

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 JUNE 2023**

	3 Months Ended 30 June		6 Months Ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	241,551	202,384	436,106	370,481
Operating profit	44,025	20,793	74,678	40,758
Interest expense	(7,643)	(6,177)	(15,265)	(12,463)
Interest income	1,054	551	2,004	1,191
Share of profit/(loss) of associates	(609)	467	(1,249)	757
Profit before tax	36,827	15,634	60,168	30,243
Taxation	(11,011)	(4,903)	(18,358)	(8,793)
Profit for the period	25,816	10,731	41,810	21,450
Profit attributable to:				
Ordinary equity holders of the Company	24,112	9,107	35,696	14,131
Non-controlling interest	21	41	23	26
Holder of private debt securities of the Company	1,683	1,583	6,091	7,293
	25,816	10,731	41,810	21,450
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	3.87	1.46	5.73	2.28
Diluted EPS	3.84	1.44	5.69	2.23

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2022.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 JUNE 2023**

	3 Months Ended 30 June		6 Months Ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	25,816	10,731	41,810	21,450
Other comprehensive income/(loss)	591	(1,543)	122	(2,045)
Total comprehensive income for the period	26,407	9,188	41,932	19,405
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the Company	24,703	7,564	35,818	12,086
Non-controlling interest	21	41	23	26
Holder of private debt securities of the Company	1,683	1,583	6,091	7,293
	26,407	9,188	41,932	19,405

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2022.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	As at 30/6/2023 RM'000	As at 31/12/2022 RM'000
Non-current assets		
Property, plant and equipment	116,003	118,897
Right-of-use asset	6,589	8,538
Inventories - land held for property development	772,267	860,690
Investment properties	521,397	522,176
Investment in associates	38,924	40,172
Other investments	11,293	8,730
Other receivables	18,998	15,076
Deferred tax assets	49,371	50,895
	1,534,842	1,625,174
Current assets		
Inventories - property development costs	277,688	232,986
Inventories - completed properties and other inventories	56,499	58,558
Contract cost assets	180,584	172,244
Trade receivables	96,516	111,374
Other receivables	43,971	35,307
Other current assets	9,742	9,118
Contract assets	515,653	534,590
Tax recoverable	12,147	10,774
Cash and bank balances	296,052	331,050
	1,488,852	1,496,001
Non-current asset held for sale	3,970	3,970
	1,492,822	1,499,971
Total assets	3,027,664	3,125,145
Current liabilities		
Borrowings	296,013	329,807
Lease liabilities	3,874	5,210
Trade payables	198,125	184,775
Other payables	181,256	181,235
Tax payable	11,845	7,396
Contract liabilities	270	206
	691,383	708,629
Net current assets	801,439	791,342

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	As at 30/6/2023	As at 31/12/2022
	RM'000	RM'000
Non-current liabilities		
Borrowings	667,711	685,431
Lease liabilities	4,375	5,791
Other payables	56,374	56,494
Deferred tax liabilities	3,326	3,826
	731,786	751,542
Total liabilities	1,423,169	1,460,171
Equity		
Share capital	335,181	334,299
Reserves	1,069,205	1,130,791
Equity attributable to ordinary equity holders of the Company	1,404,386	1,465,090
Private debt securities	199,408	199,206
Non-controlling interests	701	678
Total equity	1,604,495	1,664,974
Total equity and liabilities	3,027,664	3,125,145
Net assets (NA) per share (RM)	2.26	2.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2022.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 JUNE 2023**

	<-----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 2023	334,299	3,203	(6,969)	(515)	1,135,072	678	199,206	1,664,974
Total comprehensive income	-	-	(76)	198	35,696	23	6,091	41,932
Transactions with owners								
Vesting of LTIP shares	882	(882)	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	-	-	(5,889)	(5,889)
Dividends	-	-	-	-	(96,522)	-	-	(96,522)
Total transactions with owners	882	(882)	-	-	(96,522)	-	(5,889)	(102,411)
As at 30 June 2023	335,181	2,321	(7,045)	(317)	1,074,246	701	199,408	1,604,495

