



PARKWOOD

PARKWOOD HOLDINGS BERHAD

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

Interim Financial Report for Fourth Quarter

Ended 31 December 2020

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Condensed Consolidated Statement of Comprehensive Income For The Fourth Quarter Ended 31 December 2020

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 4th Quarter 01.09.2020 to 31.12.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 31.12.2020 RM	Preceding Year Corresponding Period RM
Revenue	2,873,376	1,605,358	6,512,288	5,014,570
Operating expenses	(3,377,629)	(3,837,613)	(10,511,555)	(10,308,727)
Other operating income	203,476	236,094	911,083	1,352,901
Loss from operations	(300,777)	(1,996,161)	(3,088,184)	(3,941,256)
Finance costs	(549,641)	(66,982)	(726,133)	(151,998)
Loss before taxation	(850,418)	(2,063,143)	(3,814,317)	(4,093,254)
Tax expenses	(100,117)	1,385,211	(175,518)	1,343,229
(Loss)/ Profit for the period	(950,535)	(677,932)	(3,989,835)	(2,750,025)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	(950,535)	(677,932)	(3,989,835)	(2,750,025)
Loss attributable to:				
Owners of the Parent	(950,535)	(677,932)	(3,989,835)	(2,750,025)
Non-Controlling Interest	-	-	-	-
	(950,535)	(677,932)	(3,989,835)	(2,750,025)

**Condensed Consolidated Statement of Comprehensive Income For The Fourth Quarter
Ended 31 December 2020 (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 4th Quarter 01.07.2020 to 31.12.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 31.12.2020 RM	Preceding Year Corresponding Period RM
Total comprehensive expenses attributable to:				
Owners of the Parent	(950,535)	(677,932)	(3,989,835)	(2,750,025)
Non-Controlling Interest	-	-	-	-
	(950,535)	(677,932)	(3,989,835)	(2,750,025)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
(Loss)/ Earnings per share:				
- basic (sen)	(0.69)	(0.49)	(2.90)	(2.00)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Condensed Consolidated Statement of Financial Position As At 31 December 2020

	As At 31.12.2020 (Unaudited) RM	As At 31.12.2019 (Audited) RM
NON-CURRENT ASSETS		
Land held for development	32,589,351	-
Plant and equipment	597,590	709,220
Investment property	36,600,000	36,600,000
Right-of-use assets	1,515,505	1,076,552
Other assets	43,151	43,514
Total Non-Current Assets	71,345,597	38,429,286
CURRENT ASSETS		
Property development costs	65,917,067	61,821,952
Contract costs	3,210,092	2,914,236
Contract assets	4,249,022	2,076,687
Trade and other receivables	1,052,537	3,783,290
Current tax assets	41,155	1,211
Fixed deposit with licensed bank	2,463,197	7,556,477
Short-term investments	10,065,558	20,132,160
Cash and bank balances	5,800,556	7,076,544
Total Current Assets	92,799,184	105,362,557
TOTAL ASSETS	164,144,781	143,791,843
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	39,825,791	43,815,626
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	131,010,747	135,000,582

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Condensed Consolidated Statement of Financial Position As At 31 December 2020 (Cont'd)

	As At 31.12.2020 (Unaudited) RM	As At 31.12.2019 (Audited) RM
NON-CURRENT LIABILITIES		
Lease liabilities	1,118,165	708,823
Term loan	25,639,403	3,793,445
Retirement benefit obligations	163,940	130,448
Deferred tax liabilities	156,442	156,442
Total Non-Current Liabilities	27,077,950	4,789,158
CURRENT LIABILITIES		
Trade and other payables	4,758,658	2,758,860
Lease liabilities	485,772	496,712
Term loan	692,510	627,387
Current tax liabilities	119,144	119,144
Total Current Liabilities	6,056,084	4,002,103
TOTAL LIABILITIES	33,134,034	8,791,261
TOTAL EQUITY AND LIABILITIES	164,144,781	143,791,843

