



PARKWOOD

PARKWOOD HOLDINGS BERHAD

COMPANY REGISTRATION NO. 196901000692 (9118-M)

**Interim Financial Report
For Second Quarter**

Ended 30 June 2023

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Condensed Consolidated Statement of Comprehensive Income for the Second Quarter Ended 30 June 2023

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 30.06.2023	Preceding Year Corresponding Quarter	Current Year To-date Ended 30.06.2023	Preceding Year Corresponding Period
	RM	RM	RM	RM
Revenue	6,400,674	2,650,189	12,185,838	7,041,763
Operating expenses	(6,692,770)	(3,323,440)	(12,908,162)	(8,176,298)
Other operating income	436,315	470,396	904,654	966,352
Profit/(Loss) from operations	144,219	(202,855)	182,330	(168,183)
Finance costs	(415,227)	(256,206)	(811,349)	(522,584)
Loss before taxation	(271,008)	(459,061)	(629,019)	(690,767)
Tax expenses	(86,394)	(133,583)	(172,944)	(205,093)
Loss for the period	(357,402)	(592,644)	(801,963)	(895,860)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive expenses for the period	(357,402)	(592,644)	(801,963)	(895,860)
Loss attributable to:				
Owners of the Parent	(357,402)	(592,644)	(801,963)	(895,860)
Non-Controlling Interest	-	-	-	-
	(357,402)	(592,644)	(801,963)	(895,860)

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Condensed Consolidated Statement of Comprehensive Income for the Second Quarter Ended 30 June 2023 (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 30.06.2023 RM	Preceding Year Corresponding Quarter RM	Current Year To-date Ended 30.06.2023 RM	Preceding Year Corresponding Period RM
Total comprehensive expenses attributable to:				
Owners of the Parent	(357,402)	(592,644)	(801,963)	(895,860)
Non-Controlling Interest	-	-	-	-
	<u>(357,402)</u>	<u>(592,644)</u>	<u>(801,963)</u>	<u>(895,860)</u>
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
Loss per share:				
- basic (sen)	<u>(0.13)</u>	<u>(0.22)</u>	<u>(0.29)</u>	<u>(0.33)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Condensed Consolidated Statement of Financial Position as at 30 June 2023

	As At 30.06.2023 (Unaudited) RM	As At 31.12.2022 (Audited) RM
NON-CURRENT ASSETS		
Land held for development	33,563,546	33,354,196
Equipment	102,948	127,370
Investment property	41,700,000	41,700,000
Right-of-use assets	870,168	1,113,916
Other assets	42,424	42,424
Other investment	577,000	577,000
Total Non-Current Assets	76,856,086	76,914,906
CURRENT ASSETS		
Property development costs	74,802,506	74,168,040
Contract costs	2,158,349	2,864,709
Trade and other receivables	2,350,187	1,803,928
Contract assets	5,897,293	7,691,138
Current tax assets	1,115	1,115
Fixed deposit with licensed bank	2,571,388	2,542,860
Short-term investments	8,337,506	8,124,192
Cash and bank balances	11,396,925	12,142,812
Total Current Assets	107,515,269	109,338,794
TOTAL ASSETS	184,371,355	186,253,700

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Condensed Consolidated Statement of Financial Position as at 30 June 2023 (Cont'd)

	As At 30.06.2023 (Unaudited) RM	As At 31.12.2022 (Audited) RM
EQUITY		
Share capital	46,239,324	46,239,324
Reserves	109,804,670	110,606,633
Treasury shares	(3,724,544)	(3,724,544)
Total Equity	152,319,450	153,121,413
NON-CURRENT LIABILITIES		
Lease liabilities	646,539	646,539
Borrowings	19,018,180	21,713,063
Retirement benefit obligations	81,744	81,744
Deferred tax liabilities	666,442	666,442
Total Non-Current Liabilities	20,412,905	23,107,788
CURRENT LIABILITIES		
Trade and other payables	3,439,601	5,973,571
Lease liabilities	238,346	469,664
Borrowings	7,841,909	3,462,120
Current tax liabilities	119,144	119,144
Total Current Liabilities	11,639,000	10,024,499
TOTAL LIABILITIES	32,051,905	33,132,287
TOTAL EQUITY AND LIABILITIES	184,371,355	186,253,700

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.

