

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR YEAR ENDED 31 DECEMBER 2021**

	3 Months Ended 31 December		12 Months Ended 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing operations				
Revenue	317,335	188,385	681,351	593,562
Operating profit from continuing operations	46,496	16,824	88,903	65,315
Interest expense	(5,872)	(4,130)	(21,725)	(22,420)
Interest income	349	504	1,551	5,597
Share of profit/(loss) of associates & joint venture	1,948	(298)	1,587	2,982
Profit before tax from continuing operations	42,921	12,900	70,316	51,474
Taxation	(17,113)	(8,324)	(27,605)	(20,137)
Profit after tax from continuing operations	25,808	4,576	42,711	31,337
Profit after tax from discontinued operations	-	498	-	471,126
Profit for the period	25,808	5,074	42,711	502,463
Profit/(loss) attributable to:				
Ordinary equity holders of the Company	24,349	3,528	28,537	486,390
Non-controlling interest	(150)	(46)	(429)	8
Holder of private debt securities of the Company	1,609	1,592	14,603	16,065
	25,808	5,074	42,711	502,463
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	3.93	0.58	4.61	79.38
Diluted EPS	3.86	0.55	4.53	76.52

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

Interim Financial Report for the year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2021**

	3 Months Ended 31 December		12 Months Ended 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Profit for the period	25,808	5,074	42,711	502,463
Other comprehensive income/(loss)	(401)	(69)	(5,133)	4,139
Total comprehensive income for the period	25,407	5,005	37,578	506,602
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the Company	23,948	3,459	23,404	490,529
Non-controlling interest	(150)	(46)	(429)	8
Holder of private debt securities of the Company	1,609	1,592	14,603	16,065
	25,407	5,005	37,578	506,602

The Condensed Consolidated Statement of Comprehensive Income 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 year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	As at 31/12/2021	As at 31/12/2020	As at 1/1/2020
	RM'000	RM'000 (Restated)	RM'000 (Restated)
Non-current assets			
Property, plant and equipment	118,472	44,644	42,935
Right-of-use asset	11,095	16,514	20,224
Inventories - land held for property development	734,982	993,664	873,440
Investment properties	516,081	517,014	514,626
Investment in associates	199,076	192,618	29,242
Investment in a joint venture	0	1,110	235
Other investments	3,124	25,077	10,212
Deferred tax assets	45,152	56,969	48,118
	1,627,982	1,847,610	1,539,032
Current assets			
Inventories and contract cost assets	519,525	379,841	294,125
Trade receivables	129,981	136,415	141,691
Other receivables	133,186	30,177	35,774
Other current assets	5,692	5,080	5,584
Contract assets	339,024	353,004	252,413
Tax recoverable	11,937	8,187	3,863
Cash and bank balances	178,234	204,260	134,739
	1,317,579	1,116,964	868,189
Assets of disposal group/Non-current assets held for sale	0	0	664,478
	1,317,579	1,116,964	1,532,667
Total assets	2,945,561	2,964,574	3,071,699
Current liabilities			
Borrowings	235,888	165,215	211,308
Lease liabilities	3,948	4,509	3,708
Trade payables	126,737	178,531	166,622
Other payables	143,791	119,449	123,266
Tax payable	1,405	7,017	6,718
Contract liabilities	1	214	53
	511,770	474,935	511,675
Liabilities directly associated with the assets held for sale	0	0	373,235
	511,770	474,935	884,910
Net current assets	805,809	642,029	647,757

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	As at 31/12/2021	As at 31/12/2020	As at 1/1/2020
	RM'000	RM'000 (Restated)	RM'000 (Restated)
Non-current liabilities			
Borrowings	727,212	788,995	700,637
Lease liabilities	11,452	15,235	17,659
Deferred tax liabilities	7,994	6,101	6,198
	746,658	810,331	724,494
Total liabilities	1,258,428	1,285,266	1,609,404
Equity			
Share capital	330,834	324,909	316,945
Reserves	1,106,743	1,104,744	822,181
Equity attributable to ordinary equity holders of the Company	1,437,577	1,429,653	1,139,126
Private debt securities	248,707	248,707	248,972
Non-controlling interests	849	948	74,197
Total equity	1,687,133	1,679,308	1,462,295
Total equity and liabilities	2,945,561	2,964,574	3,071,699
Net assets (NA) per share (RM)	2.32	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.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2021**

