

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2022

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 SEPTEMBER 2022**

	3 Months Ended 30 September		9 Months Ended 30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	231,743	84,761	602,224	364,016
Operating profit	47,207	11,492	87,965	42,407
Interest expense	(6,885)	(5,374)	(19,348)	(15,853)
Interest income	425	301	1,616	1,202
Share of profit/(loss) of associates & joint venture	1,152	(61)	1,909	(361)
Profit before tax	41,899	6,358	72,142	27,395
Taxation	(8,342)	(527)	(17,135)	(10,492)
Profit for the period	33,557	5,831	55,007	16,903
Profit attributable to:				
Ordinary equity holders of the Company	27,179	267	41,310	4,188
Non-controlling interest	143	(91)	169	(279)
Holder of private debt securities of the Company	6,235	5,655	13,528	12,994
	33,557	5,831	55,007	16,903
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	4.37	0.04	6.65	0.68
Diluted EPS	4.29	0.04	6.53	0.66

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2022

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 SEPTEMBER 2022**

	3 Months Ended 30 September		9 Months Ended 30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	33,557	5,831	55,007	16,903
Other comprehensive income/(loss)	(133)	1	(2,178)	(4,732)
Total comprehensive income for the period	33,424	5,832	52,829	12,171
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the Company	27,046	268	39,132	(544)
Non-controlling interest	143	(91)	169	(279)
Holder of private debt securities of the Company	6,235	5,655	13,528	12,994
	33,424	5,832	52,829	12,171

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	As at 30/9/2022	As at 31/12/2021
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	115,306	128,520
Right-of-use asset	10,223	11,096
Inventories - land held for property development	1,021,731	735,623
Investment properties	513,807	516,081
Investment in associates	44,193	199,076
Other investments	8,558	3,124
Other receivables	7,701	7,701
Deferred tax assets	41,922	46,353
	1,763,441	1,647,574
Current assets		
Inventories - property development costs	149,402	283,484
Inventories - completed properties and other inventories	60,303	71,969
Contract cost assets	115,826	124,395
Trade receivables	76,588	211,239
Other receivables	93,260	42,506
Other current assets	7,555	8,762
Contract assets	500,783	372,154
Tax recoverable	11,148	12,164
Cash and bank balances	183,890	178,359
	1,198,755	1,305,032
Non-current asset held for sale	120,000	0
	1,318,755	1,305,032
Total assets	3,082,196	2,952,606
Current liabilities		
Borrowings	319,414	266,845
Lease liabilities	5,677	5,014
Trade payables	197,982	167,569
Other payables	149,796	104,920
Tax payable	5,828	1,405
Contract liabilities	230	136
	678,927	545,889
Net current assets	519,828	759,143

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Interim Financial Report for the period ended 30 September 2022

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	As at 30/9/2022	As at 31/12/2021
	RM'000	RM'000
Non-current liabilities		
Borrowings	744,450	696,255
Lease liabilities	7,626	10,386
Deferred tax liabilities	5,079	9,556
	757,155	716,197
Total liabilities	1,436,082	1,262,086
Equity		
Share capital	334,299	330,834
Reserves	1,111,589	1,110,128
Equity attributable to ordinary equity holders of the Company	1,445,888	1,440,962
Private debt securities	199,206	248,707
Non-controlling interests	1,020	851
Total equity	1,646,114	1,690,520
Total equity and liabilities	3,082,196	2,952,606
Net assets (NA) per share (RM)	2.32	2.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 2022**

	<-----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 2022	330,834	6,252	(4,792)	(410)	1,109,078	851	248,707	1,690,520
Total comprehensive income	-	-	(2,350)	172	41,310	169	13,528	52,829
Transactions with owners								
Vesting of LTIP shares	3,465	(3,465)	-	-	-	-	-	-
Redemption of private debt securities	-	-	-	-	-	-	(49,501)	(49,501)
Private debt securities distribution	-	-	-	-	-	-	(13,528)	(13,528)
Dividends	-	-	-	-	(34,206)	-	-	(34,206)
Total transactions with owners	3,465	(3,465)	-	-	(34,206)	-	(63,029)	(97,235)
As at 30 June 2022	334,299	2,787	(7,142)	(238)	1,116,182	1,020	199,206	1,646,114

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 2022**

	<-----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	324,909	8,789	76	(145)	1,096,024	948	248,707	1,679,308
Total comprehensive income	-	-	(4,581)	(151)	4,188	(279)	12,994	12,171
Transactions with owners								
Vesting of LTIP shares	5,925	(5,925)	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	-	-	(12,994)	(12,994)
Capital contribution by non-controlling interest	-	-	-	-	-	300	-	300
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)	1,084,732	969	248,707	1,663,305

