

**PRG HOLDINGS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2019 - UNAUDITED**

	Quarter ended 31 March		Period ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>	<b>24,547</b>	47,224	<b>24,547</b>	47,224
Cost of sales	<b>(19,657)</b>	(35,210)	<b>(19,657)</b>	(35,210)
<b>Gross profit</b>	<b>4,890</b>	12,014	<b>4,890</b>	12,014
Other income	<b>689</b>	658	<b>689</b>	658
Selling and marketing expenses	<b>(669)</b>	(762)	<b>(669)</b>	(762)
Administrative expenses	<b>(8,418)</b>	(7,066)	<b>(8,418)</b>	(7,066)
Other expenses	<b>(487)</b>	(338)	<b>(487)</b>	(338)
Interest income	<b>167</b>	171	<b>167</b>	171
Finance costs	<b>(826)</b>	(287)	<b>(826)</b>	(287)
Share of losses of associates (net of tax)	<b>(311)</b>	(356)	<b>(311)</b>	(356)
Share of (losses)/profits of joint ventures (net of tax)	<b>(66)</b>	19	<b>(66)</b>	19
<b>(Loss)/Profit before tax</b>	<b>(5,031)</b>	4,053	<b>(5,031)</b>	4,053
Tax expense	<b>(330)</b>	(1,334)	<b>(330)</b>	(1,334)
<b>(Loss)/Profit for the financial period</b>	<b>(5,361)</b>	2,719	<b>(5,361)</b>	2,719
<b>Other comprehensive (loss)/income</b>				
Foreign currency translations	<b>(1,199)</b>	(2,659)	<b>(1,199)</b>	(2,659)
Share of other comprehensive income of an associate	<b>81</b>	130	<b>81</b>	130
Share of other comprehensive loss of a joint venture	<b>(25)</b>	(51)	<b>(25)</b>	(51)
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(6,504)</b>	<b>139</b>	<b>(6,504)</b>	<b>139</b>
<b>(Loss)/Profit attributable to:</b>				
Owners of the parent	<b>(4,125)</b>	814	<b>(4,125)</b>	814
Non-controlling interests	<b>(1,236)</b>	1,905	<b>(1,236)</b>	1,905
	<b>(5,361)</b>	2,719	<b>(5,361)</b>	2,719
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	<b>(4,846)</b>	(1,121)	<b>(4,846)</b>	(1,121)
Non-controlling interests	<b>(1,658)</b>	1,260	<b>(1,658)</b>	1,260
	<b>(6,504)</b>	139	<b>(6,504)</b>	139
<b>(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):</b>				
Basic	<b>(1.31)</b>	0.27	<b>(1.31)</b>	0.27
Diluted	<b>(1.31)</b>	0.23	<b>(1.31)</b>	0.23

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PRG HOLDINGS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019 - UNAUDITED**

	Notes	As at 31 March 2019 RM'000	(Audited) As at 31 December 2018 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		47,198	43,789
Right-of-use assets		23,501	-
Intangible assets		1,310	1,328
Investments in associates		7,559	7,883
Investments in joint ventures		4,803	5,099
Other investments		28,327	-
Trade and other receivables		17,186	17,285
Deferred tax assets		4,985	4,964
<b>Total non-current assets</b>		<u>134,869</u>	<u>80,348</u>
<b>Current assets</b>			
Inventories		207,059	205,756
Trade and other receivables		74,835	83,945
Contract assets		27,020	25,725
Current tax assets		3,098	2,876
Cash and bank balances		26,367	35,079
<b>Total current assets</b>		<u>338,379</u>	<u>353,381</u>
<b>Total assets</b>		<u><u>473,248</u></u>	<u><u>433,729</u></u>
<b>Equity</b>			
Share capital		88,543	83,289
Treasury shares		(87)	(87)
Exchange translation differences		(3,602)	(2,881)
Warrants reserve		3,207	3,713
Retained earnings		43,799	47,924
<b>Total attributable to owners of the parent</b>		<u>131,860</u>	131,958
Non-controlling interests		38,541	40,199
<b>Total equity</b>		<u>170,401</u>	<u>172,157</u>
<b>Non-current liabilities</b>			
Borrowings	B7	18,688	18,868
Trade and other payables		3,339	3,339
Lease liabilities		21,072	-
Deferred tax liabilities		747	747
<b>Total non-current liabilities</b>		<u>43,846</u>	<u>22,954</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019 - UNAUDITED (continued)**