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 JUNE 2023**

	<-----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 2022	330,834	6,252	(4,792)	(410)	1,109,078	851	248,707	1,690,520
Total comprehensive income	-	-	(2,157)	112	14,131	26	7,293	19,405
Transactions with owners								
Vesting of LTIP shares	3,465	(3,465)	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	-	-	(7,293)	(7,293)
Dividends	-	-	-	-	(18,658)	-	-	(18,658)
Total transactions with owners	3,465	(3,465)	-	-	(18,658)	-	(7,293)	(25,951)
As at 30 June 2022	334,299	2,787	(6,949)	(298)	1,104,551	877	248,707	1,683,974

- 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 2022.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 JUNE 2023**

	6 Months Ended	
	30/6/2023	30/6/2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	60,168	30,243
Adjustment for:		
Non-cash items	10,979	10,358
Non-operating items	12,156	10,517
Operating profit before working capital changes	83,303	51,118
Decrease in receivables	15,921	24,129
Decrease in inventories	43,187	83,472
Decrease in payables	(3,816)	(21,419)
Cash generated from operations	138,595	137,300
Taxes paid	(14,258)	(7,195)
Interest paid	(21,190)	(15,745)
Net cash generated from operating activities	103,147	114,360
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in land held for development	(338)	(3,989)
Purchase of property, plant and equipment	(2,100)	(844)
Purchase of unquoted investment	-	(7,500)
Cost incurred for investment properties under construction	(4,511)	(6,235)
Purchase of quoted investment	(8)	(256)
Other investment	(2,630)	-
Proceeds from disposal of investment properties	4,500	-
Proceeds from disposal of property, plant and equipment	43	11
Interest received	2,004	1,191
Net cash used in investing activities	(3,040)	(17,622)

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 June 2023

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 JUNE 2023**

	6 Months Ended	
	30/6/2023	30/6/2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to ordinary equity holders of the Company	(74,727)	(18,658)
Drawdown of borrowings	124,346	69,277
PDS distribution	(5,889)	(7,293)
Withdrawal/(placement) in banks restricted for use	(464)	4,878
Repayment of borrowings	(164,949)	(118,125)
Lease payments	(2,974)	(2,769)
Net cash used in financing activities	<u>(124,657)</u>	<u>(72,690)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(24,550)	24,048
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	296,811	123,324
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>272,261</u>	<u>147,372</u>
	30/6/2023	30/6/2022
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	159,355	150,941
Fixed deposits	136,697	26,885
Cash and bank balances	<u>296,052</u>	<u>177,826</u>
Cash and bank balances restricted for use	(12,911)	(14,483)
Fixed deposits maturing more than 3 months	(10,058)	(94)
Bank overdrafts	(822)	(15,877)
	<u>272,261</u>	<u>147,372</u>
Cash and bank balances held in HDA accounts	<u>121,243</u>	<u>103,411</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2022.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the period ended 30 June 2023

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 2022. 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 2022.

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 2022.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2022 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

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 item 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.

Employees share scheme

On 15 March 2023, 799,900 new ordinary shares in the Company were allotted and issued pursuant to the Company's Long Term Incentive Plan ("LTIP") via third vesting of 799,900 restricted shares ("RS") under the 2020 RS Grant.

A8. Dividends paid

	6 months ended	
	30/6/2023	30/6/2022
	RM'000	RM'000
Special dividend		
FY2022 - 12.0 sen single tier	74,727	0
Final dividend		
FY2021 - 3.00 sen single tier	0	18,658
	<u>74,727</u>	<u>18,658</u>