	<-----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				
As at 1 January 2021 (Restated)	324,909	8,789	76	(145)	1,096,024	948	248,707	1,679,308
Total comprehensive income	-	-	(4,868)	(265)	28,537	(429)	14,603	37,578
Transactions with owners								
Vesting of LTIP shares	5,925	(5,925)	-	-	-	-	-	-
Capital contribution from NCI	-	-	-	-	-	330	-	330
Private debt securities distribution	-	-	-	-	-	-	(14,603)	(14,603)
Dividends	-	-	-	-	(15,480)	-	-	(15,480)
Total transactions with owners	5,925	(5,925)	-	-	(15,480)	330	(14,603)	(29,753)
As at 31 December 2021	330,834	2,864	(4,792)	(410)	1,109,081	849	248,707	1,687,133

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2021**

	<-----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				
As at 1 January 2020 (Restated)	316,945	9,337	(3,957)	(251)	817,052	74,197	248,972	1,462,295
Total comprehensive income	-	-	4,033	106	486,390	8	16,065	506,602
Transactions with owners								
Vesting of LTIP shares	7,964	(7,964)	-	-	-	-	-	-
Award of LTIP to employees	-	7,416	-	-	-	-	-	7,416
Issuance of Private debt 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	-	-	-	-	-	(75,798)	-	(75,798)
Capital contribution by non-controlling interest	-	-	-	-	-	960	-	960
Acquisition of non-controlling interest	-	-	-	-	(1,579)	1,579	-	-
Dividends	-	-	-	-	(205,839)	-	-	(205,839)
Total transactions with owners	7,964	(548)	-	-	(207,418)	(73,259)	(16,330)	(289,591)
As at 31 December 2020 (Restated)	324,909	8,789	76	(145)	1,096,024	946	248,707	1,679,306

- 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 year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2021**

	12 Months Ended	
	31/12/2021	31/12/2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
- from continuing operations	70,316	51,474
- from discontinued operations	-	474,906
	70,316	526,380
Profit before tax		
Adjustment for:		
Non-cash items	23,452	28,788
Non-operating items	9,503	(452,923)
	103,271	102,245
Operating profit before working capital changes	103,271	102,245
Increase in receivables	(133,737)	(139,799)
Decrease in inventories	121,390	182,458
(Decrease)/increase in payables	(35,395)	14,177
	55,529	159,081
Cash generated from operations	55,529	159,081
Taxes paid	(25,847)	(36,890)
Interest paid	(30,087)	(27,693)
	(405)	94,498
Net cash generated from/(used in) operating activities	(405)	94,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in land held for development	65,895	(328,995)
Capital contribution from non-controlling interest	330	960
Acquisition of non-controlling interest	-	(3,000)
Investment in an associate	(13,700)	(8,438)
Investment in a joint venture	-	(897)
Investment in subsidiary	(3,549)	-
Purchase of property, plant and equipment	(3,439)	(12,351)
Purchase of investment properties	(7,603)	(8,509)
Proceeds from disposal of investment properties	-	1,600
Proceeds from disposal of property, plant and equipment	122	1,363
Proceeds from disposal of asset held for sale	-	482,303
Proceeds from disposal of investment in associates	1,622	-
Movement in other investment	5,477	(14,865)
Movement in asset held for sale	-	43,810
Interest received	1,551	5,759
	46,706	158,740
Net cash generated from investing activities	46,706	158,740

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the year ended 31 December 2021