		<b>As at</b>	(Audited)
		<b>31 March</b>	As at
	<b>Notes</b>	<b>2019</b>	31 December
		<b>RM'000</b>	2018
			RM'000
<b>Current liabilities</b>			
Borrowings	B7	<b>43,570</b>	27,725
Trade and other payables		<b>149,566</b>	150,385
Contract liabilities		<b>62,852</b>	59,912
Lease liabilities		<b>2,460</b>	-
Current tax liabilities		<b>553</b>	596
<b>Total current liabilities</b>		<b><u>259,001</u></b>	<u>238,618</u>
<b>Total liabilities</b>		<b><u>302,847</u></b>	<u>261,572</u>
<b>Total equity and liabilities</b>		<b><u><u>473,248</u></u></b>	<u><u>433,729</u></u>
Net assets per share attributable to owners of the parent (RM)	B12	<b><u><u>0.4082</u></u></b>	<u><u>0.4252</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PRG HOLDINGS BERHAD**  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2019 - UNAUDITED**

	----- Attributable to owners of the parent -----							
	-----Non-distributable-----			Distributable				
	Share capital	Treasury shares	Exchange translation differences	Warrants reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 31 March 2018</u>								
Balance at 1 January 2018 (Restated)	77,730	(87)	(3,077)	3,851	53,248	131,665	26,763	158,428
Profit for the financial period	-	-	-	-	814	814	1,905	2,719
Foreign currency translations, net of tax	-	-	(2,014)	-	-	(2,014)	(645)	(2,659)
Share of other comprehensive income of an associate, net of tax	-	-	130	-	-	130	-	130
Share of other comprehensive loss of a joint venture, net of tax	-	-	(51)	-	-	(51)	-	(51)
Total comprehensive (loss)/income	-	-	(1,935)	-	814	(1,121)	1,260	139
Ordinary shares issued pursuant to exercise of Warrants	102	-	-	(10)	-	92	-	92
Balance at 31 March 2018	<u>77,832</u>	<u>(87)</u>	<u>(5,012)</u>	<u>3,841</u>	<u>54,062</u>	<u>130,636</u>	<u>28,023</u>	<u>158,659</u>
<u><b>3 months ended 31 March 2019</b></u>								
<b>Balance at 1 January 2019</b>	<b>83,289</b>	<b>(87)</b>	<b>(2,881)</b>	<b>3,713</b>	<b>47,924</b>	<b>131,958</b>	<b>40,199</b>	<b>172,157</b>
<b>Loss for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,125)</b>	<b>(4,125)</b>	<b>(1,236)</b>	<b>(5,361)</b>
<b>Foreign currency translations</b>	<b>-</b>	<b>-</b>	<b>(777)</b>	<b>-</b>	<b>-</b>	<b>(777)</b>	<b>(422)</b>	<b>(1,199)</b>
<b>Share of other comprehensive income of an associate, net of tax</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>81</b>
<b>Share of other comprehensive loss of a joint venture, net of tax</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>(25)</b>
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(721)</b>	<b>-</b>	<b>(4,125)</b>	<b>(4,846)</b>	<b>(1,658)</b>	<b>(6,504)</b>
<b>Ordinary shares issued pursuant to exercise of Warrants</b>	<b>5,254</b>	<b>-</b>	<b>-</b>	<b>(506)</b>	<b>-</b>	<b>4,748</b>	<b>-</b>	<b>4,748</b>
<b>Balance at 31 March 2019</b>	<u><b>88,543</b></u>	<u><b>(87)</b></u>	<u><b>(3,602)</b></u>	<u><b>3,207</b></u>	<u><b>43,799</b></u>	<u><b>131,860</b></u>	<u><b>38,541</b></u>	<u><b>170,401</b></u>

Note 1

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PRG HOLDINGS BERHAD**  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2019 - UNAUDITED**