- 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 2021.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2022**

	9 Months Ended	
	30/9/2022 RM'000	30/9/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	72,142	27,395
Adjustment for:		
Non-cash items	53,133	13,947
Non-operating items	(37,694)	15,938
Operating profit before working capital changes	87,581	57,280
Decrease in receivables	25,150	56,602
Decrease in inventories	145,746	39,977
Increase/(decrease) in payables	73,242	(69,077)
Cash generated from operations	331,719	84,782
Taxes paid	(11,741)	(15,973)
Interest paid	(24,702)	(23,538)
Net cash generated from operating activities	295,276	45,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in land held for development	(271,717)	(34,558)
Capital contribution from non-controlling interest	-	300
Investment in an associate	-	(13,700)
Purchase of property, plant and equipment	(3,568)	(2,469)
Purchase of unquoted investment	(7,500)	-
Purchase of investment properties	(9,201)	(5,144)
Purchase of quoted investment	(256)	-
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of property, plant and equipment	12	122
Movement in other investment	2,322	594
Interest received	1,617	1,202
Net cash used in investing activities	(288,291)	(53,653)

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2022**

	9 Months Ended	
	30/9/2022	30/9/2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to ordinary equity holders of the Company	(34,206)	(15,480)
Drawdown of borrowings	353,521	223,881
Redemption of PDS	(50,000)	-
PDS distribution	(13,528)	(12,994)
Withdrawal in banks restricted for use	(5,695)	(598)
Repayment of borrowings	(281,430)	(275,189)
Lease payments	(4,485)	(3,930)
Net cash used in financing activities	(35,823)	(84,310)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,838)	(92,692)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	123,324	176,100
CASH AND CASH EQUIVALENTS AT END OF PERIOD	94,486	83,408
	30/9/2022	30/9/2021
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	167,767	106,090
Fixed deposits	16,123	22,237
Cash and bank balances	183,890	128,327
Cash and bank balances restricted for use	(15,056)	(13,194)
Fixed deposits maturing more than 3 months	(10,094)	(94)
Bank overdrafts	(64,254)	(31,631)
	94,486	83,408
Cash and bank balances held in HDA accounts	122,279	83,370

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the period ended 30 September 2022

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 2021. 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 2021.

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 2021.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2021 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 A9 below, 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 21 March 2022, the Company issued 2,728,100 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)	2019 RS Award	13 March 2019	Third	799,100
(b)	2020 RS Award	13 March 2020	Second	821,700
(c)	2019 PS Award	13 March 2019	Final	1,107,300
				<u>2,728,100</u>

(ii) Private debt securities ("PDS")

On 21 September 2022, the Company redeemed RM50,000,000.00 in nominal value of Series B2 PDS from the PDS Programme (the Last Redemption), which were issued on 21 September 2015. The Last Redemption shall be cancelled and may not be re-issued or re-sold.

A8. Dividends paid

	9 months ended	
	30/9/2022 RM'000	30/9/2021 RM'000
Interim dividends		
FY2022 - 2.50 sen single tier	15,548	0
Final dividends		
FY2021 - 3.00 sen single tier	18,658	0
2nd Interim dividends		
FY2020 - 2.50 sen single tier	0	15,480
	<u>34,206</u>	<u>15,480</u>

A9. Profit before tax

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

	3 months ended		9 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- Property, plant and equipment	2,584	1,496	7,058	4,468
- Right-of-use asset	1,122	805	2,990	3,076
- Investment properties	2,033	2,134	6,292	6,402
Interest expense on:				
- Borrowings	6,760	5,360	18,873	15,388
- Lease liabilities	125	14	475	465
Additions/(reversal) of allowance for impairment of receivables	(1)	23	(11)	29
Impairment of asset held for sale	38,664	0	38,664	0
(Gain)/loss on disposal of:				
- Property, plant and equipment	0	(53)	(3)	(55)
- Investment properties	(53,686)	0	(53,686)	0
Net foreign exchange (gain)/loss	112	375	162	670
Net derivative (gain)/loss:				
Forward foreign exchange contract	(97)	(361)	(148)	(675)

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>	9 months ended		9 months ended	
	30 September		30 September	
	Revenue		Profit/(loss) before tax	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property	586,006	357,866	70,338	42,857
Coworking	6,624	3,684	(483)	(3,267)
Investment & others	63,981	62,031	(16,730)	(2,734)
	<u>656,611</u>	<u>423,581</u>	<u>53,125</u>	<u>36,856</u>
Inter-segment elimination	(54,387)	(59,565)	19,017	(9,461)
Total	<u>602,224</u>	<u>364,016</u>	<u>72,142</u>	<u>27,395</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 2021.