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2021**

	12 Months Ended	
	31/12/2021	31/12/2020
	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	384,983	323,377
Issuance of PDS	-	50,000
Redemption of PDS	-	(50,000)
Payment of PDS related expenses	-	(265)
PDS distribution	(14,603)	(16,065)
Withdrawal in banks restricted for use	(6,767)	2,177
Repayment of borrowings	(442,060)	(296,582)
Lease payments	(5,279)	(3,813)
Net cash used in financing activities	(99,206)	(197,010)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(52,905)	56,228
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	176,100	119,872
CASH AND CASH EQUIVALENTS AT END OF PERIOD	123,195	176,100
	31/12/2021	31/12/2020
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	141,971	162,311
Fixed deposits	36,263	41,949
Cash and bank balances	178,234	204,260
Cash and bank balances restricted for use	(19,364)	(12,597)
Fixed deposits maturing more than 3 months	(94)	(93)
Bank overdrafts	(35,581)	(15,470)
	123,195	176,100
Cash and bank balances held in HDA accounts	100,194	130,321

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
Interim Financial Report for the year ended 31 December 2021

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	
	4Q 31 Dec 2020 RM'000	YTD 31 Dec 2020 RM'000	4Q 31 Dec 2020 RM'000	YTD 31 Dec 2020 RM'000	4Q 31 Dec 2020 RM'000	YTD 31 Dec 2020 RM'000
Continuing operations						
Revenue	188,385	593,562	-	-	188,385	593,562
Operating profit from continuing operations	15,667	61,555	1,157	3,760	16,824	65,315
Interest expense	(2,889)	(18,304)	(1,241)	(4,116)	(4,130)	(22,420)
Interest income	504	5,597	-	-	504	5,597
Share of profit of associates & joint venture	(298)	2,982	-	-	(298)	2,982
Profit before tax from continuing operations	12,984	51,830	(84)	(356)	12,900	51,474
Taxation	(8,344)	(20,222)	20	85	(8,324)	(20,137)
Profit after tax from continuing operations	4,640	31,608	(64)	(271)	4,576	31,337
Profit after tax from discontinued operations	498	471,126	-	-	498	471,126
Profit for the period	5,138	502,734	(64)	(271)	5,074	502,463
Profit attributable to:						
Ordinary equity holders of the Company	3,592	486,661	(64)	(271)	3,528	486,390
Non-controlling interest	(46)	8	-	-	(46)	8
Holder of private debt securities of the Company	1,592	16,065	-	-	1,592	16,065
	5,138	502,734	(64)	(271)	5,074	502,463
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):						
Basic EPS	0.58	79.37	(0.01)	(0.04)	0.58	79.38
Diluted EPS	0.57	76.91	(0.01)	(0.04)	0.55	76.52
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
Profit for the period	5,138	502,734	(64)	(271)	5,074	502,463
Other comprehensive income	(69)	4,139	-	-	(69)	4,139
Total comprehensive income for the period	5,069	506,873	(64)	(271)	5,005	506,602

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	670	585	56,969	48,118
	<u>1,846,940</u>	<u>1,538,447</u>	<u>670</u>	<u>585</u>	<u>1,847,610</u>	<u>1,539,032</u>
Current assets						
Inventories and contract cost assets	382,636	296,564	(2,795)	(2,439)	379,841	294,125
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>(2,795)</u>	<u>(2,439)</u>	<u>1,116,964</u>	<u>868,189</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>(2,795)</u>	<u>(2,439)</u>	<u>1,116,964</u>	<u>1,532,667</u>
Total assets	<u>2,966,699</u>	<u>3,073,553</u>	<u>(2,125)</u>	<u>(1,854)</u>	<u>2,964,574</u>	<u>3,071,699</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>(2,795)</u>	<u>(2,439)</u>	<u>642,029</u>	<u>647,757</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	(2,125)	(1,854)	1,104,744	822,181
Equity attributable to ordinary equity holders of the Company	<u>1,431,778</u>	<u>1,140,980</u>	<u>(2,125)</u>	<u>(1,854)</u>	<u>1,429,653</u>	<u>1,139,126</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>(2,125)</u>	<u>(1,854)</u>	<u>1,679,308</u>	<u>1,462,295</u>
Total equity and liabilities	<u>2,966,699</u>	<u>3,073,553</u>	<u>(2,125)</u>	<u>(1,854)</u>	<u>2,964,574</u>	<u>3,071,699</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

