (Restated)	324,909	1,373	(2,309)	(1,557)	1,095,651	332	248,972	1,667,371

- 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 2020.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2021**

	9 Months Ended	
	30/9/2021	30/9/2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
- from continuing operations	27,395	38,574
- from discontinued operations	-	472,838
	27,395	511,412
Profit before tax		
Adjustment for:		
Non-cash items	13,947	13,426
Non-operating items	15,938	(450,778)
	57,280	74,060
Operating profit before working capital changes	57,280	74,060
Decrease/(increase) in receivables	56,602	(112,530)
Decrease/(increase) in inventories	39,977	(42,943)
(Decrease)/increase in payables	(69,077)	6,313
	84,782	(75,100)
Cash generated from/(used in) operations	84,782	(75,100)
Taxes paid	(15,973)	(14,121)
Interest paid	(23,538)	(24,148)
	45,271	(113,369)
Net cash generated from/(used in) operating activities	45,271	(113,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in land held for development	(34,558)	122,572
Capital contribution from non-controlling interest	300	-
Acquisition of non-controlling interest	-	(3,000)
Investment in an associate	(13,700)	(6,041)
Investment in a joint venture	-	(12,931)
Purchase of property, plant and equipment	(2,469)	(4,774)
Purchase of investment properties	(5,144)	(9,416)
Proceeds from disposal of investment properties	-	1,600
Proceeds from disposal of property, plant and equipment	122	1,060
Proceeds from disposal of asset held for sale	-	479,929
Movement in other investment	594	1,202
Movement in asset held for sale	-	39,430
Interest received	1,202	5,254
	(53,653)	614,885
Net cash (used in)/generated from investing activities	(53,653)	614,885

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2021**

	9 Months Ended	
	30/9/2021	30/9/2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to ordinary equity holders of the Company	(15,480)	(205,839)
Drawdown of borrowings	223,881	63,000
Issuance of PDS	-	50,000
Redemption of PDS	-	(50,000)
PDS distribution	(12,994)	(14,473)
Withdrawal in banks restricted for use	(598)	8,671
Repayment of borrowings	(275,189)	(255,836)
Lease payments	(3,930)	(3,591)
Net cash used in financing activities	(84,310)	(408,068)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(92,692)	93,448
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	176,100	119,872
CASH AND CASH EQUIVALENTS AT END OF PERIOD	83,408	213,320
	30/9/2021	30/9/2020
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	106,090	111,587
Fixed deposits	22,237	117,915
Cash and bank balances	128,327	229,502
Cash and bank balances restricted for use	(13,194)	(6,103)
Fixed deposits maturing more than 3 months	(94)	(94)
Bank overdrafts	(31,631)	(9,985)
	83,408	213,320
	30/9/2021	30/9/2020
	RM'000	RM'000
Cash and bank balances held in HDA accounts	83,370	89,754

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

PARAMOUNT CORPORATION BERHAD
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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 2020. 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 2020.

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 2020, except for the adoption of the Agenda Decision on borrowing costs, which is discussed below.

Agenda Decision

In March 2019, IFRS Interpretations Committee (“IFRIC”) published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board (“MASB”) decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements for annual periods beginning on or after 1 July 2020.

In previous financial years, borrowing costs incurred were capitalised in inventory – property under development until the completion of the units. Effective 1 January 2021, the Group had retrospectively applied the Agenda Decision according to guidance given by the Agenda Decision.

A2. Changes in accounting policies (cont'd)

The effects of the adoption of the Agenda Decision on the consolidated income statement and consolidated statement of comprehensive income are as follows:

