

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the period ended 30 September 2023

The figures are unaudited

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

	3 Months Ended		9 Months Ended	
	30 September	2022	30 September	2022
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	266,791	231,743	702,897	602,224
Operating profit	38,920	47,207	113,598	87,965
Interest expense	(8,008)	(6,885)	(23,273)	(19,348)
Interest income	1,284	425	3,288	1,616
Share of profit/(loss) of associates	(514)	1,152	(1,763)	1,909
Profit before tax	31,682	41,899	91,850	72,142
Taxation	(8,235)	(8,342)	(26,593)	(17,135)
Profit for the period	23,447	33,557	65,257	55,007
Profit attributable to:				
Ordinary equity holders of the Company	18,940	27,179	54,636	41,310
Non-controlling interest	61	143	84	169
Holder of private debt securities of the Company	4,446	6,235	10,537	13,528
	23,447	33,557	65,257	55,007
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	3.04	4.37	8.78	6.65
Diluted EPS	3.04	4.29	8.78	6.53

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

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

	3 Months Ended 30 September		9 Months Ended 30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	23,447	33,557	65,257	55,007
Other comprehensive income/(loss)	(382)	(133)	(260)	(2,178)
Total comprehensive income for the period	23,065	33,424	64,997	52,829
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the Company	18,558	27,046	54,376	39,132
Non-controlling interest	61	143	84	169
Holder of private debt securities of the Company	4,446	6,235	10,537	13,528
	23,065	33,424	64,997	52,829

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

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

	As at 30/9/2023	As at 31/12/2022
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	114,893	118,897
Right-of-use asset	11,284	8,538
Inventories - land held for property development	799,254	860,690
Investment properties	527,310	522,176
Investment in associates	38,409	40,172
Other investments	13,036	8,730
Other receivables	18,926	15,076
Deferred tax assets	48,196	50,895
	1,571,308	1,625,174
Current assets		
Inventories - property development costs	234,852	232,986
Inventories - completed properties and other inventories	56,261	58,558
Contract cost assets	189,558	172,244
Trade receivables	100,185	111,374
Other receivables	35,928	35,307
Other current assets	10,110	9,118
Contract assets	516,302	534,590
Tax recoverable	14,450	10,774
Cash and bank balances	201,913	331,050
	1,359,559	1,496,001
Non-current asset held for sale	3,970	3,970
	1,363,529	1,499,971
Total assets	2,934,837	3,125,145
Current liabilities		
Borrowings	253,823	329,807
Lease liabilities	3,839	5,210
Trade payables	194,948	184,775
Other payables	173,796	181,235
Tax payable	13,545	7,396
Contract liabilities	280	206
	640,231	708,629
Net current assets	723,298	791,342

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

	As at 30/9/2023	As at 31/12/2022
	RM'000	RM'000
Non-current liabilities		
Borrowings	629,211	685,431
Lease liabilities	8,984	5,791
Other payables	48,561	56,494
Deferred tax liabilities	3,317	3,826
	690,073	751,542
Total liabilities	1,330,304	1,460,171
Equity		
Share capital	335,181	334,299
Reserves	1,069,081	1,130,791
Equity attributable to ordinary equity holders of the Company	1,404,262	1,465,090
Private debt securities	199,509	199,206
Non-controlling interests	762	678
Total equity	1,604,533	1,664,974
Total equity and liabilities	2,934,837	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.

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

	<-----Non Distributable----->				Distributable	Non-	Private	Total
	Share	Employee	Fair value	Translation	Retained	controlling	debt	Equity
	Capital	Share	Reserve	Reserve	Earnings	interests	securities	
	RM'000	Reserve#	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	(503)	243	54,636	84	10,537	64,997
Transactions with owners								
Vesting of LTIP shares	882	(882)	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	-	-	(10,234)	(10,234)
Dividends	-	-	-	-	(115,204)	-	-	(115,204)
Total transactions with owners	882	(882)	-	-	(115,204)	-	(10,234)	(125,438)
As at 30 June 2023	335,181	2,321	(7,472)	(272)	1,074,504	762	199,509	1,604,533

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

	<-----Non Distributable----->				Distributable	Non-	Private	Total
	Share	Employee	Fair value	Translation	Retained	controlling	debt	Equity
	Capital	Share	Reserve	Reserve	Earnings	interests	securities	
	RM'000	Reserve#	RM'000	RM'000	RM'000	RM'000	RM'000	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 September 2022	334,299	2,787	(7,142)	(238)	1,116,182	1,020	199,206	1,646,114

- 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.