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

Condensed Consolidated Statement of Changes In Equity For The Twelfth Months Ended 31 December 2020

	Share Capital	Treasury Shares	Share Premium	Asset Revaluation Reserve	Capital Reserve	Retained Profit	Total Equity
	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2019	19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	46,655,229	137,840,185
Effects of MFRS 16 Leases adoption	-	-	-	-	-	(89,578)	(89,578)
Adjustments for effects of Companies Act 2016	2,594,524	-	(2,594,524)	-	-	-	-
Profit after taxation for the financial year	-	-	-	-	-	(2,750,025)	(2,750,025)
Balance as at 31 December 2019	22,160,982	(3,724,544)	-	24,539,768	48,208,750	43,815,626	135,000,582
Profit after taxation for the financial period	-	-	-	-	-	(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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

PARKWOOD HOLDINGS BERHAD-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Condensed Consolidated Statement of Cash Flows

	12 Months to 31.12.2020 RM	Audited 2019 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(3,814,317)	(4,093,254)
Amortization of club membership	364	364
Bad debt written off	-	403
Depreciation of equipment	127,904	162,428
Depreciation of right-of-use assets	490,523	462,689
Equipment written off	-	8
Loss on disposal of equipment	-	20,276
Fair value gain on short-term investments	(562,502)	(656,550)
Interest income	(144,225)	(598,995)
Interest expense on lease liabilities	90,624	114,016
Interest expense	635,510	37,982
Retirement benefit obligations	33,492	60,492
Operating loss before working capital changes	(3,142,627)	(4,490,141)
Increase in property development costs	(36,684,466)	(1,899,441)
Increase in contract costs	(295,856)	(2,914,236)
Increase in contract assets	(2,172,335)	(2,076,687)
Decrease/(Increase) in trade and other receivables	2,618,617	(3,407,778)
Increase in trade and other payables	1,996,437	676,284
CASH FOR OPERATIONS	(37,680,230)	(14,111,999)
Income tax refunded	230	36,387
Income tax paid	(175,748)	(129,110)
Real property gains tax paid	-	(2,933,439)
Retirement benefits paid	-	(56,096)
NET CASH FOR OPERATING ACTIVITIES	(37,855,748)	(17,194,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	677,730	1,255,545
Purchase of equipment	(16,273)	(222,660)
Withdrawal of fixed deposits with tenure more than 3 months	5,122,277	12,443,523
Proceeds from disposal of property and equipment	-	1,800
NET CASH FROM INVESTING ACTIVITIES	5,783,734	13,478,208

Condensed Consolidated Statement of Cash Flows (Cont'd)

	12 Months to 31.12.2020 RM	Audited 2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(455,523)	(423,284)
Drawdown of term loan	21,275,571	4,399,501
Interest paid	(90,624)	(130,667)
NET CASH FROM FINANCING ACTIVITIES	20,729,424	3,845,550
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(11,342,590)	129,501
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL YEAR	27,208,704	27,079,203
AT END OF THE FINANCIAL YEAR	15,866,114	27,208,704

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2019.

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 2019. 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 2019.

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 2019.

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.

New/Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 & 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 2019 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 December 2020 is as follows:

	Investment Property RM	Property Development RM	Group RM
Revenue			
External revenue	2,321,723	4,190,565	6,512,288
Results			
Segment operating profit/(loss)	(432,252)	(2,655,932)	(3,088,184)
Finance costs			(726,133)
Income tax expense			(175,518)
Consolidated loss after taxation			(3,989,835)
Assets			
Segment assets	84,911,480	79,192,146	164,103,626
Current tax assets			41,155
Consolidated total assets			164,144,781

	Investment Property RM	Property Development RM	Group RM
Liabilities			
Segment liabilities	2,598,319	30,260,129	32,858,448
Unallocated tax liabilities			275,586
Consolidated total liabilities			33,134,034

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

A9 Subsequent Events

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 the disclosure in note B6, there were no 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 December 2020.