CONSOLIDATED INCOME STATEMENT						
	Previously Reported		Effect of the Agenda Decision		Restated	
	3Q 30 Sep 2020 RM'000	YTD 30 Sep 2020 RM'000	3Q 30 Sep 2020 RM'000	YTD 30 Sep 2020 RM'000	3Q 30 Sep 2020 RM'000	YTD 30 Sep 2020 RM'000
Continuing operations						
Revenue	218,865	405,177	-	-	218,865	405,177
Operating profit from continuing operations	39,218	45,865	1,529	2,603	40,747	48,468
Interest expense	(4,617)	(15,415)	(984)	(2,875)	(5,601)	(18,290)
Interest income	1,059	5,092	-	-	1,059	5,092
Share of profit of associates & joint venture	912	3,304	-	-	912	3,304
Profit before tax from continuing operations	36,572	38,846	545	(272)	37,117	38,574
Taxation	(10,481)	(11,878)	(131)	65	(10,612)	(11,813)
Profit after tax from continuing operations	26,091	26,968	414	(207)	26,505	26,761
Profit after tax from discontinued operations	-	470,628	-	-	-	470,628
Profit for the period	26,091	497,596	414	(207)	26,505	497,389
Profit attributable to:						
Ordinary equity holders of the Company	19,816	483,069	414	(207)	20,230	482,862
Non-controlling interest	6	54	-	-	6	54
Holder of private debt securities of the Company	6,269	14,473	-	-	6,269	14,473
	26,091	497,596	414	(207)	26,505	497,389
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):						
Basic EPS	3.23	78.84	0.07	(0.03)	3.30	78.81
Diluted EPS	3.11	76.00	0.06	(0.03)	3.17	75.97
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
Profit for the period	26,091	497,596	414	(207)	26,505	497,389
Other comprehensive income	3,148	4,208	-	-	3,148	4,208
Total comprehensive income for the period	29,239	501,804	414	(207)	29,653	501,597

A2. Changes in accounting policies (cont'd)

The effects of the adoption of the Agenda Decision on the consolidated statement of financial position are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	As at 31/12/2020	As at 1/1/2020	As at 31/12/2020	As at 1/1/2020	As at 31/12/2020	As at 1/1/2020
	RM'000	RM'000	RM'000	RM'000	RM'000 (Restated)	RM'000 (Restated)
Non-current assets						
Property, plant and equipment	44,644	42,935			44,644	42,935
Right-of-use asset	16,514	20,224			16,514	20,224
Inventories - land held for property development	993,664	873,440			993,664	873,440
Investment properties	517,014	514,626			517,014	514,626
Investment in associates	192,618	29,242			192,618	29,242
Investment in a joint venture	1,110	235			1,110	235
Other investments	25,077	10,212			25,077	10,212
Deferred tax assets	56,299	47,533	(320)	(968)	55,979	46,565
	<u>1,846,940</u>	<u>1,538,447</u>	<u>(320)</u>	<u>(968)</u>	<u>1,846,620</u>	<u>1,537,479</u>
Current assets						
Inventories and contract cost assets	382,636	296,564	(1,729)	(1,597)	380,907	294,967
Trade receivables	136,415	141,691			136,415	141,691
Other receivables	30,177	35,774			30,177	35,774
Other current assets	5,080	5,584			5,080	5,584
Contract assets	353,004	252,413			353,004	252,413
Tax recoverable	8,187	3,863			8,187	3,863
Cash and bank balances	204,260	134,739			204,260	134,739
	<u>1,119,759</u>	<u>870,628</u>	<u>(1,729)</u>	<u>(1,597)</u>	<u>1,118,030</u>	<u>869,031</u>
Assets of disposal group/Non-current assets held for sale	<u>0</u>	<u>664,478</u>			<u>0</u>	<u>664,478</u>
	<u>1,119,759</u>	<u>1,535,106</u>	<u>(1,729)</u>	<u>(1,597)</u>	<u>1,118,030</u>	<u>1,533,509</u>
Total assets	<u>2,966,699</u>	<u>3,073,553</u>	<u>(2,049)</u>	<u>(2,565)</u>	<u>2,964,650</u>	<u>3,070,988</u>
Current liabilities						
Borrowings	165,215	211,308			165,215	211,308
Lease liabilities	4,509	3,708			4,509	3,708
Trade payables	178,531	166,622			178,531	166,622
Other payables	119,449	123,266			119,449	123,266
Tax payable	7,017	6,718			7,017	6,718
Contract liabilities	214	53			214	53
	<u>474,935</u>	<u>511,675</u>	<u>0</u>	<u>0</u>	<u>474,935</u>	<u>511,675</u>
Liabilities directly associated with the assets held for sale	<u>0</u>	<u>373,235</u>			<u>0</u>	<u>373,235</u>
	<u>474,935</u>	<u>884,910</u>	<u>0</u>	<u>0</u>	<u>474,935</u>	<u>884,910</u>
Net current assets	<u>644,824</u>	<u>650,196</u>	<u>(1,729)</u>	<u>(1,597)</u>	<u>643,095</u>	<u>648,599</u>
Non-current liabilities						
Borrowings	788,995	700,637			788,995	700,637
Lease liabilities	15,235	17,659			15,235	17,659
Deferred tax liabilities	6,101	6,198			6,101	6,198
	<u>810,331</u>	<u>724,494</u>	<u>0</u>	<u>0</u>	<u>810,331</u>	<u>724,494</u>
Total liabilities	<u>1,285,266</u>	<u>1,609,404</u>	<u>0</u>	<u>0</u>	<u>1,285,266</u>	<u>1,609,404</u>
Equity						
Share capital	324,909	316,945			324,909	316,945
Reserves	1,106,869	824,035	(2,049)	(2,565)	1,104,820	821,470
Equity attributable to ordinary equity holders of the Company	<u>1,431,778</u>	<u>1,140,980</u>	<u>(2,049)</u>	<u>(2,565)</u>	<u>1,429,729</u>	<u>1,138,415</u>
Private debt securities	248,707	248,972			248,707	248,972
Non-controlling interests	948	74,197			948	74,197
Total equity	<u>1,681,433</u>	<u>1,464,149</u>	<u>(2,049)</u>	<u>(2,565)</u>	<u>1,679,384</u>	<u>1,461,584</u>
Total equity and liabilities	<u>2,966,699</u>	<u>3,073,553</u>	<u>(2,049)</u>	<u>(2,565)</u>	<u>2,964,650</u>	<u>3,070,988</u>
Net assets (NA) per share (RM)	<u>2.33</u>	<u>1.88</u>			<u>2.33</u>	<u>1.88</u>