	<b>Period ended 31 March</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	<b>(5,031)</b>	4,053
Adjustments for:		
Non-cash items	<b>1,640</b>	1,255
Finance costs	<b>826</b>	287
Interest income	<b>(167)</b>	(171)
Share of losses of associates	<b>311</b>	356
Share of profits/(losses) of joint ventures	<b>66</b>	(19)
Operating (loss)/profit before changes in working capital	<b>(2,355)</b>	5,761
Increase in inventories	<b>(1,788)</b>	(1,595)
Increase in trade and other receivables	<b>(4,681)</b>	(37,591)
Increase in trade and other payables	<b>14,388</b>	31,974
Cash generated from/(used in) operations	<b>5,564</b>	(1,451)
Tax paid (net with tax refunded)	<b>(608)</b>	(2,384)
Net cash generated from/(used in) operating activities	<b>4,956</b>	(3,835)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	<b>(4,872)</b>	(377)
Investment in a quoted share	<b>(28,327)</b>	-
Advances from/(Repayments to) a joint venture	<b>109</b>	(12)
Repayments from associates	<b>-</b>	565
Dividends received from a joint venture	<b>205</b>	291
Interest received	<b>167</b>	171
Proceeds from disposals of property, plant and equipment	<b>110</b>	927
Deposits (placed)/uplift from financial institutions with original maturity of more than three (3) months	<b>(6)</b>	331
Placement of restricted cash	<b>-</b>	(40)
Net cash (used in)/from investing activities	<b>(32,614)</b>	1,856
<b>Cash flows from financing activities</b>		
Interest paid	<b>(826)</b>	(368)
Drawdown of borrowings	<b>17,956</b>	1,674
Repayments of borrowings	<b>(1,794)</b>	(1,262)
Repayments of hire purchase creditors	<b>(235)</b>	(288)
Repayments of lease liabilities	<b>(97)</b>	-
Proceeds from issuance of ordinary shares pursuant to exercise of Warrants	<b>4,748</b>	92
Net cash from/(used in) financing activities	<b>19,752</b>	(152)
<b>Net decrease in cash and cash equivalents</b>	<b>(7,906)</b>	(2,131)
Effects of exchange rate changes	<b>(619)</b>	(1,100)
Cash and cash equivalents at beginning of financial period	<b>25,768</b>	37,421
<b>Cash and cash equivalents at end of financial period</b>	<b>17,243</b>	34,190
Cash and cash equivalents comprise:		
Cash and bank balances	<b>26,367</b>	36,249
Less: Bank overdraft	<b>(8,388)</b>	-
Deposits placed with financial institutions with original maturity of more than three (3) months	<b>(654)</b>	(1,432)
Restricted cash	<b>(82)</b>	(627)
	<b>17,243</b>	34,190

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE PERIOD ENDED 31 MARCH 2019 - UNAUDITED**

**Reconciliation of liabilities arising from financing activities**

	<b>Period ended 31 March</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Borrowings at 1 January **	<b>38,011</b>	28,569
Cash flows	<b>15,927</b>	124
Non-cash flows:		
- Settlement of term loan through restricted cash	-	(2,198)
- Effect of foreign exchange	<b>(68)</b>	(209)
Borrowings at 31 March **	<b><u>53,870</u></b>	<b><u>26,286</u></b>

\*\* Borrowings exclude bank overdraft

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**A1 BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to the interim financial report 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 financial year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS"), interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2019:

<b>Title</b>	<b>Effective Date</b>
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

**MFRS 16 *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group applied MFRS 16 with effect from 1 January 2019, using the modified retrospective approach, with no restatement of comparative information in accordance with the transition requirements under the Appendix C, paragraph 5(b) of MFRS 16 and cumulative effect of initial application of MFRS 16 will be recognised as an adjustment to the opening balance of following components at 1 January 2019.

**Condensed Consolidated Statement of Financial Position as at 1 January 2019**

	<b>MFRS 117 RM'000</b>	<b>Effect of Adoption RM'000</b>	<b>MFRS 16 RM'000</b>
Right-of use assets	-	23,804	23,804
Lease liabilities	-	23,804	23,804

**A2 AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS**

The report of the auditors to members of the Company dated 20 March 2019 on the audited financial statements for the financial year ended 31 December 2018 did not contain any qualification.

