



PARKWOOD

PARKWOOD HOLDINGS BERHAD

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

**Interim Financial Report
for First Quarter**

Ended 31 March 2021

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Condensed Consolidated Statement of Comprehensive Income For The First Quarter Ended 31 March 2021

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.01.2021 to 31.03.2021 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2021 to 31.03.2021 RM	Preceding Year Corresponding Period RM
Revenue	1,169,844	588,849	1,169,844	588,849
Operating expenses	(2,312,520)	(1,769,034)	(2,312,520)	(1,769,034)
Other operating income	135,944	352,089	135,944	352,089
Loss from operations	(1,006,732)	(828,096)	(1,006,732)	(828,096)
Finance costs	(666,166)	(97,154)	(666,166)	(97,154)
Loss before taxation	(1,672,898)	(925,250)	(1,672,898)	(925,250)
Tax expenses	(140,058)	(41,877)	(140,058)	(41,877)
(Loss)/ Profit for the period	(1,812,956)	(967,127)	(1,812,956)	(967,127)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	(1,812,956)	(967,127)	(1,812,956)	(967,127)
Loss attributable to:				
Owners of the Parent	(1,812,956)	(967,127)	(1,812,956)	(967,127)
Non-Controlling Interest	-	-	-	-
	(1,812,956)	(967,127)	(1,812,956)	(967,127)

Condensed Consolidated Statement of Comprehensive Income For The First Quarter Ended 31 March 2021 (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.01.2021 to 31.03.2021 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2021 to 31.03.2021 RM	Preceding Year Corresponding Period RM
Total comprehensive expenses attributable to:				
Owners of the Parent	(1,812,956)	(967,127)	(1,812,956)	(967,127)
Non-Controlling Interest	-	-	-	-
	(1,812,956)	(967,127)	(1,812,956)	(967,127)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
(Loss)/ Earnings per share:				
- basic (sen)	(1.32)	(0.70)	(1.32)	(0.70)

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 FIRST QUARTER ENDED 31 MARCH 2021

Condensed Consolidated Statement of Financial Position As At 31 March 2021

	As At 31.03.2021 (Unaudited) RM	As At 31.12.2020 (Audited) RM
NON-CURRENT ASSETS		
Land held for development	32,680,882	32,589,351
Plant and equipment	565,748	597,590
Investment property	36,600,000	36,600,000
Right-of-use assets	1,393,632	1,515,505
Other assets	43,151	43,151
Other investment	6,000	-
Total Non-Current Assets	71,289,413	71,345,597
CURRENT ASSETS		
Property development costs	66,805,956	65,917,067
Contract costs	3,306,958	3,210,092
Contract assets	4,491,304	4,249,022
Trade and other receivables	1,631,963	1,052,537
Current tax assets	41,155	41,155
Fixed deposit with licensed bank	2,463,197	2,463,197
Short-term investments	5,317,487	10,065,558
Cash and bank balances	5,683,731	5,800,556
Total Current Assets	89,741,751	92,799,184
TOTAL ASSETS	161,031,164	164,144,781
EQUITY		
Share capital	22,160,982	22,160,982
Capital reserve	48,208,750	48,208,750
Reserves	24,539,768	24,539,768
Retained profits	38,012,835	39,825,791
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	129,197,791	131,010,747

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Condensed Consolidated Statement of Financial Position As At 31 March 2021 (Cont'd)

	As At 31.03.2021 (Unaudited) RM	As At 31.12.2020 (Audited) RM
NON-CURRENT LIABILITIES		
Lease liabilities	1,118,165	1,118,165
Term loan	25,598,544	25,639,403
Retirement benefit obligations	172,312	163,940
Deferred tax liabilities	156,442	156,442
Total Non-Current Liabilities	27,045,463	27,077,950
CURRENT LIABILITIES		
Trade and other payables	3,610,023	4,758,658
Lease liabilities	366,233	485,772
Term loan	692,510	692,510
Current tax liabilities	119,144	119,144
Total Current Liabilities	4,787,910	6,056,084
TOTAL LIABILITIES	31,833,373	33,134,034
TOTAL EQUITY AND LIABILITIES	161,031,164	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 Three Months Ended 31 March 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	19,566,458	(3,724,544)	24,539,768	48,208,750	43,815,626	135,000,582
Profit 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
Profit after taxation for the financial period	-	-	-	-	(1,812,956)	(1,812,956)
Balance as at 31 March 2021	22,160,982	(3,724,544)	24,539,768	48,208,750	38,012,835	129,197,791