	12 months ended	
	31/12/2021	31/12/2020
	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>	12 months ended 31 December		12 months ended 31 December	
	Revenue		Profit/(loss) before tax	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Property	672,148	584,352	78,639	62,655
Co-labs Coworking	5,773	4,530	(8,680)	(4,668)
Investment & others	84,418	98,967	31,513	146,240
	<u>762,339</u>	<u>687,849</u>	<u>101,472</u>	<u>204,227</u>
Inter-segment elimination	(80,988)	(94,287)	(31,156)	(152,753)
Total - continuing	<u>681,351</u>	<u>593,562</u>	<u>70,316</u>	<u>51,474</u>
Education - discontinued	-	34,200	-	474,906

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

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 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.
- (d) On 29 October 2021, Paramount Investments & Properties Pty Ltd (PIP), a wholly owned subsidiary of the Company entered into a Securities Sale Deed 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.
- (e) 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. The transaction was completed on 17 December 2021.

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 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	63,419
	<u>268,838</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	<u>970</u>	<u>3,439</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

2,065

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

3,241

Rental income received from Peoplender Sdn Bhd, a company in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest

126

Rental charges paid to Mr Chew Sun Teong, a director of the Company

48

5,480

(b) Subscription of shares

Share subscription agreement and a shareholders' agreement with P2P and OMSB (Note A13(a)), in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest

13,700

(c) Compensation of key management personnel

Gratuity paid to the late Dato' Teo Chiang Quan

4,500

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

	4Q2021 RM'000	4Q2020 RM'000 (Restated)	Var. %		FY2021 RM'000	FY2020 RM'000 (Restated)	Var. %
Continuing							
Revenue	317,335	188,385	68%		681,351	593,562	15%
Operating profit	46,496	16,824	176%		88,903	65,315	36%
Profit before interest & tax	48,444	16,526	193%		90,490	68,297	32%
Profit before Tax	42,921	12,900	233%		70,316	51,474	37%
Profit after tax	25,808	4,576	464%		42,711	31,337	36%
Discontinued							
Profit after tax	0	498	0%		0	471,126	-100%
Profit for the period	25,808	5,074	409%		42,711	502,463	-91%
Profit attributable to ordinary equity holders of the Company	24,349	3,528	590%		28,537	486,390	-94%

4Q2021 vs 4Q2020

For 4Q2021, the Group registered a revenue from continuing operations of RM317.3 million, which was 68% higher than RM188.4 million in the last financial year. On the back of the higher revenue, the Group achieved a profit before tax (PBT) from continuing operations of RM42.9 million (4Q2020: RM12.9 million) and a profit attributable to ordinary equity holders of the Company of RM24.3 million (4Q2020: RM3.5 million). The Group's improved financial performance in 4Q2021 was mainly attributable to the higher profit contribution from the property division, recognition of one-off gains upon consolidation of a subsidiary and the lower share-based payment to staff and executive directors from the investment & others division.

Property Division

For 4Q2021, the property division achieved a revenue of RM314.2 million, which was 69% higher than that of the corresponding quarter last year of RM185.9 million. Included in 4Q2021 revenue was the sale of commercial land at the Sekitar26 development in Selangor ("Commercial Land Sale"). Apart from the Commercial Land Sale, the top 3 revenue contributors in 4Q2021 were Sejati Lakeside development in Selangor, Utropolis Batu Kawan development in Penang and The Atrium development in Kuala Lumpur. On the back of the higher revenue, the property division recorded a PBT of RM35.8 million compared to RM22.7 million in 4Q2020.

Co-labs Coworking Division

For 4Q2021, the Co-labs Coworking division recorded a revenue of RM2.1 million, which was 50% higher than last financial year of RM1.4 million. This was mainly due to the contribution from Scalable Malaysia, a one-stop workspace solution provider that specialises in sourcing, building construction, project management, built-in furniture, office interior design, smart office design & more. Despite the higher revenue, the Co-labs Coworking division recorded a higher loss before taxation (LBT) of RM5.3 million compared to a LBT of RM1.4 million in 4Q2020. This was mainly due to an impairment loss of RM4.6 million recognised in respect of Co-labs Coworking Naza Tower, Platinum Park.