A3. Audit report qualification

The audit report for the financial year ended 31 December 2020 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.

Employee share scheme

On 19 March 2021, the Company issued 4,754,400 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)	2018 RS Award	11 June 2018	Third	903,400
(b)	2019 RS Award	13 March 2019	Second	904,400
(c)	2020 RS Award	13 March 2020	First	845,800
(d)	2018 PS Award	11 June 2018	Final	2,100,800
				<u>4,754,400</u>

A8. Dividends paid

	9 months ended	
	30/9/2021	30/9/2020
	RM'000	RM'000
Special dividends		
FY2020 - 29.0 sen single tier	0	178,189
Final dividends		
FY2019 - 4.50 sen single tier	0	27,650
2nd Interim dividends		
FY2020 - 2.50 sen single tier	15,480	0
	<u>15,480</u>	<u>205,839</u>

A10. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	9 months ended 30 September		9 months ended 30 September	
	Revenue		Profit/(loss) before tax	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property	357,866	398,483	42,857	39,844
Co-labs Coworking	3,684	3,161	(3,267)	(3,287)
Investment & others	62,031	75,436	(2,734)	13,129
	<u>423,581</u>	<u>477,080</u>	<u>36,856</u>	<u>49,686</u>
Inter-segment elimination	(59,565)	(71,903)	(9,461)	(11,112)
Total - continuing	<u>364,016</u>	<u>405,177</u>	<u>27,395</u>	<u>38,574</u>
Education - discontinued	-	34,200	-	472,838

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 2020.

A12. Subsequent events

Save for the corporate proposals disclosed in B6(ii) and below, there were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial report.

On 29 October 2021, Paramount Investments & Properties Pty Ltd (PIP), a wholly owned subsidiary of the Company entered into a Securities Sale Deed (SSD) with VIP Woodlea Pty Ltd for the disposal of 3,406,250 units in VIP Paramount Unit Trust and one (1) share in VIP Paramount Pty Ltd held by PIP for a total consideration of RM11 million.

A13. Changes in composition of the Group

(a) On 15 April 2021, Magna Intelligent Sdn Bhd (MISB), a wholly-owned subsidiary of the Company, has entered into a conditional share subscription agreement and a shareholders' agreement with P2P Venture Sdn Bhd (P2P) and Omegaxis Sdn Bhd (OMSB) in connection with the proposed investment of RM13,700,000.00 by MISB for a 30% direct equity interest in the holding company of a peer-to-peer financing platform operator ("Proposed Investment"). The Proposed Investment was completed on 13 August 2021.

(b) On 10 June 2021, the Company incorporated Flexsis Sdn Bhd with a share capital of RM100, represented by 100 ordinary shares.