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 FIRST QUARTER ENDED 31 MARCH 2021

Condensed Consolidated Statement of Cash Flows

	3 Months to 31.03.2021 RM	Audited 2020 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(1,672,898)	(3,814,317)
Amortization of club membership	-	363
Covid-19-related rent concessions	-	(13,413)
Depreciation of equipment	31,841	127,903
Depreciation of right-of-use assets	121,872	490,522
Fair value loss/(gain) on short-term investments	189,019	(562,502)
Gain on disposal of a subsidiary	(9,741)	-
Gain on modification of a lease	-	(61,775)
Interest income	(19,873)	(145,549)
Interest expense on lease liabilities	21,102	90,261
Interest expense	456,045	635,510
Retirement benefit obligations	8,373	33,492
Operating loss before working capital changes	(874,260)	(3,219,505)
Increase in property development costs	(888,889)	(4,095,115)
Increase in contract costs	(96,866)	(295,856)
Increase in contract assets	(242,282)	(2,172,335)
Increase in trade and other receivables	(579,375)	(377,247)
(Increase)/Decrease in trade and other payables	(1,144,135)	1,999,799
CASH FOR OPERATIONS	(3,825,807)	(8,160,259)
Income tax refunded	-	230
Income tax paid	(140,058)	(215,692)
NET CASH FOR OPERATING ACTIVITIES	(3,965,865)	(8,375,721)
 CASH FLOWS FOR INVESTING ACTIVITIES		
Interest (paid)/received	(169,147)	708,051
Increase in pledged bank balances with a licensed bank	(183,813)	(3,407,432)
Purchase of equipment	-	(16,273)
Withdrawal of fixed deposits with tenure more than 3 months	-	5,093,280
Increase in land held for property development	(91,531)	(29,481,351)
Net cash outflow from the disposal of a subsidiary	(809)	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(445,300)	27,103,725

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Condensed Consolidated Statement of Cash Flows (Cont'd)

	3 Months to 31.03.2021 RM	Audited 2020 RM
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of lease liabilities	(119,538)	(455,886)
Repayment of term loans	(327,998)	(510,304)
Drawdown of term loan	-	22,300,499
Interest paid	(21,102)	(604,885)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(468,638)	20,729,424
NET DECREASE IN CASH AND BANK BALANCES	(4,879,803)	(14,750,022)
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL PERIOD	12,458,682	27,208,704
AT END OF THE FINANCIAL PERIOD	7,578,879	12,458,682

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 31 March 2021 is as follows:

	Investment Property RM	Property Development RM	Group RM
Revenue			
External revenue	569,433	600,411	1,169,844
Results			
Segment operating profit/(loss)	(96,843)	(929,762)	(1,026,605)
Interest income			19,873
Finance costs			(666,166)
Income tax expense			(140,058)
Consolidated loss after taxation			(1,812,956)
Assets			
Segment assets	82,831,505	78,158,504	160,990,009
Current tax assets			41,155
Consolidated total assets			161,031,164
Liabilities			
Segment liabilities	3,022,687	28,535,100	31,557,787
Unallocated tax liabilities			275,586
Consolidated total liabilities			31,833,373

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

A9 Subsequent Events

Apart from the disclosure in note B6, 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 31 March 2021.

A10 Changes in Composition of the Group

On 1st January 2021, Parkwood Developments Sdn Bhd, a wholly owned subsidiary of the Company had disposed of 54,000 ordinary shares, representing 90% of the issued share capital in Parkwood PJS Sdn Bhd (a dormant company) for a cash consideration of RM6,834. The disposal did not have any material effect on the net assets and earnings of the Group.

Apart from above, there was no change in the composition of the Group during the 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

For the 3 months ended 31 March 2021, the Group recorded a revenue of RM0.60 million from the property development segment and RM0.57 million from the investment property segment which brings the Group's total revenue to RM1.17 million, an increase of 98.67% as compared to a revenue of RM0.59 million recorded in the previous corresponding quarter ("PCQ1"). The increase in revenue was attributed to higher revenue recognition in respect of property development activities.