A12. Subsequent events

There was no material event 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

Save for those disclosed in B6, there was no change in composition of the Group since the last annual reporting date.

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. Commitments

The amount of commitments not provided for in the interim financial statements as at 30 September 2022 were as follows:

	RM'000
Approved and contracted for:-	
Investment properties	54,336
Land held for property development	16,650
	<u>70,986</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>2,724</u>	<u>3,568</u>

A17. Related party transactions**Financial
Year-to-date
RM'000****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	1,573
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	2,681
Sale of property to Mr. Chee Siew Pin, Chief Executive Officer of the Company's property division and his spouse	688
Consultancy fees paid to a Datuk Paul Wong Baan Chun, a director of a subsidiary company	135
Rental income received from Peoplender Sdn Bhd, a company in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest	95
Rental charges paid to Mr Chew Sun Teong, a director of the Company	39
	<hr/>
	5,211
	<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

	3Q2022 RM'000	3Q2021 RM'000	Var.		9M2022 RM'000	9M2021 RM'000	Var.
Revenue	231,743	84,761	173%		602,224	364,016	65%
Operating profit	47,207	11,492	311%		87,965	42,407	107%
Profit before interest & tax	48,359	11,431	323%		89,874	42,046	114%
Profit before tax	41,899	6,358	559%		72,142	27,395	163%
Profit for the period	33,557	5,831	475%		55,007	16,903	225%
Profit attributable to ordinary equity holders of the Company	27,179	267	10079%		41,310	4,188	886%

3Q2022 vs 3Q2021

For 3Q2022, the Group achieved a revenue of RM231.7 million (3Q2021: RM84.8 million) and a profit before tax (PBT) of RM41.9 million (3Q2021: RM6.4 million), which were 173% and 559% respectively higher than the same period last year. The Group's PBT increased by RM35.5 million was largely attributed to the improvement of the property division by RM24.2 million on the back of higher level of operating activities. Apart from this, the investment and others division recorded a RM10.5 million increase in PBT boosted by a non recurring gain of RM53.7 million (DJ Campus Gain) from the sale of the tertiary education campus in Damansara Jaya (DJ Campus) but was dragged down by an impairment loss of RM38.7 million in respect of the sale of the remaining 20% equity interests in the pre-tertiary education business pursuant to the sale and purchase agreement entered into on 26 September 2022 (Pre-Tertiary Education Impairment Loss) as disclosed in Note B6 below. Hence, the Group's profit attributable to ordinary equity holders of the Company was also higher at RM27.2 million (3Q2021: RM0.3 million).

Property Division

For 3Q2022, the property division recorded a revenue of RM225.1 million, which was 171% higher than that of the corresponding quarter last year of RM83.1 million given 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 in 2021. The top three revenue contributors in 3Q2022 were Utropolis Batu Kawan development in Penang, Sejati Lakeside development in Selangor and Bukit Banyan development in Kedah. The property division's financial performance in 3Q2022 was also boosted by the larger base of ongoing projects compared to the same period last year. On the back of the higher revenue and the revision of some project costings, the property division posted a PBT of RM31.3 million, 341% higher as compared to the same period last year of RM7.1 million.

Coworking Division

The coworking division revenue for 3Q2022 was RM2.3 million, 109% higher than the same period last year (3Q2021: RM1.1 million), mainly attributed to the higher contributions from Tropicana Gardens outlet and Scalable Malaysia, a one-stop end-to-end customised-workspace solutions provider. On the back of the higher revenue and lower depreciation expense, the coworking division's loss before tax (LBT) has narrowed from RM0.9 million in 3Q2021 to RM0.1 million in 3Q2022. The assets of the Naza Tower outlet are no longer depreciated as they have been fully impaired in 4Q2021.

9M2022 vs 9M2021

For 9M2022, the Group achieved a revenue of RM602.2 million (9M2021: RM364.0 million) and a PBT of RM72.1 million (9M2021: RM27.4 million), which were 65% and 163% respectively higher than the same period last year. Hence, the Group's profit attributable to ordinary equity holders of the Company was also higher at RM41.3 million (9M2021: RM4.2 million). All three business segments have reported improvement in financial performance, with property division as the key contributor followed by the investment & others division mainly attributed to the DJ Campus Gain but was dragged down by the Pre-Tertiary Education Impairment Loss.