**A3 SEASONALITY OF OPERATIONS**

The Group's results were not materially affected by any major seasonal or cyclical factors.

**A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period under review.

**A5 CHANGES IN ACCOUNTING ESTIMATES**

There were no changes in accounting estimates that have had a material effect in the results of the current quarter and financial period under review.

**A6 DEBT AND EQUITY SECURITIES**

During the financial period ended 31 March 2019, the Company increased its issued and paid up share capital from 310,333,474 to 322,993,074 by way of issuance of 12,659,600 new ordinary shares pursuant to the exercise of Warrants 2014/2019 at an issue price of RM0.375 per ordinary share.

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during financial year under review.

**A7 DIVIDENDS PAID**

No dividend was paid in current financial period under review.



**PRG HOLDINGS BERHAD (541706-V)**  
**PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)**

**A8 OPERATING SEGMENTS**

Information on reportable segments is presented as follows:

	<b>Manufacturing RM'000</b>	<b>Property development &amp; construction RM'000</b>	<b>Healthcare RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<u>For the period ended 31 March 2018</u>						
Revenue						
Revenue from external customers	20,960	26,264	-	-	-	47,224
Inter-segment revenue	66	10,062	-	-	(10,128)	-
Total revenue	<u>21,026</u>	<u>36,326</u>	<u>-</u>	<u>-</u>	<u>(10,128)</u>	<u>47,224</u>
Segment results	676	3,879	-	(165)	-	4,390
Share of profit of a joint venture (net of tax)	19	-	-	-	-	19
Share of losses of associates (net of tax)	(320)	(36)	-	-	-	(356)
Profit/(Loss) before tax	<u>375</u>	<u>3,843</u>	<u>-</u>	<u>(165)</u>	<u>-</u>	<u>4,053</u>
Tax expense						(1,334)
Profit for the financial period						<u>2,719</u>
<u>For the period ended 31 March 2019</u>						
Revenue						
Revenue from external customers	<b>23,627</b>	<b>920</b>	-	-	-	<b>24,547</b>
Inter-segment revenue	<b>167</b>	<b>506</b>	-	-	<b>(673)</b>	<b>-</b>
Total revenue	<u><b>23,794</b></u>	<u><b>1,426</b></u>	<u>-</u>	<u>-</u>	<u><b>(673)</b></u>	<u><b>24,547</b></u>
Segment results	<b>(752)</b>	<b>(2,804)</b>	<b>(95)</b>	<b>(1,003)</b>	-	<b>(4,654)</b>
Share of profits/(losses) of joint ventures (net of tax)	<b>38</b>	-	<b>(104)</b>	-	-	<b>(66)</b>
Share of losses of associates (net of tax)	<b>(196)</b>	<b>(61)</b>	<b>(54)</b>	-	-	<b>(311)</b>
Loss before tax	<u><b>(910)</b></u>	<u><b>(2,865)</b></u>	<u><b>(253)</b></u>	<u><b>(1,003)</b></u>	<u>-</u>	<u><b>(5,031)</b></u>
Tax expense						<b>(330)</b>
Loss for the financial period						<u><b>(5,361)</b></u>

**A9 EVENTS AFTER BALANCE SHEET DATE**

There were no material events subsequent to the end of the financial period.

**A10 CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial period under review.

**A11 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no changes in contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2018.

**A12 CAPITAL COMMITMENTS**

	<b>31-03-19 RM'000</b>
Commitment for proposed acquisition of agriculture lands	84,645
Capital expenditure in respect of purchase of property, plant and equipment	
- Contracted but not provided for	1,741
	<u>86,386</u>

**A13 MATERIAL RELATED PARTY TRANSACTIONS**

	<b>Quarter ended 31 March</b>		<b>Period ended 31 March</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<u>Transaction with corporations in which spouse of a Director and shareholder of a joint venture has interest</u>				
- Agent fee	<b>889</b>	-	<b>889</b>	-
- Purchase of goods	<b>(330)</b>	-	<b>(330)</b>	-
<u>Transaction with joint venture partner</u>				
Sale of goods	<b>502</b>	-	<b>502</b>	-
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	<b>199</b>	-	<b>199</b>	-

Apart from the above, there were no other material related party transactions entered into during the current quarter and financial period under review.