(c) On 1 July 2021, the Company incorporated Paramount Property (Lakeview) Sdn. Bhd. with a share capital of RM100, represented by 100 ordinary shares.

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 30 September 2021 were as follows:

	RM'000
Approved and contracted for:-	
Payment under DRA (Note: B6(i))	113,000
Land held for property development	92,419
Investment properties	64,187
	<u>269,606</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:

	Current Quarter RM'000	Financial Year-to-date RM'000
Property, plant and equipment	1,230	<u>2,469</u>

A17. Related party transactions

	Financial Year-to-date RM'000
(a) Sale and purchase of goods & services	
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 the late Dato' Teo Chiang Quan has interest	1,543
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	2,668
Rental income received from Peoplender Sdn Bhd, a company in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest	94
Rental charges paid to Mr Chew Sun Teong, a director of the Company	36
	<u>4,341</u>
(b) Subscription of shares	
Share subscription agreement and a shareholders' agreement with P2P and OMSB (Note A13(c)), in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest	<u>13,700</u>

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

	3Q2021 RM'000	3Q2020 RM'000 (Restated)	Var. %	9M2021 RM'000	9M2020 RM'000 (Restated)	Var. %
Continuing						
Revenue	84,761	218,865	-61%	364,016	405,177	-10%
Operating profit	11,492	40,747	-72%	42,407	48,468	-13%
Profit before interest & tax	11,431	41,659	-73%	42,046	51,772	-19%
Profit before Tax	6,358	37,117	-83%	27,395	38,574	-29%
Profit after tax	5,831	26,505	-78%	16,903	26,761	-37%
Discontinued						
Profit after tax	0	0	0%	0	470,628	-100%
Profit for the period	5,831	26,505	-78%	16,903	497,389	-97%
Profit attributable to ordinary equity holders of the Company	267	20,230	-99%	4,188	482,862	-99%

3Q2021 vs 3Q2020

For 3Q2021, the Group registered a revenue from continuing operations of RM84.8 million, which was 61% lower than the same period last year of RM218.9 million. The Group achieved a profit before tax (PBT) from continuing operations of RM6.4 million (3Q2020: RM37.1 million) and a profit attributable to ordinary equity holders of the Company of RM0.3 million (3Q2020: RM20.2 million). The Group's financial performance in 3Q2021 was adversely affected by the lower levels of construction activities and property sales as a result of containment measures taken to curb the spread of the COVID-19 virus.

Property Division

For 3Q2021, the property division achieved a revenue of RM83.1 million (3Q2020: RM216.5 million) and a PBT of RM7.1 million (3Q2020: RM38.8 million), which were 62% and 82% lower than the same period last year.

In 3Q2021, the property division's construction activities and sales of properties were disrupted by containment measures taken to prevent further transmission of the COVID-19 virus. These include the closure of the Group's construction sites and sale galleries whereby upon their reopening, they are only allowed to operate at a much reduced level of workforce.

Co-labs Coworking

For 3Q2021, the Co-labs Coworking division recorded a revenue of RM1.1 million, which was 20% lower than the same period last year of RM1.3 million. This was mainly due to higher rental rebates granted to eligible members as Co-lab Coworking spaces were only open to members who were allowed to operate during the imposed movement restrictions. Despite the lower revenue, the Co-labs Coworking division's LBT in 3Q2021 was RM0.9 million, similar to that recorded over the same period last year, which was mainly attributable to lower operational expenses.

9M2021 vs 9M2020

For the 9M2021, the Group achieved a revenue of RM364.0 million (9M2020: RM405.2 million) and a PBT of RM27.4 million (9M2020: RM38.6 million), which were 10% and 29% lower than the same period last year. Hence, the Group recorded a profit attributable to ordinary equity holders of the Company of RM4.2 million (9M2020: RM482.9 million) mainly due to the higher losses recorded by the investment & others division and without the RM460.6 million gain on disposal that was recognised in 1Q2020 from the divestment of the pre-tertiary business. The higher losses incurred by the investment & others division in 9M2021 compared to the same period last year was mainly attributable to the higher non-recurring expenses, lower profit contributions from the associates and without the profits and interest income associated with the divestment of the pre-tertiary education business that were recognised in 2020.

B1. Review of performance (cont'd)

Property Division

For the 9M2021, the property division achieved a revenue of RM357.9 million (9M2020: RM398.5 million) which was 10% lower than the same period last year while its PBT was marginally higher at RM42.9 million (9M2020: RM39.8 million).