A9. Profit before tax

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

	3 months ended		6 months ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- Property, plant and equipment	2,518	2,209	4,949	4,474
- Right-of-use asset	967	1,029	1,967	1,868
- Investment properties	2,030	2,130	4,063	4,259
Interest expense on:				
- Borrowings	7,249	5,992	14,770	12,113
- Lease liabilities	394	185	495	350
Additions/(reversal) of allowance for impairment of receivables	0	0	(1)	(10)
(Gain)/loss on disposal of:				
- Property, plant and equipment	(19)	(2)	(34)	(3)
- Investment properties	(2,569)	0	(2,569)	0
Net foreign exchange (gain)/loss	282	159	214	50
Net derivative (gain)/loss:				
Forward foreign exchange contract	(338)	(148)	(214)	(51)
	<u>(338)</u>	<u>(148)</u>	<u>(214)</u>	<u>(51)</u>

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>	6 months ended 30 June		6 months ended 30 June	
	Revenue		Profit/(loss) before tax	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property	418,081	360,996	70,296	39,123
Coworking	6,177	4,276	608	(324)
Other Businesses & Investments	51,679	40,122	(1,157)	3,499
	<u>475,937</u>	<u>405,394</u>	<u>69,747</u>	<u>42,298</u>
Inter-segment elimination	(39,831)	(34,913)	(9,579)	(12,055)
Total	<u>436,106</u>	<u>370,481</u>	<u>60,168</u>	<u>30,243</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 2022.

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

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 June 2023 were as follows:

	RM'000
Approved and contracted for:-	
Investment properties	41,076
Property, plant and equipment	45
	<u>41,121</u>
Approved but not contracted for:-	
Land held for property development	49,500
Property, plant and equipment	4,304
	<u>53,804</u>
	<u>94,925</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	0	2,100

A17. Related party transactions

	Financial Year-to-date RM'000
Sale and purchase of goods & services	
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	4,242
Sale of property to Mr. Ooi Hun Peng, a director of subsidiaries	500
Consultancy fees paid to a Datuk Paul Wong Baan Chun, a director of a subsidiary company	90
Rental income received from Peoplender Sdn Bhd, a company in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest	63
Platform fee paid to Peoplender Sdn Bhd	3
	<u>4,898</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

	2Q2023	2Q2022	Var.		6M2023	6M2022	Var.
	RM'000	RM'000			RM'000	RM'000	
Revenue	241,551	202,384	19%		436,106	370,481	18%
Operating profit	44,025	20,793	112%		74,678	40,758	83%
Profit before interest & tax	43,416	21,260	104%		73,429	41,515	77%
Profit before tax	36,827	15,634	136%		60,168	30,243	99%
Profit for the period	25,816	10,731	141%		41,810	21,450	95%
Profit attributable to ordinary equity holders of the Company	24,112	9,107	165%		35,696	14,131	153%

2Q2023 vs 2Q2022

For 2Q2023, the Group achieved revenue of RM241.6 million (2Q2022: RM202.4 million) and Profit Before Tax (PBT) of RM36.8 million (2Q2022: RM15.6 million), which were 19% and 136% higher than that of 2Q2022 driven by improvements recorded by its core business of property development. Hence, the Group's profit attributable to ordinary equity holders of the Company was also higher at RM24.1 million (2Q2022: RM9.1 million).

Property Division

The Property division's 2Q2023 revenue was RM232.3 million (2Q2022: RM197.0 million) with Utropolis Batu Kawan development in Penang, Bukit Banyan development in Kedah and Sejati Lakeside development in Selangor as the top three revenue contributors. PBT for 2Q2023 was also 120% higher at RM41.0 million (2Q2022: RM18.6 million). Aside from the higher revenue, savings from the finalisation of some project costings had also contributed to the improved financial performance of the property division.

Coworking Division

The Coworking division's revenue for 2Q2023 was RM3.3 million, 57% higher than the same period last year of RM2.1 million. On the back of higher revenue, the coworking division recorded PBT of RM0.5 million compared to Loss Before Tax (LBT) of RM0.1 million in 2Q2022.

Investment & Others Division

In 2Q2023, the investment & others division recorded higher revenue at RM6.4 million (2Q2022: RM3.7 million) mainly attributed to the higher contribution from The Mercure Kuala Lumpur Glenmarie hotel and the rental income generated by the Group's education assets. In spite of the higher revenue, the investment & others division LBT has increased to RM4.7 million (2Q2022: RM2.9 million). This was mainly due to the weaker financial performance of its investments in associates and without the profit contribution from the pre-tertiary education associates following the Group's divestment in 3Q2022.