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's revenue for the fourth quarter ended 31 December 2020 ("Q4") was RM2.87 million, as compared to revenue of RM1.61 million reported in the previous corresponding quarter ("PCQ4"). The improve in revenue of 78.99% as compared with PCQ4 was due to higher revenue recognised from its property development activities and the increase in rental income derived from the new tenants. Higher revenue has translated to lower loss before tax of RM0.85 million recorded for Q4 as compared to a loss before tax of RM2.06 million in PCQ4.

For the 12 months ended 31 December 2020, the Group recorded a revenue of RM4.19 million from the property development segment and RM2.32 million from the investment property segment which brings the Group's total revenue to RM6.51 million, an increase of 29.87% as compared to a revenue of RM5.01 million recorded in the previous year. The increase in revenue was attributed to higher revenue recognition in respect of property development activities and the increase in rental income derived from the new tenants in the investment property segment.

Other income of RM0.91 million for the 12 months is mainly derived from the interest income earned from short-term cash deposits and placements in fixed deposit with the licensed bank. The decline in other income by 32.66% was mainly due to lower interest income earned resulted from the decrease in cash deposits placed with licensed banks as compared with last year.

For the 12 months, the Group recorded a loss before tax of RM3.81 million, representing a decline of 6.81% as compared with RM4.09 million reported in the same period last year. The property development segment recorded a loss before tax of RM3.37 million whilst the investment property segment posted a loss before tax of RM0.44 million. Lower loss recorded in the 12 months under review was mainly due to the improvement in contribution from the property segment with higher revenue recognised in its property development activities.

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

The Group posted a lower pre-tax loss of RM 0.85 million in Q4 as compared to a pre-tax loss of RM1.44 million in Q3. The decrease in pre-tax loss reported in Q4 was mainly due to higher revenue recognised from its property development activities in the current quarter.

B3 Prospect For The Next Financial Year

The Group's prospects for the next financial year remain challenging with the continuous high number of Covid-19 cases and the implementation of Movement Control Order Two ("MCO2"). The Group foresee that the property sale and construction progress will move at a slower pace. Nevertheless, the Group is anticipated

for the availability of the vaccines to bring recovery in economy and pandemic by 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 01.07.2020 to 31.12.2020 RM	Preceding Year Corresponding Quarter 31.12.2019 RM	Current Year To-date Ended 31.12.2020 RM	Preceding Year Corresponding Period 31.12.2019 RM
In respect of current period				
- income tax	100,117	(139,417)	175,518	(181,399)
- deferred tax	-	1,524,628	-	1,524,628
Tax (expense)/ income	100,117	1,385,211	175,518	1,343,229

B6 Status of Corporate Proposals

On 12 November 2020, the Company has announced to undertake the corporate proposals for the following:

- (i) proposed renounceable rights issue of up to 137,585,442 new ordinary shares in AISB (“AISB 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” to “Parkwood Holdings Berhad”.

The abovementioned proposals had been approved by shareholders at EGM on 26 January 2021 and the Companies Commission of Malaysia (“SSM”) has registered the change of name of the Company on 18th February 2021.

B7 **Group Borrowings and Debt Securities**

The Group's borrowing was as follows:

	The Group	
	2020	2019
	RM	RM
Term Loan (Secured)		
Current liabilities	692,510	627,387
Non-current liabilities	25,639,403	3,793,445
	<u>26,331,913</u>	<u>4,420,832</u>

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 December 2020.

B10 **(Loss)/Earnings per Share**

	Current Year Fourth Quarter Ended 31.12.2020 RM	Preceding Year Corresponding Quarter Ended 31.12.2019 RM	Current Year To-date Ended 31.12.2020 RM	Preceding Year Corresponding Period Ended 31.12.2019 RM
<u>Basic (loss)/earnings per share</u>				
Profit/(Loss) for the financial period attributable to owners of the Parent (RM)	(950,535)	(677,932)	(3,989,835)	(2,750,025)
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)	(0.69)	(0.49)	(2.90)	(2.00)

