



PARKWOOD

PARKWOOD HOLDINGS BERHAD

(FORMERLY KNOWN AS AMALGAMATED
INDUSTRIAL STEEL BERHAD)
COMPANY REGISTRATION NO. 196901000692 (9118-M)

**Interim Financial Report
for Third Quarter**

Ended 30 September 2021

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Condensed Consolidated Statement of Comprehensive Income for the Third Quarter Ended 30 September 2021

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 01.07.2021 to 30.09.2021 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2021 to 30.09.2021 RM	Preceding Year Corresponding Period RM
Revenue	1,533,613	2,204,242	6,676,230	3,638,912
Operating expenses	(2,476,932)	(3,698,823)	(8,608,883)	(7,133,926)
Other operating income	294,710	112,109	663,762	707,607
Loss from operations	(648,609)	(1,382,472)	(1,268,891)	(2,787,407)
Finance costs	(401,559)	(56,508)	(1,372,959)	(176,492)
Loss before taxation	(1,050,168)	(1,438,980)	(2,641,850)	(2,963,899)
Tax expenses	(147,018)	(11,647)	(380,605)	(75,401)
Loss for the period	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive expenses for the period	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)
Loss attributable to:				
Owners of the Parent	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)
Non-Controlling Interest	-	-	-	-
	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Condensed Consolidated Statement of Comprehensive Income for the Third Quarter Ended 30 September 2021 (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 01.07.2021 to 30.09.2021 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2021 to 30.09.2021 RM	Preceding Year Corresponding Period RM
Total comprehensive expenses attributable to:				
Owners of the Parent	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)
Non-Controlling Interest	-	-	-	-
	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
Loss per share:				
- basic (sen)	(0.44)	(1.05)	(1.10)	(2.21)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Condensed Consolidated Statement of Financial Position as at 30 September 2021

	As At 30.09.2021 (Unaudited) RM	As At 31.12.2020 (Audited) RM
NON-CURRENT ASSETS		
Land held for development	33,072,654	32,589,351
Plant and equipment	502,443	597,590
Investment property	36,600,000	36,600,000
Right-of-use assets	1,149,906	1,515,505
Other assets	43,151	43,151
Other investment	6,000	-
Total Non-Current Assets	71,374,154	71,345,597
CURRENT ASSETS		
Property development costs	66,513,668	65,917,067
Contract costs	3,528,653	3,210,092
Contract assets	6,242,174	4,249,022
Trade and other receivables	1,883,598	1,052,537
Current tax assets	41,155	41,155
Fixed deposit with licensed bank	20,949,944	2,463,197
Short-term investments	4,686,714	10,065,558
Cash and bank balances	6,803,721	5,800,556
Total Current Assets	110,649,627	92,799,184
TOTAL ASSETS	182,023,781	164,144,781
EQUITY		
Share capital	46,239,323	22,160,982
Capital reserve	48,208,750	48,208,750
Reserves	24,539,768	24,539,768
Retained profits	36,803,336	39,825,791
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	152,066,633	131,010,747

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Condensed Consolidated Statement of Financial Position as at 30 September 2021 (Cont'd)

	As At 30.09.2021 (Unaudited) RM	As At 31.12.2020 (Audited) RM
NON-CURRENT LIABILITIES		
Lease liabilities	1,118,165	1,118,165
Term loan	24,947,877	25,639,403
Retirement benefit obligations	81,744	163,940
Deferred tax liabilities	156,442	156,442
Total Non-Current Liabilities	26,304,228	27,077,950
CURRENT LIABILITIES		
Trade and other payables	2,727,911	4,758,658
Lease liabilities	113,355	485,772
Term loan	692,510	692,510
Current tax liabilities	119,144	119,144
Total Current Liabilities	3,652,920	6,056,084
TOTAL LIABILITIES	29,957,148	33,134,034
TOTAL EQUITY AND LIABILITIES	182,023,781	164,144,781

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020.

Condensed Consolidated Statement of Changes in Equity for The Nine Months Ended 30 September 2021

	Share Capital	Treasury Shares	Asset Revaluation Reserve	Capital Reserve	Retained Profit	Total Equity
	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2020	22,160,982	(3,724,544)	24,539,768	48,208,750	43,815,626	135,000,582
Loss after taxation for the financial year	-	-	-	-	(3,989,835)	(3,989,835)
Balance as at 31 December 2020	22,160,982	(3,724,544)	24,539,768	48,208,750	39,825,791	131,010,747
Rights issue	24,078,341	-	-	-	-	24,078,341
Loss after taxation for the financial period	-	-	-	-	(3,022,455)	(3,022,455)
Balance as at 30 September 2021	46,239,323	(3,724,544)	24,539,768	48,208,750	36,803,336	152,066,633

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Condensed Consolidated Statement of Cash Flows