B1. Review of performance (cont'd)

Property Division

For 9M2022, the property division achieved a revenue of RM586.0 million, which was 64% higher than that of the same period last year of RM357.9 million. The top three revenue contributors in 9M2022 were Utropolis Batu Kawan development in Penang, Sejati Lakeside development in Selangor and Bukit Banyan development in Kedah. On the back of the higher revenue, the property division recorded PBT of RM70.3 million, 64% higher compared to RM42.9 million in 9M2021.

The property division's sales for 9M2022 was RM691 million, 95% higher than the same period last year of RM354 million. The full reopening of the economy in the second half of 2022 has led to a surge in sales and this strong sales momentum has been sustained in the third quarter. Conversely, the sales for 9M2021 was adversely affected by the pro-longed closure of the sales galleries due to the pandemic. The sales status and unbilled sales of the property division are as follows:

Projects	Location	For period ended 30/9/2022			As at
		Launched units	Units sold**	Sales value RM'M	30/9/2022
Central region	Klang Valley	356	543	394	910
Northern region	Kedah, Penang	159	545	297	356
Total		515	1,088	691	1,266

** - Includes sales of units launched in prior years

Coworking Division

The coworking division revenue for 9M2022 was RM6.6 million, 78% higher than the same period last year (9M2021: RM3.7 million), mainly attributed to the higher contributions from Tropicana Gardens outlet and Scalable Malaysia. On the back of the higher revenue and lower depreciation expense, the coworking division's LBT has narrowed to RM0.5 million in 9M2022 from RM3.3 million recorded a year ago. The assets of the Naza Tower outlet are no longer depreciated as they have been fully impaired in 4Q2021.

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

	3Q2022	2Q2022	Var.
	RM'000	RM'000	
Revenue	231,743	202,384	15%
Operating profit	47,207	20,793	127%
Profit before interest & tax	48,359	21,260	127%
Profit before tax	41,899	15,634	168%

The Group's PBT for 3Q2022 was 168% higher at RM41.9 million (2Q2022: RM15.6 million) mainly attributable to one-off transactions such as the DJ Campus Gain and Pre-Tertiary Education Impairment Loss which translated to a net gain of RM15 million. Additionally, the property division has contributed RM12.8 million improvement in PBT in 3Q2022 given the higher level of construction progress and sales coupled with the revision of some project costings.

B3. Prospects

The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). While there were base effects from the negative growth in the third quarter of 2021, growth was also driven by strong domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support. The economy will continue to expand, albeit at a more moderate pace, in the fourth quarter of 2022. The expected slower pace of growth reflects the more challenging global environment as well as absence of base effects. Nevertheless, growth for the whole year of 2022 is expected to remain robust.

(Source: Press Release from Bank Negara Malaysia on the Economic and Financial Developments in Malaysia in the Third Quarter of 2022)

The property market performance recorded a rebound in the first half of 2022, a reflection of normalising economic activity as the country moved towards endemicity. The residential property sector recorded 116,178 transactions worth RM45.62 billion in the first half of 2022, increased by 26.3% in volume and 32.2% in value year-on-year. With the positive projection on economic growth by Bank Negara Malaysia, expected between 5.3% to 6.3% in 2022, supported by the implementation of various government initiatives and assistance, the property market performance is expected to be on track.

(Source: Property Market First Half of 2022 Report by the Valuation and Property Services Department)

(a) Property Division

The Group planned RM1.2 billion property launches for FY2022 of which RM0.3 billion has been launched in 9M2022 comprising the Arinna Kemuning Utama and new phases of Bukit Banyan. In November, the Group launched Sejati Lakeside 2 in Cyberjaya (non-strata double storey semi-detached homes next to a 45-acre lake) and The Atera in Petaling Jaya (a transit-oriented mix development situated next to the Asia Jaya Light Rail Transit Station). The remaining scheduled launches for the year are the new phases of landed homes at Greenwoods Salak Perdana and Bukit Banyan.

The Group's unbilled sales of RM1.3 billion as at 30 September 2022 will provide some visibility on the Group's cashflow in the near term. However, the pace at which this can be converted into billings would depend largely on the construction progress of projects. As at 30 September 2022, the Group undeveloped land stood at 552.8 acres of which 74.7 acres were added at 4 locations during the third quarter.