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

	9 Months Ended	
	30/9/2023	30/9/2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	91,850	72,142
Adjustment for:		
Non-cash items	16,659	53,133
Non-operating items	16,386	(37,694)
Operating profit before working capital changes	124,895	87,581
Decrease in receivables	16,684	27,472
Decrease in inventories	88,405	145,746
(Decrease)/increase in payables	(4,860)	73,242
Cash generated from operations	225,124	334,041
Taxes paid	(21,930)	(11,741)
Interest paid	(31,997)	(24,702)
Net cash generated from operating activities	171,197	297,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in land held for development	(35,879)	(271,717)
Purchase of property, plant and equipment	(2,688)	(3,568)
Purchase of unquoted investment	-	(7,500)
Cost incurred for investment properties under construction	(7,568)	(9,201)
Purchase of quoted investment	(8)	(256)
Other investment	(4,864)	-
Proceeds from disposal of investment properties	9,249	-
Proceeds from disposal of property, plant and equipment	45	12
Interest received	3,288	1,617
Net cash used in investing activities	(38,425)	(290,613)

PARAMOUNT CORPORATION BERHAD

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

	9 Months Ended	
	30/9/2023	30/9/2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to ordinary equity holders of the Company	(115,204)	(34,206)
Drawdown of borrowings	246,449	353,521
Redemption of PDS	-	(50,000)
PDS distribution	(10,234)	(13,528)
Withdrawal/(placement) in banks restricted for use	(4,853)	(5,695)
Repayment of borrowings	(410,339)	(281,430)
Lease payments	(4,268)	(4,485)
Net cash used in financing activities	(298,449)	(35,823)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(165,677)	(28,838)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	296,811	123,324
CASH AND CASH EQUIVALENTS AT END OF PERIOD	131,134	94,486
	30/9/2023	30/9/2022
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	143,657	167,767
Fixed deposits	58,256	16,123
Cash and bank balances	201,913	183,890
Cash and bank balances restricted for use	(17,301)	(15,056)
Fixed deposits maturing more than 3 months	(10,058)	(10,094)
Bank overdrafts	(43,420)	(64,254)
	131,134	94,486
Cash and bank balances held in HDA accounts	103,067	122,279

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

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Interim Financial Report for the period ended 30 September 2023

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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

	9 months ended	
	30/9/2023	30/9/2022
	RM'000	RM'000
Interim dividends		
FY2023 - 3.0 sen single tier (FY2022 - 2.5 sen single tier)	18,682	15,548
Special dividend		
FY2022 - 12.0 sen single tier	74,727	0
Final dividend		
FY2022 - 3.5 sen single tier (FY2021 - 3.0 sen single tier)	21,795	18,658
	<u>115,204</u>	<u>34,206</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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- Property, plant and equipment	1,691	2,584	6,640	7,058
- Right-of-use asset	1,093	1,122	3,060	2,990
- Investment properties	2,896	2,033	6,959	6,292
Interest expense on:				
- Borrowings	7,889	6,760	22,966	18,873
- Lease liabilities	119	125	307	475
Additions/(reversal) of allowance for impairment of receivables	242	(1)	241	(11)
Impairment of asset held for sale	0	38,664	0	38,664
Bad debts written off	64	0	64	0
(Gain)/loss on disposal of:				
- Property, plant and equipment	0	0	(34)	(3)
- Investment properties	(2,984)	(53,686)	(5,553)	(53,686)
Net foreign exchange (gain)/loss	(219)	112	(5)	162
Net derivative (gain)/loss:				
Forward foreign exchange contract	(172)	(97)	(386)	(148)
	<u></u>	<u></u>	<u></u>	<u></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>	9 months ended 30 September		9 months ended 30 September	
	Revenue		Profit/(loss) before tax	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property	674,582	586,006	107,985	70,338
Coworking	9,619	6,624	1,110	(483)
Other Businesses & Investments	129,398	63,981	48,035	(16,730)
	<u>813,599</u>	<u>656,611</u>	<u>157,130</u>	<u>53,125</u>
Inter-segment elimination	(110,702)	(54,387)	(65,280)	19,017
Total	<u>702,897</u>	<u>602,224</u>	<u>91,850</u>	<u>72,142</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 September 2023 were as follows:

	RM'000
Approved and contracted for:-	
Investment properties	39,539
Approved but not contracted for:-	
Land held for property development	49,500
Property, plant and equipment	4,592
	<u>54,092</u>
	<u>93,631</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	588	2,688

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	4,904
Sale of property to Mr. Ooi Hun Peng, a director of subsidiaries	500
Sale of property to Mr. Wang Chong Hwa, a director of subsidiaries	2,043
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	98
Platform fee paid to Peoplender Sdn Bhd	12
	<u>7,692</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