	9 Months to 30.09.2021 RM	Audited 2020 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(2,641,850)	(3,814,317)
Amortization of club membership	-	363
Covid-19-related rent concessions	(10,413)	(13,413)
Depreciation of equipment	95,539	127,903
Depreciation of right-of-use assets	365,598	490,522
Fair value loss/(gain) on short-term investments	286,719	(562,502)
Gain on disposal of a subsidiary	(9,741)	-
Gain on modification of a lease	-	(61,775)
Interest income	(343,004)	(145,549)
Interest expense on lease liabilities	59,503	90,261
Interest expense	1,026,738	635,510
Retirement benefit obligations	19,537	33,492
Operating loss before working capital changes	(1,151,374)	(3,219,505)
Increase in property development costs	(596,601)	(4,095,115)
Increase in contract costs	(318,561)	(295,856)
Increase in contract assets	(1,993,152)	(2,172,335)
Increase in trade and other receivables	(332,454)	(377,247)
(Decrease)/Increase in trade and other payables	(2,524,803)	1,999,799
CASH FOR OPERATIONS	(6,916,945)	(8,160,259)
Income tax refunded	-	230
Income tax paid	(380,605)	(215,692)
Retirement benefit paid	(101,733)	-
NET CASH FOR OPERATING ACTIVITIES	(7,399,283)	(8,375,721)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest (paid)/received	(112,621)	708,051
Increase in pledged bank balances with a licensed bank	(280,649)	(3,407,432)
Purchase of equipment	(393)	(16,273)
Withdrawal of fixed deposits with tenure more than 3 months	-	5,093,280
Increase in land held for property development	(483,304)	(29,481,351)
Net cash outflow from the disposal of a subsidiary	(809)	-
NET CASH FOR INVESTING ACTIVITIES	(877,776)	(27,103,725)

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Condensed Consolidated Statement of Cash Flows (Cont'd)

	9 Months to 30.09.2021 RM	Audited 2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(362,004)	(455,886)
Repayment of term loans	(849,827)	(510,304)
Drawdown of term loan	-	22,300,499
Proceed from rights issue	24,078,342	-
Interest paid	(759,033)	(604,885)
NET CASH FROM FINANCING ACTIVITIES	22,107,478	20,729,424
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,830,419	(14,750,022)
CASH AND CASH EQUIVALENTS: -		
AT BEGINNING OF THE FINANCIAL PERIOD	<u>12,458,682</u>	<u>27,208,704</u>
AT END OF THE FINANCIAL PERIOD	<u>26,289,101</u>	<u>12,458,682</u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING: -		
Fixed deposits with licensed banks	20,949,944	2,463,197
Short-term investments	4,686,714	10,065,558
Cash and bank balances	<u>6,803,721</u>	<u>5,800,556</u>
	32,440,379	18,329,311
Less: Fixed deposits pledged with licensed bank	(2,482,848)	(2,463,197)
Less: Bank balances held in escrow	(323,605)	(96,208)
Less: Bank balances pledged with a licensed bank	<u>(3,344,825)</u>	<u>(3,311,224)</u>
	<u>26,289,101</u>	<u>12,485,682</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2020.

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Accounting Policies and Methods of Computation

The interim financial statements of the Group are unaudited and have been prepared under the historical cost convention and modified to include other bases of valuation, and in compliance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), the requirements of the Companies Act 2016 in Malaysia and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020. These 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.

The accounting policies and methods of computation used in preparing the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2020.

The Group and Company have not applied the following MFRSs and Amendments to MFRSs, Issue Committee Interpretations (“IC Interpretations”) and Amendments to IC Interpretation that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Effective Date

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

1 January 2022

Annual Improvements to MFRS Standards 2018 – 2020

1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group's upon their application.

A2 **Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

A3 **Comments about Seasonal or Cyclical Factors**

The business operations of the Group are not affected by seasonal or cyclical factor.

A4 **Unusual Items Due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter.

A5 **Material Changes in Estimates**

There have been no significant changes in estimates used for the preparation of the interim financial statements.

A6 **Debt and Equity Securities**

There was no other issuance, cancellation, repurchase, resale and repayment of equity securities for the current financial year-to-date.

A7 **Dividend Paid**

There was no payment of dividend during the quarter.

A8 Operating Segment Information

Segmental information for the financial period ended 30 September 2021 is as follows:

	Investment Property RM	Property Development RM	Group RM
Revenue			
External revenue	1,702,449	4,973,781	6,676,230
Results			
Segment operating loss	(230,728)	(1,381,167)	(1,611,895)
Interest income			343,004
Finance costs			(1,372,959)
Income tax expense			(380,605)
Consolidated loss after taxation			(3,022,455)
Assets			
Segment assets	101,121,055	80,861,571	181,982,626
Current tax assets			41,155
Consolidated total assets			182,023,781
Liabilities			
Segment liabilities	861,182	28,820,380	29,681,562
Unallocated tax liabilities			275,586
Consolidated total liabilities			29,957,148

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

A9 Subsequent Events

There were no other material events after the end of the current period, up to the date of this announcement, that has not been reflected in the financial statements for the period ended 30 September 2021.

A10 Changes in Composition of the Group

There was no change in the composition of the Group during the current quarter.