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)**
Central region	Klang Valley	7	892.2	191.9
Northern region	Kedah, Penang	6	792.3	360.9
Total		13	1,684.5	552.8

** - Includes land of which the Group has development rights

Apart from the above, the Group had in November 2022 completed the acquisition of 64.3 acres of freehold residential land in Sepang, Selangor with a projected gross development value of RM261 million. The land is adjacent to the Group's ongoing township development at Greenwoods Salak Perdana.

(b) Coworking Division

Co-labs Coworking and Scalable Malaysia businesses have seen an increase in demand since the reopening of the economy and reported improved financial performance. Hence, the division is expected to achieve profitability in the near term.

B3. Prospects (cont'd)

In line with the Group's asset monetisation strategy, it has completed the sale of the DJ Campus for RM60 million in October 2022 while the sale of its remaining 20% equity interest in Pre-Tertiary Education business for RM120 million is expected to be completed by the end of 2022. Of the total proceeds of RM180 million, RM85 million will be used to pare down borrowings while RM74.6 million has been earmarked for distribution of special dividend.

The Group's financial performance for the first nine months of 2022 has already surpassed the 2021 full year financial performance. Moving into the fourth quarter of the year, the Group remains in a resilient position to deliver a year of solid growth focusing largely on enhancing the Group's productivity amid an inflationary environment.

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	8,997	18,086
Deferred tax	(655)	(951)
	<u>8,342</u>	<u>17,135</u>

The effective tax rate for the current quarter and financial year to date was lower than the statutory income tax rate in Malaysia due to lower tax on the disposal of a property asset.

B6. Corporate proposal

Save for the proposal disclosed below, there were no corporate proposals announced but not completed as at 25 November 2022.

On 26 September 2022, the Company entered into a conditional share sale and purchase agreement (SPA) with XCL Education Malaysia Sdn Bhd, formerly known as Prestigion Education Sdn Bhd, (the Purchaser) for the proposed disposal by the Company of all its remaining equity interests in Paramount Education Sdn Bhd (PESB), Sri KDU Klang Sdn Bhd (SKK) and Sri KDU Sdn Bhd (SK), as follow, to the Purchaser for a total cash consideration of RM120,000,000.00

- (i) 30.3% of the issued shares in PESB, comprising 56,661,000 ordinary shares, and PESB is in turn the registered owner of 66% of the issued shares in R.E.A.L. Education Group Sdn Bhd, comprising 7,136,580 ordinary shares;
- (ii) 20% of the issued shares in SKK, comprising 200,000 ordinary shares; and
- (iii) 20% of the issued shares in SK, comprising 450,000 ordinary shares

B7. Borrowings and debt securities

The Group's borrowings and debt securities as at 30 September 2022 and 30 September 2021 were as follows:

	30/9/2022	30/9/2021
	RM'000	RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Secured	9,838	0
Bank overdraft - Unsecured	54,416	31,631
Revolving credit - Secured	40,220	48,681
Revolving credit - Unsecured	120,000	50,000
Current portion of long term loans - Secured	94,940	62,204
Total short-term borrowings	<u>319,414</u>	<u>192,516</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	332,225	348,754
Medium Term Notes (MTN)	293,196	292,982
Sukuk Murabahah	119,029	84,811
Total long-term borrowings	<u>744,450</u>	<u>726,547</u>
Total borrowings	<u>1,063,864</u>	<u>919,063</u>

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

Floating interest rate	4.21%	3.54%
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:

- (i) Drawdown down of term loan of RM64 million to finance the purchase of a land for development; and
- (ii) Issuance Sukuk Murabahah of RM82 million to finance the purchase of a land for development

B8. Derivative financial instrument

The outstanding forward foreign exchange contracts as at 30 September 2022 were as follows:

	Contract amount	Net Fair value
	THB'000	Assets/ (Liabilities)
		RM'000
Forward foreign exchange contract*		
- More than 3 years	157,744	1,211

* 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	310	427

The fair value was measured based on the differences between contracted rates and market forward rates. During the quarter, the exchange rate has moved in favour of the Group from the last measurement date.

B10. Changes in material litigation

As at 25 November 2022, there was no material litigation since the last annual reporting date of 31 December 2021.

B11. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 30 September 2022.

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)	27,179	41,310
Weighted average number of ordinary shares ('000)	621,926	621,320
Basic EPS (sen)	4.37	6.65

(b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	27,179	41,310
Weighted average number of ordinary shares ('000)	621,926	621,320
Effect of dilution ('000)	11,259	11,259
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	633,185	632,579
Diluted EPS (sen)	4.29	6.53

By order of the Board
Ng Wai Peng
Company Secretary
25 November 2022