Condensed Consolidated Statement of Changes in Equity for the Six Months Ended 30 June 2023

	Share Capital	Treasury Shares	Asset Revaluation Reserve	Capital Reserve	Retained Profit	Total Equity
	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2022	46,239,324	(3,724,544)	24,539,768	48,208,750	35,511,041	150,774,339
Profit after taxation for the financial year	-	-	-	-	2,347,074	2,347,074
Balance as at 31 December 2022	46,239,324	(3,724,544)	24,539,768	48,208,750	37,858,115	153,121,413
Loss after taxation for the financial period	-	-	-	-	(801,963)	(801,963)
Balance as at 30 June 2023	46,239,324	(3,724,544)	24,539,768	48,208,750	37,056,152	152,319,450

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Condensed Consolidated Statement of Cash Flows

	Current Year To-date Ended 30.06.2023 RM	Audited 2022 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(629,019)	3,281,479
Amortisation of club membership	-	363
Depreciation of equipment	26,921	67,228
Depreciation of right-of-use assets	243,747	434,268
Interest expense on lease liabilities	30,611	52,167
Interest expense on term loans	178,381	1,052,473
Interest expense on bridging loan	602,357	16,219
Dividend income	(73,810)	(51,102)
Fair value gain on investment property	-	(5,100,000)
Fair value gain on short-term investments	(139,504)	(171,164)
Gain on modification of a lease	-	(84,230)
Interest income	(135,294)	(191,892)
Operating gain/(loss) before working capital changes	<u>104,390</u>	<u>(694,191)</u>
Increase in property development costs	(634,466)	(5,450,566)
Decrease in contract costs	706,360	474,012
Decrease/(increase) in contract assets	1,793,845	(2,803,459)
(Increase)/decrease in trade and other receivables	(546,259)	1,159,459
(Decrease)/increase in trade and other payables	(2,533,968)	193,637
CASH FOR OPERATIONS	<u>(1,110,098)</u>	<u>(7,121,108)</u>
Tax refund	90	-
Income tax paid	(173,034)	(424,405)
NET CASH FOR OPERATING ACTIVITIES	<u>(1,283,042)</u>	<u>(7,545,513)</u>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Dividend received	73,810	51,102
Interest received	135,294	191,892
Proceeds from disposal of short-term investments	139,504	171,164
Decrease/(increase) in pledged bank balances with a licensed bank	248,432	(374,383)
Increase in pledged fixed deposits with licensed banks	(28,529)	(40,203)
Purchase of equipment	(2,499)	(67,603)
Additional investment in other investment	-	(119,000)
Increase in land held for property development	(209,350)	(219,844)
NET CASH FROM/(FOR) INVESTING ACTIVITIES	<u>356,662</u>	<u>(406,875)</u>

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Condensed Consolidated Statement of Cash Flows (Cont'd)

	Current Year To-date Ended 30.06.2023 RM	Audited 2022 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of bridging loan	2,485,318	7,514,682
Interest paid	(781,306)	(1,136,557)
Repayment of lease liabilities	(231,319)	(423,606)
Repayment of bridging loan	(830,455)	(4,039,499)
Repayment of term loans	-	(2,017,020)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	642,238	(102,000)
NET DECREASE IN CASH AND BANK BALANCES	(284,142)	(8,054,388)
CASH AND BANK BALANCES: -		
AT BEGINNING OF THE FINANCIAL PERIOD	16,377,385	24,431,773
AT END OF THE FINANCIAL PERIOD	16,093,243	16,377,385
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING: -		
Fixed deposits with licensed banks	2,571,388	2,542,860
Short-term investments	8,337,506	8,124,192
Cash and bank balances	11,396,925	12,142,812
	22,305,819	22,809,864
Less: Fixed deposits pledged with licensed bank	(2,571,389)	(2,542,860)
Less: Bank balances held in escrow	(186,797)	(475,809)
Less: Bank balances pledged with a licensed bank	(3,454,390)	(3,413,810)
	16,093,243	16,377,385

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2022.

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 2022. 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 2022.

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 2022, except for the adoption of the following new MFRSs and/or IC interpretations (including The Consequential Amendments) which became effective for the financial year beginning on or after 1 January 2023.