A11 Contingent Liabilities or Assets

There was no contingent liability and contingent asset for the Group as at end of the current quarter.

A12 Capital Commitments

There was no capital commitment for the Group at the end of the current quarter.

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance of the Group and Company

The Group recorded a total revenue of RM1.53 million for the third quarter (“Q3”) ended 30 September 2021 of which RM0.97 million was recorded from the property development segment and RM0.56 million from the investment property segment. This represents a decrease of RM0.67 million as compared to a revenue of RM2.20 million recorded during the previous corresponding quarter 3 (“PCQ3”). The decrease in revenue was mainly due to lower revenue recognition from its property development activities during the current quarter.

The loss before tax for Q3 was RM1.05 million as compared to a loss before tax of RM1.44 million reported in PCQ3. A lower loss of RM0.39 million recorded was due to the increase in other income mainly from its property leasing activities. Besides that, lower operating expenses incurred as compared with the previous corresponding quarter also contributed to the improvement of results.

Other income for the current 9 months period consists of the interest income earned from fund placements with licensed bank and rental income receivable from the leasing of properties. The Group recorded a rental income of RM0.31 million in the current period, representing an increase of RM0.26 million as compared with RM0.05 million reported in the previous corresponding period. Higher rental income for the period was due to new tenancies secured for its property leasing activities. However, the Group recorded a lower interest income of RM0.35 million as compared with RM0.66 million reported in the previous corresponding period. A lower interest income earned of RM0.31 million was due to the decreased in placement as part of the funds have been utilized for working capital and property development activities.

For the 9 months period under review, the Group posted a loss before tax of RM2.64 million as compared with RM2.96 million recorded in the previous corresponding period. The decrease in losses of RM0.32 million reported in the current period was mainly due to higher revenue contribution from its property development activities as compared with the previous corresponding period.

B2 Material Changes in the Group Quarterly Results Compared to the Results of the Preceding Quarter

The Group posted a pre-tax loss of RM1.05 million in the current third quarter as compared to a pre-tax profit of RM0.08 million reported in the second quarter. The loss recorded was mainly due to lower profit contribution from its property development segment as a result of the construction work stoppage and slow sales progress during MCO lockdown period. Besides that, the overall increase in operating expenses also contributed to the loss.

B3 Prospect for the Current Financial Year

The Group's prospect for the remaining financial period continues to be challenging due to the negative impact of Covid-19 pandemic. The introduction of Full Movement Control Order (“FMCO”) imposed under Phase 1 of the National Recovery Plan (NRP) from 1 June 2021 onwards has slowed down the resumption of economic activities and further disrupted the property market recovery. The Group foresees that the property sale of its ongoing project will continue to move at a slower pace in the midst of the NRP. Nonetheless, Covid-19 infection rates have reduced drastically in recent weeks amid a ramped-up vaccination programme, boosting hopes of a turnaround in the country’s economy which will translate to a better prospect for the Group’s business going forward.

B4 Profit Forecast or Profit Guarantee

This does not apply to the Group.

B5 Taxation

	Current Quarter 01.07.2021 to 30.09.2021 RM	Preceding Year Corresponding Quarter 30.09.2020 RM	Current Year To-date Ended 30.09.2021 RM	Preceding Year Corresponding Period 30.09.2020 RM
In respect of current period income tax	(147,018)	(11,647)	(380,605)	(75,401)
Tax expense	(147,018)	(11,647)	(380,605)	(75,401)

B6 Status of Corporate Proposals

The rights issue has been completed on 27 April 2021 following the listing and quotation of 137,585,442 rights shares on the Main Market of Bursa Securities.

Proposed utilisation of proceeds raised from rights issue.

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Timeframe for Utilisation
Utamara’s project	21,000	(2,154)	18,846	Within 18 months
Working capital & the estimated expenses for the corporate exercises	3,765	(2,746)	1,019	Within 6 months
	24,765	(4,900)	19,865	

B7 **Group Borrowings and Debt Securities**

The Group borrowings were as follows:

	The Group	
	2021	2020
	RM	RM
Term Loans (Secured)		
Current liabilities	692,510	692,510
Non-current liabilities	24,947,877	25,639,403
	25,640,387	26,331,913

B8 **Pending Material Litigation**

There is no material litigation which may materially affect the Group for the current quarter under review.

B9 **Dividend Payable**

No interim dividend has been declared for the financial period-to-date ended 30 September 2021.

B10 **Loss per Share**

	Current Year Third Quarter Ended 30.09.2021 RM	Preceding Year Corresponding Quarter Ended 30.09.2020 RM	Current Year To-date Ended 30.09.2021 RM	Preceding Year Corresponding Period Ended 30.09.2020 RM
<u>Basic loss per share</u>				
Loss for the financial period attributable to owners of the Parent (RM)	(1,197,186)	(1,450,627)	(3,022,455)	(3,039,300)
Weighted average number of ordinary shares in issue	275,170,884	137,585,442	275,170,884	137,585,442
Basic loss per share (sen)	(0.44)	(1.05)	(1.10)	(2.21)