## **B1 ANALYSIS OF PERFORMANCE**

The Group's revenue of RM24.5 million for current quarter and for financial period ended 31 March 2019 was RM22.7 million lower than the RM47.2 million revenue reported in the corresponding quarter and corresponding period of the preceding year.

The Group recorded a loss before tax of RM5.0 million for current quarter and for financial period ended 31 March 2019, which was RM9.1 million lower than profit before tax of RM4.1 million reported in the corresponding quarter and corresponding period of the preceding year.

Decrease in the Group's revenue and profit before tax during the current quarter and financial period ended 31 March 2019 was mainly due to decrease in revenue from property development & construction segment, mainly arising from slow project progress for Picasso Residence.

### **a) Manufacturing**

The revenue of RM23.6 million from manufacturing segment for the current quarter and for the financial period ended 31 March 2019 was RM2.6 million higher than RM21.0 million recorded in the corresponding quarter of 2018.

Loss before tax of RM0.9 million from manufacturing segment for the current quarter and for the financial period ended 31 March 2019 was RM1.3 million lower than profit before tax of RM0.4 million recorded in the corresponding quarter of 2018.

The increase in revenue for manufacturing segment was mainly due to increase in sales volume from certain existing customers in Malaysia, Vietnam, Asia Pacific region and North America during the period as compared to the corresponding period of 2018. Despite the increase in sales volume, manufacturing segment was still making loss mainly due to (i) decrease in sales orders of higher profit margin products of narrow elastic fabric from a few major customers, which made fixed overheads of such products not fully covered by revenue, (ii) increase in cost of sales, mainly (a) raw material costs of crude-oil based yarn, chemical and dye stuff which had not been passed on to customers and (b) increase in labour costs as minimum wages in Malaysia and Vietnam increased from January 2019 onwards, and increase in administrative expenses due to (a) pre-operating expenses incurred by a retail entity of the Group amounted to RM0.4 mil (2018: Nil), (b) professional fees incurred for the proposed acquisition of Meinade Holdings Group Limited of RM0.4 million and (c) an increase in staff costs during the current quarter and for the financial period.

### **b) Property development & construction**

The property development & construction segment recorded a revenue of RM1.0 million for the current quarter and for the financial period ended 31 March 2019, which is RM25.3 million lower as compared to revenue of RM26.3 million recorded in the corresponding quarter of 2018.

Loss before tax of RM2.9 million from property development & construction segment for the current quarter and for the financial period ended 31 March 2019 was RM6.7 million lower than profit before tax of RM3.8 million recorded in the corresponding quarter of 2018.

Decrease in revenue and increase in loss before tax for the current quarter and for the financial period ended 31 March 2019 was mainly due to lower revenue contribution from Picasso Residence project, as a result of slow project progress for Picasso Residence and lower number of units sold compared to corresponding period of 2018 as property market outlook in Malaysia for 2019 remain challenging with the overall economy sentiments affected by the threat of global and local slowdown and uncertainties in the financial markets.

### **c) Healthcare**

The healthcare segment recorded loss before tax of RM0.3 million in the current quarter. The loss before tax position was mainly due to share of loss for a joint venture amounted to RM83k, share of loss for an associate amounted to RM54k and professional fees incurred for healthcare segment.

## **B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The Group recorded revenue of RM24.5 million and loss before tax of RM5.0 million for the current quarter ended 31 March 2019 compared to revenue of RM44.2 million and loss before tax of RM5.4 million for the immediate preceding quarter. Decrease in revenue by RM19.7 million compared to the immediate preceding quarter is mainly due to lower revenue contribution from Picasso Residence project, as a result of slow project progress for Picasso Residence.