	3Q2023 RM'000	3Q2022 RM'000	Var.		9M2023 RM'000	9M2022 RM'000	Var.
Revenue	266,791	231,743	15%		702,897	602,224	17%
Operating profit	38,920	47,207	-18%		113,598	87,965	29%
Profit before interest & tax	38,406	48,359	-21%		111,835	89,874	24%
Profit before tax	31,682	41,899	-24%		91,850	72,142	27%
Profit for the period	23,447	33,557	-30%		65,257	55,007	19%
Profit attributable to ordinary equity holders of the Company	18,940	27,179	-30%		54,636	41,310	32%

3Q2023 vs 3Q2022

For 3Q2023, the Group achieved revenue of RM266.8 million, 15% higher than that of RM231.7 million of the same period last year underpinned by improvements in all three business segments. The Group's Profit Before Tax (PBT) was however lower by 24% at RM31.7 million (3Q2022: RM41.9 million) as the current quarter was without the non recurring net gain of RM15 million (Non Recurring Net Gain) recorded by the investment & others division in 3Q2022 arising from the sale of the tertiary education campus in Damansara Jaya and the remaining 20% equity interests in the pre-tertiary education business. Hence, the Group's profit attributable to ordinary equity holders of the Company was also lower at RM18.9 million (3Q2022: RM27.2 million).

Property Division

The Property division's 3Q2023 revenue was RM256.5 million (3Q2022: RM225 million) with Sejati Lakeside 2 development in Selangor, Utropolis Batu Kawan development in Penang and Sejati Lakeside development in Selangor as the top three revenue contributors. On the back of the higher revenue, PBT for 3Q2023 was also higher at RM37.7 million, 21% higher than the RM31.2 million recorded in 3Q2022.

Coworking Division

The Coworking division's revenue for 3Q2023 was RM3.4 million, 47% higher than the same period last year of RM2.3 million mainly attributed to the higher revenue from all five Co-labs Coworking spaces and Scalable Malaysia (design, build and manage solutions provider) business. In line with the higher revenue, the coworking division recorded PBT of RM0.5 million compared to Loss Before Tax (LBT) of RM0.2 million in 3Q2022.

Investment & Others Division

In 3Q2023, the investment & others division recorded higher revenue at RM7.2 million (3Q2022: RM4.8 million) mainly attributed to the higher contribution from the Mercure Kuala Lumpur Glenmarie hotel and the rental income generated by the Group's education investment properties. In spite of the higher revenue, the investment & others division recorded a LBT of RM6.5 million compared to a PBT of RM10.8 million in the same period last year, which was boosted by the Non Recurring Net Gain and the share of results from the pre-tertiary associates that were disposed in the third quarter of last year.

9M2023 vs 9M2022

The Group's revenue for the first nine months of 2023 (9M2023) was 17% higher at RM702.9 million (9M2022: RM602.2 million) while PBT has improved by 27% to RM91.9 million (9M2022: RM72.1 million) in spite of the Non Recurring Net Gain of RM15 million that was recognised in the same period last year. Hence, the Group's profit attributable to ordinary equity holders of the Company was also higher at RM54.6 million (9M2022: RM41.3 million).

B1. Review of performance (cont'd)

Property Division

For 9M2023, the property division achieved a 15% improvement in revenue at RM674.6 million (9M2022: RM586 million). The top three revenue contributors in 9M2023 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 RM108 million, 54% higher compared to RM70.3 million in 9M2022.

In the first nine months of 2023, the property division sold RM909 million worth of properties, 32% higher than the same period last year of RM691 million gross development value. There was year-on-year improvement in sales, mainly due to the good response to the properties launched to-date with Sejati Lakeside 2 development in Selangor, The Atera development in Selangor and Utropolis Batu Kawan development in Penang as the top three contributors.

Projects	Location	For period ended 30/9/2023			As at 30/9/2023
		Launched units	Units sold**	Sales value RM'M	Unbilled sales RM'M
Central region	Klang Valley	112	731	605	1,125
Northern region	Kedah & Penang	801	410	304	380
Total		913	1,141	909	1,505

** - Includes sales of units launched in prior years

Coworking Division

The coworking division's revenue for 9M2023 was 45% higher at RM9.6 million (9M2022: RM6.6 million) mainly attributed to the higher revenue from all five Co-labs Coworking spaces and Scalable Malaysia (design, build and manage solutions provider) business. On the back of higher revenue, coworking division's PBT improved to RM1.1 million (9M2022: LBT of RM0.5 million).