FY2021 vs FY2020

For the FY2021, the Group achieved a revenue of RM681.4 million, which was 15% higher than RM593.6 million in the last financial year. On the back of the higher revenue, the Group achieved a PBT from continuing operations of RM70.3 million (FY2020: RM51.5 million). However, the Group's profit attributable to ordinary equity holders of the Company was lower at RM28.5 million (FY2020: RM486.4 million) mainly due to the financial results of the Pre-Tertiary Education business was no longer consolidated and a gain of disposal of RM462.7 million was recognised pursuant to the completion of this divestment in FY2020.

B1. Review of performance (cont'd)

Property Division

For the FY2021, the property division achieved a revenue of RM672.1 million (FY2020: RM584.4 million), which was 15% higher than the last financial year while its PBT was 28% higher at RM78.6 million (FY2020: RM62.7 million).

The property division's revenue was affected by various degrees of disruptions such as the closure of construction sites and sales galleries. In 2021, disruptions were the most severe in the third quarter while in 2020, it was the second quarter that was the most impacted. Nevertheless, these negative impacts in FY2021 were then moderated by the contribution from the Commercial Land Sale, the resumption of operations at 100% workforce capacity and the reopening of the Group's sales galleries. Apart from the Commercial Land Sale, the top three revenue contributors in FY2021 were Bukit Banyan development in Kedah, Utropolis Batu Kawan development in Penang and ATWATER development in Selangor.

The property division's sales in FY2021 was 5% higher at RM806 million compared to RM770 million achieved last year, buoyed by the Commercial Land Sale of RM90 million. The sales status and unbilled sales of the property division are as follows:

Projects	Location	For period ended 31/12/2021			As at 31/12/2021
		Launched units	Units sold**	Sales value RM'M	Unbilled sales RM'M
Central region	Klang Valley	390	448	477	866
Northern region	Kedah, Penang	802	614	329	269
Total		1,192	1,062	806	1,135

** - Includes sales of units launched in prior years

Co-labs Coworking Division

For FY2021, the Co-labs Coworking division achieved a revenue of RM5.8 million, which was 29% higher than the last financial year of RM4.5 million. This was mainly due to the maiden contribution from Scalable Malaysia coupled with the improvement in total contribution from the five Co-labs Coworking outlets. Despite the higher revenue, the Co-labs Coworking division recorded a higher LBT of RM8.6 million compared to a LBT of RM4.7 million recorded in FY2020 was mainly due to an impairment loss of RM4.6 million recognised in respect of Co-labs Coworking Naza Tower, Platinum Park.

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

	4Q2021 RM'000	3Q2021 RM'000	Var. %
Revenue	317,335	84,761	274%
Operating profit	46,496	11,492	305%
Profit before interest & tax	48,444	11,431	324%
Profit before tax	42,921	6,358	575%

For 4Q2021, the Group recorded a PBT from continuing operations of RM42.9 million, which was 575% higher than RM6.4 million in the preceding quarter. This was mainly due to disruptions to construction activities and sales in 3Q2021 that had resulted in lower contribution from the property division by RM28.4 million. In addition, there was a one-off gains recognised upon consolidation of a subsidiary under the investment & others division in 4Q2021.

B3. Prospects

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. The rebound in economic activity was aided by recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth.

For 2022, the domestic economy is expected to remain on its recovery path, supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and on-going policy support. The continuation of major investment projects in both private and public sectors will also support growth. However, the balance of risks remains tilted to the downside, mainly from development surrounding COVID-19, both globally and domestically.

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

The reopening of the economy and the gradual easing of the country into accepting COVID-19 as endemic is expected to restore consumer confidence and aid the recovery of the property market in 2022. In addition, the low interest rate environment and the abolishment of the real property gains tax for disposals in year 6 onwards is expected to help invigorate the property market in spite of the Home Ownership Campaign that has come to an end on 31 December 2021. Headwinds for the property sector such as uncertainties arising from the emergence of a new variant of COVID-19 virus, potential interest rate hike, escalating prices of building materials and the shortage of construction workers could dampen its recovery.