## **B3 PROSPECTS FOR CURRENT FINANCIAL YEAR**

The on-going trade spat between the United States with China and other countries as well as Brexit have raised uncertainty in the market which resulted in a lower global growth projection. The Group anticipates the prospect of manufacturing business in the near future remains challenging as customers remain cautious on purchases pending clearer settlements of the trade disputes. Apart from that, raw material cost especially the crude-oil based yarn remains volatile in line with the crude oil price. Adverse movement either way will affect the gross profit margin of the manufacturing segment. The Group is closely monitoring the raw material prices on a regular basis and adjusting the procurement plan and pricing strategy from time to time. Further, any significant movement in the exchange rate between RM and USD may also result in foreign exchange gains or losses, which may affect the Group's performance as the Group derives a significant amount of its manufacturing revenue in USD.

Property market outlook in Malaysia for 2019 remain challenging with the overall economy sentiments affected by the threat of global and local slowdown and uncertainties in the financial markets. Market sentiments are adversely influenced by the rising cost of living, affordability issue and property supply demand imbalance. In view of these adversities, the Group will continue to focus on sales and marketing efforts on the Picasso Residence project, and strengthening its presence in the property development through collaborations with strategic partners. We also strongly believe that the affordable properties will be in demand especially in the prime areas of Selangor and Kuala Lumpur. The Group targets to unveil its second property development called Embayu @ Damansara West (formerly known as Subang U5 Land, Selangor) in the 3rd quarter of 2019. Embayu is an affordable condominium project with three towers condominium blocks that comprises 650 units with unit's floor area ranges from 800 to 1,000 sq ft in size and are priced below RM500,000. The total GDV for the project is approximately RM260 million and the Group is optimistic on the demand for this project as the pricing is targeted at middle-income households, which is in line with the government's increased efforts to enable people to buy homes for own occupancy.

As for the healthcare and wellness division of PRG, our aim is to expand our existing footprint through organic growth and seeking synergistic acquisition or partnership in the coming years. As this is a new business segment that we had just established, we wish to strengthen our core competencies and expand in a measured pace.

## **B4 PROFIT FORECAST**

Not applicable as the Group did not publish any profit forecast.

## **B5 INCOME TAX EXPENSE**

	<b>Quarter ended</b>		<b>Period ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense				
- Malaysia	<b>86</b>	1,201	<b>86</b>	1,201
- Overseas	<b>263</b>	133	<b>263</b>	133
	<b>349</b>	1,334	<b>349</b>	1,334
Deferred tax	<b>(19)</b>	-	<b>(19)</b>	-
	<b>330</b>	1,334	<b>330</b>	1,334

The effective tax rates of the Group for the current quarter and for the period ended 31 March 2019 were higher than the statutory tax rate as certain subsidiaries were making losses and certain expenses were not deductible for tax purposes.

**B6 STATUS OF CORPORATE PROPOSAL**

a) Disposal of 12% equity interest in Furniweb Holdings Limited ("FHL")

On 3 October 2018, the Company announced that it had disposed an aggregate of 60,480,000 Furniweb Shares, representing a 12% equity interest in Furniweb to independent third parties via direct business transactions for a total cash consideration of RM15,909,102 at HKD0.50 each (equivalent to approximately RM0.2630 based on the actual transacted exchange rate of HKD100:RM52.6095 on 3 October 2018).

The status of the utilisation of the disposal proceeds as at 16 May 2019 is as follows:

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Deviation RM'000</b>	<b>%</b>	<b>Balance unutilised RM'000</b>	<b>Expected time frame</b>
Defraying estimated expenses in relation to the Previous Disposal	800	800	-	-	-	
Balance purchase consideration in respect to the acquisition of Esther Postpartum Centre ("EPC")	3,477	3,477	-	-	-	
Payment to contractors relating to property development projects	8,000	8,000	-	-	-	
Working capital*	3,686	3,632	-	-	-	
	<u>15.963</u>	<u>15.909</u>	<u>-</u>	<u>-</u>	<u>-</u>	

\* PRG received disposal proceeds of RM15.91 million (instead of RM15.96 million as announced on 3 October 2018) pursuant to the Previous Disposal due to the actual exchange rate used of HKD100:RM53.6095 for the repatriation of the disposal proceeds. The difference of approximately RM0.05 million was set off against the proceeds set aside for PRG Group's working capital.

b) Subscription and Options Agreement with Capital World Limited ("Capital World")

On 21 December 2018, the Company announced that it had entered into a conditional Subscription and Options Agreement with Capital World in relation to the proposed subscription of 265,000,000 new Capital World shares and an option to further subscribe for up to 205,000,000 new Capital World shares by PRG.

