

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2019 - UNAUDITED**

	Quarter ended 30 June		Period ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>	<b>27,060</b>	26,619	<b>51,607</b>	73,843
Cost of sales	<b>(20,497)</b>	(20,002)	<b>(40,154)</b>	(55,212)
<b>Gross profit</b>	<b>6,563</b>	6,617	<b>11,453</b>	18,631
Other income	<b>401</b>	870	<b>1,090</b>	1,528
Selling and marketing expenses	<b>(3,583)</b>	(1,170)	<b>(4,252)</b>	(1,932)
Administrative expenses	<b>(9,397)</b>	(8,495)	<b>(17,815)</b>	(15,561)
Other expenses	<b>205</b>	-	<b>(282)</b>	(338)
Interest income	<b>110</b>	211	<b>277</b>	382
Finance costs	<b>(1,074)</b>	(269)	<b>(1,900)</b>	(556)
Share of losses of associates (net of tax)	<b>(344)</b>	(226)	<b>(655)</b>	(582)
Share of (losses)/profits of joint ventures (net of tax)	<b>43</b>	31	<b>(23)</b>	50
<b>(Loss)/Profit before tax</b>	<b>(7,076)</b>	(2,431)	<b>(12,107)</b>	1,622
Tax expense	<b>(338)</b>	23	<b>(668)</b>	(1,311)
<b>(Loss)/Profit for the financial period</b>	<b>(7,414)</b>	(2,408)	<b>(12,775)</b>	311
<b>Other comprehensive (loss)/income</b>				
<b>Item that will not be reclassified subsequently to profit of loss</b>				
Change in the fair value of equity instruments at fair value through other comprehensive income	<b>(13,738)</b>	-	<b>(13,738)</b>	-
<b>Item that will be reclassified subsequently to profit of loss</b>				
Foreign currency translations	<b>707</b>	877	<b>(492)</b>	(1,782)
Share of other comprehensive income of an associate	<b>(42)</b>	(39)	<b>39</b>	91
Share of other comprehensive loss of a joint venture	<b>10</b>	10	<b>(15)</b>	(41)
<b>Total comprehensive loss for the financial period</b>	<b>(20,477)</b>	<b>(1,560)</b>	<b>(26,981)</b>	<b>(1,421)</b>
<b>(Loss)/Profit attributable to:</b>				
Owners of the parent	<b>(5,950)</b>	(1,786)	<b>(10,075)</b>	(972)
Non-controlling interests	<b>(1,464)</b>	(622)	<b>(2,700)</b>	1,283
	<b>(7,414)</b>	(2,408)	<b>(12,775)</b>	311
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	<b>(19,247)</b>	(1,150)	<b>(24,093)</b>	(2,271)
Non-controlling interests	<b>(1,230)</b>	(410)	<b>(2,888)</b>	850
	<b>(20,477)</b>	(1,560)	<b>(26,981)</b>	(1,421)
<b>Loss per ordinary share attributable to owners of the parent (sen):</b>				
Basic	<b>(1.83)</b>	(0.59)	<b>(3.15)</b>	(0.32)
Diluted	<b>(1.83)</b>	(0.59)	<b>(3.15)</b>	(0.32)

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 SECOND QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019 - UNAUDITED**

	Notes	As at 30 June 2019 RM'000	(Audited) As at 31 December 2018 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		48,745	43,789
Right-of-use assets		23,775	-
Intangible assets		66,929	1,328
Investments in associates		7,220	7,883
Investments in joint ventures		4,857	5,099
Other investments		14,589	-
Trade and other receivables		17,251	17,285
Deferred tax assets		4,990	4,964
<b>Total non-current assets</b>		<b>188,356</b>	<b>80,348</b>
<b>Current assets</b>			
Inventories		213,790	205,756
Trade and other receivables		83,331	83,945
Contract assets		27,502	25,725
Current tax assets		3,381	2,876
Cash and bank balances		40,524	35,079
<b>Total current assets</b>		<b>368,528</b>	<b>353,381</b>
<b>Total assets</b>		<b>556,884</b>	<b>433,729</b>
<b>Equity</b>			
Share capital		93,106	83,289
Treasury shares		(87)	(87)
Exchange translation differences		(3,161)	(2,881)
Warrants reserve		2,767	3,713
Fair value reserve		(13,738)	-
Retained earnings		84,864	47,924
<b>Total attributable to owners of the parent</b>		<b>163,751</b>	<b>131,958</b>
Non-controlling interests ("NCI")		80,935	40,199
<b>Total equity</b>		<b>244,686</b>	<b>172,157</b>
<b>Non-current liabilities</b>			
Borrowings	B7	18,664	18,868
Trade and other payables		3,339	3,339
Lease liabilities		20,366	-
Deferred tax liabilities		747	747
<b>Total non-current liabilities</b>		<b>43,116</b>	<b>22,954</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019 - UNAUDITED (continued)**