The property division's revenue was adversely affected by various degrees of disruptions such as closure of construction sites and sales galleries during the first nine months of 2021 and 2020. In 2021, the disruptions were most severe in the third quarter while in 2020, it was the second quarter which was most impacted. The top three revenue contributors in 9M2021 were Bukit Banyan development in Kedah, Utropolis Batu Kawan development in Penang and ATWATER development in Selangor. Despite the lower revenue, the property division achieved a marginal increase in PBT mainly due to lower interest expense and without the impairment loss of an investment property that was recognised in 3Q2020.

The 9M2021 property division sales of RM354 million (9M2020: RM503 million) was dragged down by a 86% decline in the third quarter's sales this year. The slower sales was mainly due to the prolonged movement restrictions which has led to the lengthened sales conversion and delayed approvals for new launches. In addition, all the Group's sales galleries were closed since 1 June 2021 in line with the full movement control order but have since reopened progressively starting in mid-September 2021. The sales status and unbilled sales of the property division are as follow:

Projects	Location	For period ended 30/9/2021			As at 30/9/2021
		Launched units	Units sold**	Sales value RM'M	Unbilled sales RM'M
Central region	Klang Valley	0	207	141	769
Northern region	Kedah, Penang	682	391	213	222
Total		682	598	354	991

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

Co-labs Coworking

For 9M2021, the Co-labs Coworking division achieved a revenue of RM3.7 million, which was 17% higher than the same period last year of RM3.2 million. This was mainly due to the contribution from the new outlet at Tropicana Gardens, Kota Damansara, and the maiden contribution from Scalable Malaysia. Despite the higher revenue, the Co-labs Coworking division achieved a LBT at RM3.3 million, similar to that recorded over the same period last year.

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

	3Q2021 RM'000	2Q2021 RM'000	Var. %
Revenue	84,761	127,446	-33%
Operating profit	11,492	13,906	-17%
Profit before interest & tax	11,431	14,263	-20%
Profit before tax	6,358	10,216	-38%

For 3Q2021, the Group recorded a PBT from continuing operations of RM6.4 million which was 38% lower than RM10.2 million in the preceding quarter. This was mainly due to the disruptions to the construction activities and sales as explained above that has resulted in lower contribution from the property division by RM13.5 million. This was however partially mitigated by the lower non-recurring expenses in the investment & others division.

B3. Prospects

The Malaysian economy contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%). This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the National Recovery Plan. Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction. The construction sector contracted the most due to operating capacity limits.

For 2021, the domestic economy is on track to expand by 3.0% - 4.0%. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, amid continued policy support. In addition, the strength in global demand will continue to support export growth.

(Source: Press Release from Bank Negara Malaysia on the Economic and Financial Developments in Malaysia in the Third Quarter of 2021)

The property market will be weighed down by the weakened business and consumer sentiments due to the prolonged pandemic situation. In addition, the escalating building material costs could lead to more margin pressure on property developers. However, the opening up of the economy and the gradual easing of the country into accepting COVID-19 as endemic would hopefully restore lives and livelihoods and the economy. The low interest rate environment coupled with stamp duty exemption under the home ownership campaign are expected to continue to spur buying interests in properties. Furthermore, the abolishment of the real property gain tax for disposals in year 6 onwards is expected to help invigorate the property market and eventually translate into a positive multiplier effect on the economy.

(a) Property

With the easing of the COVID-19 restrictions, the Group is hopeful to regain the strong sales momentum that was disrupted by the prolonged movement restrictions. In November 2021, it launched The Atrium, a 20-storey tower service apartments situated along Jalan Ampang and Jalan Ampang Hilir in Kuala Lumpur, a prestigious address in the city and an attractively-priced alternative to properties at KLCC. Another notable launch in November 2021 is the third and final phase of Sejati Lakeside comprising semi-detached, super link and terrace houses. Sejati Lakeside is a 41.4-acre low density landed residential development set against a panoramic 45-acre lake in Cyberjaya.

The Group's unbilled sales of RM991 million as at 30 September 2021 will provide 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 30 September 2021, the Group had 549 acres of undeveloped land as detailed below.