The loss after tax for Q1 was RM1.81 million as compared to a loss after tax of RM0.97 million in PCQ1. Higher loss recorded resulted from the increase in finance cost and operating expenses incurred in current quarter.

Other income for the current period is consisted of the interest income earned from the placements of fixed deposit with the licensed bank and rental income receivable from the leasing of properties. The decline in other income by RM0.22 million was mainly due to lower interest income earned in current quarter.

For the 3 months period under review, the Group recorded a loss before tax of RM1.67 million, representing an increase of 80.81% as compared with RM0.93 million reported in the same period last year. The property development segment recorded a loss before tax of RM1.05 million whilst the investment property segment posted a loss before tax of RM0.62 million. The increase in loss was due to higher finance cost and the increase in operating expenses incurred.

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

The Group posted a higher pre-tax loss of RM 1.67 million in Q1 as compared to a pre-tax loss of RM0.85 million in Q4. The increase in pre-tax loss reported in Q1 was due to lower profit recognition in property segment and the decrease in interest income earned as compare with Q4.

B3 Prospect For The Current Financial Year

The Group's prospects for the remaining financial period remain challenging. The Group foresee that the property sale and construction progress of Utamara Project will move at a slower pace thorough the period. Nevertheless, the Group is anticipate that the ongoing Covid-19 national immunisation programme will bring recovery to pandemic and economy by the end of 2021. In the meantime, the long-term rental income from the investment property segment shall continue to provide a sustainable income stream to the Group.

B4 Profit Forecast or Profit Guarantee

This does not apply to the Group.

B5 Taxation

	Current Quarter 01.01.2021 to 31.03.2021 RM	Preceding Year Corresponding Quarter 31.03.2020 RM	Current Year To-date Ended 31.03.2021 RM	Preceding Year Corresponding Period 31.03.2020 RM
In respect of current period income tax	(140,058)	(41,877)	(140,058)	(41,877)
Tax (expense)/ income	(140,058)	(41,877)	(140,058)	(41,877)

B6 Status of Corporate Proposals

The following were the corporate proposals that had been announced on 12 November 2020 by the Company:

- (i) proposed renounceable rights issue of up to 137,585,442 new ordinary shares in PARKWOOD (formerly known as AISB) (“PARKWOOD Shares” or “Shares”) (“Rights Shares”) on the basis of 1 Rights Share for every 1 existing Share held by the shareholders of the Company (“Proposed Rights Issue”);
- (ii) proposed exemption under Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“Rules”) to Telaxis Sdn Bhd (“Telaxis” or “Undertaking Shareholder”) and any persons acting in concert with Telaxis (“PACs”) from the obligation to undertake a mandatory offer on the remaining ordinary shares in the Company not already owned by them, upon completion of the Proposed Rights Issue.
- (iii) proposed change of name of the Company from “Amalgamated Industrial Steel Berhad” (“AISB”) to “Parkwood Holdings Berhad” (“PARKWOOD”).

The abovementioned proposals had been approved by shareholders at EGM on 26 January 2021 and SSM has registered the change of name on 18th February 2021. 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.

Utilisation of proceeds raised from corporate proposals.

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Timeframe for Utilisation
Utamara project	21,000	-	21,000	Within 24 months
Working capital & the estimated expenses for the corporate exercises	3,765	(687)	3,078	Within 6 months
	24,765	(687)	24,078	

B7 Group Borrowings and Debt Securities

The Group's borrowing was as follows:

	The Group	
	2021	2020
	RM	RM
Term Loan (Secured)		
Current liabilities	692,510	692,510
Non-current liabilities	25,598,544	25,639,403
	26,291,054	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 31 March 2021.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

B10 (Loss)/Earnings per Share

	Current Year First Quarter Ended 31.03.2021 RM	Preceding Year Corresponding Quarter Ended 31.03.2020 RM	Current Year To-date Ended 31.03.2021 RM	Preceding Year Corresponding Period Ended 31.03.2020 RM
<u>Basic (loss)/earnings per share</u>				
Profit/(Loss) for the financial period attributable to owners of the Parent (<i>RM</i>)	(1,812,956)	(967,127)	(1,812,956)	(967,127)
Weighted average number of ordinary shares in issue	137,585,442	137,585,442	137,585,442	137,585,442
Basic earnings/(loss) per share (sen)	(1.32)	(0.70)	(1.32)	(0.70)