(a) Property Division

Despite the headwinds, with the encouraging momentum of recovery of economic activities, Paramount Property looks forward to launching six projects in 2022 (including new phases of existing projects) with an estimated gross development value of RM1.3 billion. Among the new projects lined up are Arinna and a transit-oriented development project situated next to the Asia Jaya Light Rail Transit Station in Petaling Jaya, both of which will be launched after securing all the necessary authority approvals. Arinna is a low density smart home project at Kemuning Utama in Shah Alam, Selangor.

The Group's unbilled sales of RM1.1 billion as at 31 December 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 31 December 2021, the Group had 504.8 acres of undeveloped land as detailed below.

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)
Central region	Klang Valley	5	920.7	156.2
Northern region	Kedah, Penang	4	760.0	348.6
Total		9	1,680.7	504.8

(b) Co-labs Coworking Division

Co-labs Coworking is well positioned to meet the needs of organisations that wish to mitigate risks arising from current uncertainties as it provides organisations the flexibility to scale up or scale down their workspace requirements depending on their business needs and market conditions. As for those organisations that wish to reintegrate employees back to their offices, Scalable Malaysia can help design, build, manage, and operate people-centric workspaces to bring out the best in its customers' workforce.

B3. Prospects (cont'd)

As 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 procedures 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.

The Group remains cautious in the early stage of endemic and the business environment is expected to remain challenging for the financial year ending 2022 given the headwinds faced by the property sector. Notwithstanding the external circumstances, the Group will continue to maintain its strong financial resilience and optimise its operations to navigate through these uncertain times.

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	6,553	19,226
Deferred tax	10,560	8,379
	<u>17,113</u>	<u>27,605</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 24 February 2022.

- (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.

B7. Borrowings and debt securities

The Group's borrowings and debt securities as at 31 December 2021 and 31 December 2020 were as follows:

	31/12/2021	31/12/2020
	RM'000	RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Secured	1,568	0
Bank overdraft - Unsecured	34,013	15,470
Revolving credit - Secured	29,200	70,200
Revolving credit - Unsecured	80,000	30,000
Current portion of long term loans - Secured	91,107	49,545
Total short-term borrowings	<u>235,888</u>	<u>165,215</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	355,830	377,858
Medium Term Notes (MTN)	293,036	292,823
Sukuk Murabahah	78,346	118,314
Total long-term borrowings	<u>727,212</u>	<u>788,995</u>
Total borrowings	<u>963,100</u>	<u>954,210</u>

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

Floating interest rate	3.51%	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 was mainly due to the consolidation of SAR's borrowings of RM47.4 million after it became a wholly owned subsidiary of the Company on 17 December 2021 as disclosed in Note A13(e)

B8. Derivative financial instrument

The outstanding forward foreign exchange contracts as at 31 December 2021 were as follows:

	Contract amount	Net Fair value
		Assets/ (Liabilities)
	THB'000	RM'000
Forward foreign exchange contract*		
- More than 3 years	124,130	859

* 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	(157)	1,155

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 24 February 2022, there were no changes in material litigation since the last annual reporting date of 31 December 2020.

B11. Dividends payableFY2021 - Final dividend

The Directors has proposed a single tier final dividend for the financial year ended 31 December 2021.

- (i) Amount per share - single tier 3.00 sen; and
- (ii) Previous corresponding period - single tier 2.50 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 3.00 sen (2020: single tier, 31.50 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.

	Current Quarter	Financial Year-to-date
Profit attributable to equity holders of the Company (RM'000)	24,349	28,537
Weighted average number of ordinary shares ('000)	619,198	619,198
Basic EPS (sen)	<u>3.93</u>	<u>4.61</u>

(b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	<u>24,349</u>	<u>28,537</u>
Weighted average number of ordinary shares ('000)	619,198	619,198
Effect of dilution ('000)	<u>11,259</u>	<u>11,259</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>630,457</u>	<u>630,457</u>
Diluted EPS (sen)	<u>3.86</u>	<u>4.53</u>