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)
Central region	Klang Valley	7	920.7	187.6
Northern region	Kedah, Penang	4	760.0	361.4
Total		11	1,680.7	549.0

(b) Co-labs Coworking

All five (5) Co-labs Coworking outlets have reopened in mid-September 2021 after Selangor and Kuala Lumpur moved into Phase 2 of the National Recovery Plan. Co-labs Coworking is well positioned to capitalise on opportunities arising from the country's move to an endemic phase as businesses will by now have clearer strategies to manage their workplace requirements under the new normal. Co-labs Coworking has repackaged its membership for greater flexibility, with packages ranging from premium office suites to day pass to allow individuals and organisations to scale up or down their office space requirements and better manage their cashflows.

B3. Prospects (cont'd)

For so long as COVID-19 infection remains a risk in the community, the Group will continue to be vigilant, safeguard its staff and workers' wellbeing and take actions to minimise disruption to its supply chain. Pursuant to the measures taken by the Group to vaccinate its workers, all its construction sites are now operating at 100% workforce capacity with standard operating policy in place. 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 of its financial performance for the last quarter of the financial year ending 31 December 2021 as Malaysia gears up for the full reopening of the economy. Any prolonged disruptions involving the closure of construction sites or sales galleries as a result of re-imposed containment measures 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:

	Current Quarter RM'000	Financial Year-to-date RM'000
Income tax	2,432	12,674
Deferred tax	(1,905)	(2,182)
	<u>527</u>	<u>10,492</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 proposals disclosed below, there were no corporate proposals announced but not completed as at 25 November 2021.

- (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. On 13 September 2021, both parties have agreed to further extend the date of fulfilment of the Second Phase Conditions Precedent from 30 September 2021 to six months from the date of receipt of the duly approved and endorsed amended Planning Permission/Development Order by the Group.
- (ii) On 1 November 2021, the Company entered into a Share Sale and Purchase Agreement (SSPA) with Lasseters Properties Sdn Bhd (LPSB) and Lasseters Management (M) Sdn Bhd (LMSB) to acquire the remaining 29% collective shareholdings of LPSB and LMSB in Super Ace Resources Sdn Bhd (SAR), represented by 550,000 ordinary shares and 6,941,000 redeemable non-cumulative non-convertible preference shares, at a total cash consideration of RM4,854,180 thereby resulting in SAR becoming a wholly-owned subsidiary of the Company and termination of all joint-venture agreements entered into between the Company, LPSB and LMSB upon completion of the SSPA, expected within the fourth quarter of 2021.

B7. Borrowings and debt securities

The Group's borrowings and debt securities as at 30 September 2021 and 30 September 2020 were as follows:

	30/9/2021 RM'000	30/9/2020 RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Unsecured	31,631	9,985
Revolving credit - Secured	48,681	53,200
Revolving credit - Unsecured	50,000	30,000
Current portion of long term loans - Secured	62,204	5,384
Total short-term borrowings	<u>192,516</u>	<u>98,569</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	348,754	215,301
Medium Term Notes (MTN)	292,982	293,015
Sukuk Murabahah	84,811	122,209
Total long-term borrowings	<u>726,547</u>	<u>630,525</u>
Total borrowings	<u>919,063</u>	<u>729,094</u>

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

Floating interest rate	3.54%	3.63%
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 in 4Q2020.

B8. Derivative financial instrument

The outstanding forward foreign exchange contracts as at 30 September 2021 were as follows:

	Contract amount THB'000	Net Fair value Assets/ (Liabilities) RM'000
Forward foreign exchange contract* - More than 3 years	124,130	1,016

* 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)

	Current Quarter RM'000	Financial Year-to-date RM'000
Forward foreign exchange contract	701	1,312

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

Reason for gain: The exchange rate has moved favourably for the Group from the last measurement date.

B10. Changes in material litigation

As at 25 November 2021, there were no changes in material litigation since the last annual reporting date of 31 December 2020.

B11. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 30 September 2021.

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.

	Current Quarter	Financial Year-to-date
Profit attributable to equity holders of the Company (RM'000)	267	4,188
Weighted average number of ordinary shares ('000)	619,198	618,142
Basic EPS (sen)	0.04	0.68

(b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	267	4,188
Weighted average number of ordinary shares ('000)	619,198	618,142
Effect of dilution ('000)	19,653	19,653
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	638,851	637,795
Diluted EPS (sen)	0.04	0.66