6M2023 vs 6M2022

The Group's revenue for the first six months of 2023 (6M2023) was 18% higher at RM436.1 million (6M2022: RM370.5 million) while PBT has improved by 99% to RM60.2 million (6M2022: RM30.2 million) underpinned by improvements recorded by the property division. Hence, the Group's profit attributable to ordinary equity holders of the Company was also higher at RM35.7 million (6M2022: RM14.1 million).

B1. Review of performance (cont'd)

Property Division

For 6M2023, the property division achieved a 16% improvement in revenue at RM418.1 million (6M2022: RM361.0 million). The top three revenue contributors in 6M2023 were Utropolis Batu Kawan development in Penang, Bukit Banyan development in Kedah and Sejati Lakeside development in Selangor. On the back of higher revenue coupled with savings from the finalisation of some project costings, the property division recorded PBT of RM70.3 million, 80% higher compared to RM39.1 million in 6M2022.

Sales momentum continued to be strong in the first half of 2023 after a year of record sales of RM1.1 billion in 2022 following the re-opening of Malaysian borders and the transition to the endemic phase on 1 April 2022. In the first half of 2023, the property division sold RM617 million worth of properties, 45% higher than the same period last year of RM425 million gross development value. The growth is in line with more products being available for sale in the first half of 2023, i.e. RM0.8 billion new launches in 6M2023 (6M2022: RM0.1 billion) coupled with the spillover from the RM0.9 billion launches in 4Q2022. The launches of 6M2023 were anchored by Savana Utropolis Batu Kawan in Penang (serviced apartments), Phase 2 of Sejati Lakeside 2 in Selangor (non-strata double storey semi detached homes) and Paramount Palmera in Bukit Minyak, Penang (light industrial development).

The sales and unbilled sales status of the property division for 6M2023 are as follows:

Projects	Location	For period ended 30/6/2023			As at 30/6/2023
		Launched units	Units sold**	Sales value RM'M	Unbilled sales RM'M
Central region	Klang Valley	112	534	401	1,123
Northern region	Kedah & Penang	801	327	216	359
Total		913	861	617	1,482

** - Includes sales of units launched in prior years

Coworking Division

The coworking division's revenue for 6M2023 was 44% higher at RM6.2 million (6M2022: RM4.3 million) mainly attributed to the higher revenue from all Co-labs Coworking spaces and Scalable Malaysia (design, build and manage solutions provider). On the back of higher revenue, coworking division's PBT improved to RM0.6 million (6M2022: LBT of RM0.3 million).

Investment & Others Division

The investment & others division recorded 108% increase in revenue at RM12.7 million in 6M2023 (6M2022: RM6.1 million) on the back of improvements in all three businesses, namely The Mercure Kuala Lumpur Glenmarie, the Group's education assets and Dewakan (fine dining restaurant). In spite of the higher revenue, the division's LBT in 6M2023 was higher at RM10.7 million compared to LBT of RM8.6 million in 6M2022 mainly attributed to the weaker financial performance of its investment in associates and without the contribution from the pre-tertiary education associate that was divested in 3Q2022.

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

	2Q2023 RM'000	1Q2023 RM'000	Var.
Revenue	241,551	194,555	24%
Operating profit	44,025	30,653	44%
Profit before interest & tax	43,416	30,013	45%
Profit before tax	36,827	23,341	58%

The Group's PBT for 2Q2023 was 58% higher at RM36.8 million compared to RM23.3 million recorded in the immediate preceding quarter mainly due to the higher contribution from the property division by RM11.7 million boosted by savings from the finalisation of some project costings.

B3. Prospects

The Malaysian economy expanded moderately in the second quarter of 2023 (2.9%; 1Q 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects.