On 31 January 2019, the Company announced that the Company and Capital World have mutually agreed in writing to extend the completion date of the Subscription from 31 January 2019 to 12 February 2019, or such other date as may be mutually agreed between the Company and Capital World.

On 13 February 2019, the Company announced that the Company and Capital World have mutually agreed in writing to further extend the completion date of the Subscription from 12 February 2019 to 19 February 2019, or such other date as may be mutually agreed between the Company and Capital World.

On 19 February 2019, the Company announced that the Company and Capital World have mutually agreed in writing to further extend the completion date of the Subscription from 19 February 2019 to 28 February 2019, or such other date as may be mutually agreed between the Company and Capital World.

Following the fulfilment of all the relevant conditions of the Agreement, the Subscription was completed on 14 March 2019.

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)****B6 STATUS OF CORPORATE PROPOSAL (cont'd)**

- c) Proposed acquisition of two parcels of agriculture land planted with teak trees in Kelantan

On 28 December 2018, the Company announced that the Company and its wholly-owned subsidiary, PRG Agro Sdn. Bhd. had entered into conditional sale and purchase agreement with Alifya Forestry Sdn Bhd ("Alifya") ("SPA") to acquire:

(i) a parcel of agriculture land planted with teak trees held under HSD 858, PT 4921, Mukim Ulu Nenggiri, Jajahan Gua Musang, Negeri Kelantan Darul Naim, measuring approximately 137.0 hectares for a purchase consideration of RM33,800,000 ("PT 4921"); and

(ii) a parcel of agriculture land planted with teak trees held under HSD 27062, PT 12, Mukim Blau, Jajahan Kecil Lojing, Negeri Kelantan Darul Naim, measuring approximately 227.79 hectares for a purchase consideration of RM56,200,000 ("PT 12").

The total purchase consideration of RM90,000,000 ("Purchase Consideration") will be satisfied via a combination of RM60,000,000 in cash ("Cash Consideration") and the issuance of 40,295,500 new ordinary shares in PRG ("PRG Shares") ("Consideration Shares") at an issue price of RM0.7445 each.

On 28 March 2019, the Company, PRG Agro Sdn. Bhd. and Alifya had executed a supplemental letter to the SPA, whereby the Purchase Consideration has been revised downwards from RM90,000,000 to RM89,118,181.82, in accordance with Clause 6.2 of the SPA where in the event following the Valuation Exercise that the Fair Value as shown in the Valuation Report is less than Ringgit Malaysia Ninety Nine Million (RM99,000,000.00) only ("Agreed Value"), the parties hereby agree that the Purchase Price shall be revised and adjusted as follows:

$$\frac{\text{Fair Value}}{\text{Agreed Value}} \times \text{Current Purchase Price} = \text{Revised Purchase Price}$$

The Fair Value of the Lands of RM98,030,000 as assessed by Raine & Horne International Zaki+Partners Sdn Bhd (the independent valuer) in its Valuation Report, is less than the Agreed Value of RM99,000,000.

The total revised purchase consideration of RM89,118,181.82 will be satisfied via a combination of RM59,118,181.82 in cash and the issuance of 40,295,500 new PRG Shares at an issue price of RM0.7445 each (i.e., RM30,000,000) .

- d) Proposed acquisition of Meinaide Holdings Group Limited

On 12 March 2019, a sale and purchase agreement ("S&P Agreement") was entered into among FHL, Triumph Star Global Limited (the "Vendor") and Ms. Jim Ka Man, the guarantor. Pursuant to the S&P Agreement, FHL has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire issued share capital of Meinaide Holdings Group Limited for the consideration of HKD140,000,000, which shall be satisfied by FHL by way of allotment and issue of 56,000,000 shares of FHL at the issue price of HKD2.50 per share to the Vendor or its nominee credited as fully paid upon completion in accordance with the terms and conditions of the S&P Agreement.