The Group has 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 17 Insurance Contracts	1 January 2023
Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023

A1 **Accounting Policies and Methods of Computation (cont'd.)**

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2022 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 June 2023 is as follows:

	Investment Holding RM	Property Development RM	Group RM
Revenue			
External revenue	1,099,866	11,085,972	12,185,838
Results			
Segment operating (loss)/profit	(895,709)	868,934	(26,775)
Dividend income			73,810
Interest income			135,294
Finance costs			(811,348)
Income tax expense			(172,944)
Consolidated loss after taxation			(801,963)
Assets			
Segment assets	53,087,882	131,282,359	184,370,241
Current tax assets			1,115
Consolidated total assets			184,371,356
Liabilities			
Segment liabilities	834,216	30,432,103	31,266,319
Unallocated tax liabilities			785,586
Consolidated total liabilities			32,051,905

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 30 June 2023.

A10 Changes in Composition of the Group

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

The Group recorded a total revenue of RM12.19 million for the second quarter ("Q2") ended 30 June 2023, of which RM11.09 million was from the property development segment and RM1.1 million from the investment holding segment. This represents an increase of RM5.14 million as compared to the revenue of RM7.04 million reported in the previous corresponding quarter ("PCQ2"), mainly due to the higher revenue recognition from its property development activities and new sales recorded.

The Group recorded a loss before tax of RM0.27 million in Q2 as compared to a loss before tax of RM0.46 million in PCQ2. The decrease of RM0.19 million in loss before tax was due to the increase in construction work completed and new sales recorded.

During the current financial period under review, the Group's other income consisted of interest income from fund placements with licensed bank, rental income from property leasing, fair value gain on short term investment and development management fee.

For the current financial period under review, the Group recorded a loss before tax of RM0.63 million, a decrease of RM0.06 million as compared with RM0.69 million loss before tax reported in the previous corresponding period. Lower loss before tax was due to the higher revenue recognition from its property development activities and new sales recorded.

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

The Group recorded a loss before tax of RM0.27 million in Q2 compared to a loss before tax of RM0.36 million in the preceding quarter. A lower loss before tax of RM0.09 million recorded in the preceding quarter was mainly attributed to the increase in construction work completed and new sales recorded.

B3 Prospect For The Current Financial Year

The property market during the 1H2023 continued to be challenging due to soft property market, inflationary pressures and tightened monetary policy. These factors have subdued the property market that ultimately affect demand for properties.

Despite the slower than expected property market, the Group remain resolute and continue to work towards achieving the sales target. At the same time the Group will endeavour to speed up the approval process for projects in the pipeline.

B4 Profit Forecast or Profit Guarantee

This does not apply to the Group.

B5 Taxation

	Current Quarter Ended 30.06.2023	Preceding Year Corresponding Quarter	Current Year To-date Ended 30.06.2023	Preceding Year Corresponding Period
	RM	RM	RM	RM
In respect of current period income tax	(86,394)	(133,583)	(172,944)	(205,093)
Tax expense	<u>(86,394)</u>	<u>(133,583)</u>	<u>(172,944)</u>	<u>(205,093)</u>

B6 Status of Corporate Proposals

There were no corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B7 Group Borrowings and Debt Securities

The Group borrowings were as follows:

	The Group	
	2023	2022
	RM	RM
Borrowings (Secured)		
Current liabilities	7,841,909	3,462,120
Non-current liabilities	19,018,180	21,713,063
	26,860,089	25,175,183

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 ended 30 June 2023.

B10 Notes to the Condensed Consolidated Statement of Comprehensive Income

Total comprehensive income for the current quarter and financial year to date is arrived at after charging/(crediting) the following items:

	Current Quarter Ended 30.06.2023	Current Year To-date Ended 30.06.2023
	RM	RM
Interest income	(66,912)	(135,294)
Other income	(369,403)	(769,360)
Interest expense	415,227	811,349
Depreciation and amortisation	135,354	270,668

The above disclosure is prepared in accordance with paragraph 16 of Appendix 9B of the Main Listing Requirements (“MLR”) issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to paragraph 16 of MLR are not applicable to the Group.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B11 Loss per Share

	Current Quarter Ended 30.06.2023	Preceding Year Corresponding Quarter	Current Year To-date Ended 30.06.2023	Preceding Year Corresponding Period
<u>Basic loss per share</u>				
Loss for the financial period attributable to owners of the Parent (RM)	<u>(357,402)</u>	<u>(592,644)</u>	<u>(801,963)</u>	<u>(895,860)</u>
Weighted average number of ordinary shares in issue	<u>275,170,884</u>	<u>275,170,884</u>	<u>275,170,884</u>	<u>275,170,884</u>
Basic loss per share (sen)	<u>(0.13)</u>	<u>(0.22)</u>	<u>(0.29)</u>	<u>(0.33)</u>