(Source: Press Release from Bank Negara Malaysia on the Economic and Financial Developments in Malaysia in the Second Quarter of 2023)

(a) Property Division

Riding on the strong sales momentum achieved, the Group targets to launch RM0.7 billion of properties in the second half of the year anchored by The Ashwood at the prestigious U-Thant enclave, Kuala Lumpur (high-end serviced apartments located next to The Atrium, also by Paramount). Apart from new launches, the demand of the Group's existing products is expected to be resilient for the rest of the year given the good response received.

The Group's new record of unbilled sales of RM1.5 billion as at 30 June 2023 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 June 2023, the Group's undeveloped land stood at 486.6 acres.

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)**
Central region	Klang Valley	7	923.8	197.6
Northern region	Kedah, Penang	5	774.4	289.0
Total		12	1,698.2	486.6

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

(b) Coworking Division

Leveraging on the growing demand of coworking and flexible office solutions, Co-labs Coworking will be scaling up its operations in the second half of 2023. This includes the expansion of its existing Tropicana Gardens outlet and the opening of two new spaces in the Klang Valley. Scalable Malaysia will continue to leverage Paramount Property's expertise to design and build more workspaces for its growing customer base.

Barring any unforeseen circumstances, the Board expects the Group's financial performance for the second half of 2023 to remain satisfactory.

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	10,560	18,404
Real property gains tax	48	48
Deferred tax	403	(94)
	<u>11,011</u>	<u>18,358</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

There was no corporate proposal announced but not completed as at 25 August 2023.

B7. Borrowings and debt securities

The Group's borrowings and debt securities as at 30 June 2023 and 30 June 2022 were as follows:

	30/6/2023 RM'000	30/6/2022 RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Secured	822	807
Bank overdraft - Unsecured	0	15,070
Revolving credit - Secured	97,196	35,619
Revolving credit - Unsecured	100,000	110,000
Current portion of long term loans - Secured	97,995	121,023
Total short-term borrowings	<u>296,013</u>	<u>282,519</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	293,350	268,472
Medium Term Notes (MTN)	293,357	293,143
Sukuk Murabahah	81,004	50,415
Total long-term borrowings	<u>667,711</u>	<u>612,030</u>
Total borrowings	<u>963,724</u>	<u>894,549</u>

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

Floating interest rate	4.70%	3.75%
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 of term loans of RM88 million to finance the purchase of land for development; and
- (ii) Issuance of Sukuk Murabahah of RM82 million to finance the purchase of land for development

B8. Derivative financial instrument

The outstanding forward foreign exchange contracts as at 30 June 2023 were as follows:

	Contract amount	Net Fair value
	THB'000	Assets/ (Liabilities) RM'000
Forward foreign exchange contracts*		
- Within 1 year	124,130	548
- More than 1 year	62,034	(262)

* 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	Financial Year-to-date
	RM'000	RM'000
Forward foreign exchange contracts	(153)	(326)

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

B10. Changes in material litigation

As at 25 August 2023, there was no material litigation since the last annual reporting date of 31 December 2022.

B11. Dividends payable

The Board of Directors has declared a single tier interim dividend of 3.00 sen per share, (2022: 2.50 sen) in respect of the financial year ending 31 December 2023, which will be paid on 21 September 2023 to shareholders whose names appear on the Record of Depositors on 11 September 2023.

- (i) shares transferred into the depositor's securities account before 4.30 p.m. on 11 September 2023 in respect of ordinary transfers.
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

The total dividend for the current financial year is single tier 3.00 sen (2021: 2.50 sen)

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)	24,112	35,696
Weighted average number of ordinary shares ('000)	622,726	622,460
	<hr/>	<hr/>
Basic EPS (sen)	3.87	5.73
	<hr/>	<hr/>

(b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	24,112	35,696
Weighted average number of ordinary shares ('000)	622,726	622,460
Effect of dilution ('000)	4,734	4,734
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	627,460	627,194
Diluted EPS (sen)	3.84	5.69
	<hr/>	<hr/>

By order of the Board
Ng Wai Peng
Company Secretary
25 August 2023