Save for the above, there were no corporate proposals announced but not completed as at the date of this report.

**B7 BORROWINGS**

The Group's borrowings are as follows:

	<b>As at</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Current liabilities	<b>43,570</b>	6,375
Non-current liabilities	<b>18,688</b>	19,911
	<b>62,258</b>	<b>26,286</b>
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	<b>28,102</b>	21,657
- Hong Kong Dollar	<b>29,766</b>	-
- United States Dollar	-	234
- Vietnamese Dong	<b>4,390</b>	4,395
	<b>62,258</b>	<b>26,286</b>

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and corporate guarantees of the Company.

**B8 DIVIDENDS**

No dividend has been proposed by the Board of Directors for the financial year ending 31 December 2019.

**B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	<b>Quarter ended 31 March</b>		<b>Period ended 31 March</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Operating (loss)/profit is arrived at after charging/(crediting):				
Depreciation and amortisation	<b>1,236</b>	1,182	<b>1,236</b>	1,182
Impairment losses on trade receivables	-	1	-	1
Interest expense	<b>826</b>	287	<b>826</b>	287
Inventories written down	<b>233</b>	61	<b>233</b>	61
Net loss on foreign exchange	<b>360</b>	368	<b>360</b>	368
Gain on disposals of property, plant and equipment	<b>(59)</b>	(187)	<b>(59)</b>	(187)
Interest income	<b>(167)</b>	(171)	<b>(167)</b>	(171)

- a) Apart from the above, there were no impairment of other assets during the current quarter and financial period under review.
- b) There were no gain or loss on derivatives during the current quarter and financial period under review.
- c) There were no exceptional items during the current quarter and financial period under review.

**B10 MATERIAL LITIGATION**

The Group is not involved in any claim or legal action that will have a material effect on the Group's financial position, results of operations or liquidity as at the date of this report.

**B11 (LOSS)/EARNINGS PER ORDINARY SHARE**

- a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit attributable to owners of the parent for the period by the weighted average number of ordinary shares in issue during the period (excluding treasury shares).

	<b>Quarter ended 31 March</b>		<b>Period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
(Loss)/Profit attributable to owners of the parent (RM'000)	<b>(4,125)</b>	814	<b>(4,125)</b>	814
Weighted average number of ordinary shares in issue ('000)	<b>314,928</b>	302,294	<b>314,928</b>	302,294
Basic (loss)/earnings per ordinary share (sen)	<b>(1.31)</b>	0.27	<b>(1.31)</b>	0.27

**B11 (LOSS)/EARNINGS PER ORDINARY SHARE (cont'd)**

b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit attributable to equity holders of the parent for the period by the weighted average number of ordinary shares in issue adjusted for the effects of dilutive potential ordinary shares.

	<b>Quarter ended 31 March</b>		<b>Period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
(Loss)/Profit attributable to owners of the parent (RM'000)	<b>(4,125)</b>	814	<b>(4,125)</b>	814
Weighted average number of ordinary shares in issue ('000)	<b>314,928</b>	302,294	<b>314,928</b>	302,294
Effect of dilution ('000)	<b>40,013</b>	56,424	<b>40,013</b>	56,424
Adjusted weighted average number of ordinary shares in issue ('000)	<b>354,941</b>	358,718	<b>354,941</b>	358,718
Diluted (loss)/earnings per ordinary share (sen)	<b>(1.31) *</b>	0.23	<b>(1.31) *</b>	0.23

\* The diluted loss per share is same as the basic loss per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the current quarter and financial period ended 31 March 2019.

**B12 NET ASSETS PER SHARE**

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the period by the number of ordinary shares in issue at the end of the period (excluding treasury shares).

	<b>As at</b>	
	<b>31/3/2019</b>	<b>31/12/2018 (Audited)</b>
Total equity attributable to owners of the parent (RM'000)	<b>131,860</b>	131,958
Number of ordinary shares in issue ('000)	<b>323,411</b>	310,751
Number of shares repurchased ('000)	<b>(418)</b>	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	<b>322,993</b>	310,333
Net assets per share attributable to owners of the parent (RM)	<b>0.4082</b>	0.4252

**B13 AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 May 2019.