Investment & Others Division

The investment & others division recorded a 82% increase in revenue at RM19.9 million in 9M2023 (9M2022: RM10.9 million) on the back of improvements in the Mercure Kuala Lumpur Glenmarie hotel, the Group's education investment properties and Dewakan (fine dining restaurant). In spite of the higher revenue, the division's recorded a LBT of RM17.2 million compared to a PBT of RM2.3 million, which included the Non Recurring Net Gain and the share of results from the pre-tertiary associates that were disposed in 3Q2022.

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

	3Q2023 RM'000	2Q2023 RM'000	Var.
Revenue	266,791	241,551	10%
Operating profit	38,920	44,025	-12%
Profit before interest & tax	38,406	43,416	-12%
Profit before tax	31,682	36,827	-14%

The Group's PBT for 3Q2023 was 14% lower at RM31.7 million compared to RM36.8 million recorded in the immediate preceding quarter, which was boosted by savings from the finalisation of some project costings.

B3. Prospects

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023. Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit.

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

According to the National Property Information Centre, the volume of residential property transactions in the first half of 2023 was marginally lower by 1.0% at 114,973 valued at RM44.78 billion compared to that of the same period last year. Nonetheless, the first half 2023 transactions were higher than the pre-pandemic level in 2019, which recorded 99,931 transactions at RM34.66 billion. The recent Bank Negara Malaysia's announcement to maintain the overnight policy rate at 3.0% coupled with the expected expansion of the Malaysian economy and the improving labour market would be conducive for property demand. However, the rising cost environment and the increase in service tax rate by 2% on selected industries as announced in the Budget 2024 proposal could have a negative impact to the property industry.

(a) Property Division

In the nine months ended 30 September 2023, the Group launched RM0.8 billion of properties comprising residential (76%), industrial (21%) and commercial (3%) products in Penang, Kedah and Selangor. The demand of the Group's existing products is expected to be resilient for the rest of the year underpinned by the 32% year-on-year rise in sales for the first nine months of this year.

The Group's unbilled sales of RM1.5 billion as at 30 September 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 September 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

Co-labs Coworking will be scaling up its operations by about 52,000 square feet in the fourth quarter of this year. In November 2023, Co-labs Coworking expanded its footprint by 37% at its existing Tropicana Gardens space that had reached close to full occupancy. In terms of new locations, Co-labs Coworking has taken over an existing coworking space at Ken TTDI at Taman Tun Dr Ismail, Kuala Lumpur in November while the space at The Five at Damansara Heights, Kuala Lumpur is targeted to open in December 2023. With the expansion, Co-labs Coworking would have seven locations with 167,000 square feet of space by end 2023 in the Klang Valley.

Moving into the final quarter of the year, the Directors expect the Group's financial performance to remain satisfactory and deliver a year of solid growth.

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	10,110	28,515
Real property gains tax	48	96
Deferred tax	(1,923)	(2,018)
	<u>8,235</u>	<u>26,593</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 24 November 2023.

B7. Borrowings and debt securities

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

	30/9/2023 RM'000	30/9/2022 RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Secured	1,184	9,838
Bank overdraft - Unsecured	42,236	54,416
Revolving credit - Secured	40,423	40,220
Revolving credit - Unsecured	60,000	120,000
Current portion of long term loans - Secured	109,980	94,940
Total short-term borrowings	<u>253,823</u>	<u>319,414</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	259,889	332,225
Medium Term Notes (MTN)	293,411	293,196
Sukuk Murabahah	75,911	119,029
Total long-term borrowings	<u>629,211</u>	<u>744,450</u>
Total borrowings	<u>883,034</u>	<u>1,063,864</u>

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

Floating interest rate	4.79%	4.21%
Fixed interest rate	N/A	N/A

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

The decrease in bank borrowings was attributed to the repayment of property development related borrowings from the higher progressive billings.

B8. Derivative financial instrument

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

	Contract amount	Net Fair value
	THB'000	Assets/ (Liabilities) RM'000
Forward foreign exchange contracts*		
- Within 1 year	124,130	904
- More than 1 year	62,034	(79)

* 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 contracts	539	213

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 24 November 2023, there was no material litigation since the last annual reporting date of 31 December 2022.

B11. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 30 September 2023.

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)	18,940	54,636
Weighted average number of ordinary shares ('000)	622,726	622,549
	<hr/>	<hr/>
Basic EPS (sen)	3.04	8.78
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(b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	18,940	54,636
Weighted average number of ordinary shares ('000)	622,726	622,549
Effect of dilution ('000)	0	0
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	622,726	622,549
Diluted EPS (sen)	3.04	8.78
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By order of the Board
Ng Wai Peng
Company Secretary
24 November 2023