		As at 30 June 2019 RM'000	(Audited) As at 31 December 2018 RM'000
<b>Current liabilities</b>	<b>Notes</b>		
Borrowings	B7	<b>44,406</b>	27,725
Trade and other payables		<b>154,082</b>	150,385
Contract liabilities		<b>64,514</b>	59,912
Lease liabilities		<b>3,475</b>	-
Current tax liabilities		<b>2,605</b>	596
<b>Total current liabilities</b>		<b><u>269,082</u></b>	<u>238,618</u>
<b>Total liabilities</b>		<b><u>312,198</u></b>	<u>261,572</u>
<b>Total equity and liabilities</b>		<b><u>556,884</u></b>	<u>433,729</u>
Net assets per share attributable to owners of the parent (RM)	B12	<b><u>0.4903</u></b>	<u>0.4252</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 SECOND QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2019 - UNAUDITED**

	<----- Attributable to owners of the parent ----->								
	<-----Non-distributable----->			Distributable					
	Share capital	Treasury shares	Exchange translation differences	Warrants reserve	Fair value 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	RM'000
<u>6 months ended 30 June 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	-	-	-	-	-	(972)	(972)	1,283	311
Foreign currency translations, net of tax	-	-	(1,349)	-	-	-	(1,349)	(433)	(1,782)
Share of other comprehensive income of an associate, net of tax	-	-	91	-	-	-	91	-	91
Share of other comprehensive loss of a joint venture, net of tax	-	-	(41)	-	-	-	(41)	-	(41)
Total comprehensive (loss)/income	-	-	(1,299)	-	-	(972)	(2,271)	850	(1,421)
Ordinary shares issued pursuant to exercise of Warrants	371	-	-	(36)	-	-	335	-	335
Balance at 30 June 2018	<u>78,101</u>	<u>(87)</u>	<u>(4,376)</u>	<u>3,815</u>	<u>-</u>	<u>52,276</u>	<u>129,729</u>	<u>27,613</u>	<u>157,342</u>
<u>6 months ended 30 June 2019</u>									
Balance at 1 January 2019	83,289	(87)	(2,881)	3,713	-	47,924	131,958	40,199	172,157
Loss for the financial period	-	-	-	-	-	(10,075)	(10,075)	(2,700)	(12,775)
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(13,738)	-	(13,738)	-	(13,738)
Foreign currency translations	-	-	(304)	-	-	-	(304)	(188)	(492)
Share of other comprehensive income of an associate, net of tax	-	-	39	-	-	-	39	-	39
Share of other comprehensive loss of a joint venture, net of tax	-	-	(15)	-	-	-	(15)	-	(15)
Total comprehensive loss	-	-	(280)	-	(13,738)	(10,075)	(24,093)	(2,888)	(26,981)
NCI acquired in a new subsidiary	-	-	-	-	-	-	-	877	877
Change in stake in a subsidiary	-	-	-	-	-	47,015	47,015	42,747	89,762
Ordinary shares issued pursuant to exercise of Warrants	9,817	-	-	(946)	-	-	8,871	-	8,871
Balance at 30 June 2019	<u>93,106</u>	<u>(87)</u>	<u>(3,161)</u>	<u>2,767</u>	<u>(13,738)</u>	<u>84,864</u>	<u>163,751</u>	<u>80,935</u>	<u>244,686</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 SECOND QUARTER OF 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2019 - UNAUDITED**

	Period ended 30 June	
	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(12,107)	1,622
Adjustments for:		
Non-cash items	2,932	2,424
Finance costs	1,900	556
Interest income	(277)	(382)
Share of losses of associates	655	582
Share of (losses)/profits of joint ventures	23	(50)
Operating (loss)/profit before changes in working capital	(6,874)	4,752
Increase in inventories	(4,639)	(3,529)
Increase in trade and other receivables	(5,855)	(25,056)
Increase in trade and other payables	17,086	22,253
Cash generated used in operations	(282)	(1,580)
Tax paid (net with tax refunded)	(1,135)	(3,344)
Net cash used in operating activities	(1,417)	(4,924)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(6,412)	(2,678)
Acquisition of intangible assets	(37)	-
Investment in a quoted share	(28,327)	-
Acquisitions of subsidiaries	2,143	-
Advances from joint ventures	180	16
Dividends received from a joint venture	205	291
Interest received	277	382
Proceeds from disposals of property, plant and equipment	110	931
Proceeds from disposals of shares in a subsidiary	15,505	-
Deposits (placed)/uplift from financial institutions with original maturity of more than three (3) months	(13)	1,771
Placement of restricted cash	-	(779)
Net cash used in investing activities	(16,369)	(66)
<b>Cash flows from financing activities</b>		
Interest paid	(1,900)	(556)
Drawdown of borrowings	20,688	2,749
Drawdown of hire purchase creditors	248	-
Repayments of borrowings	(4,107)	(5,053)
Repayments of hire purchase creditors	(444)	(582)
Repayments of lease liabilities	(206)	-
Proceeds from issuance of ordinary shares pursuant to exercise of Warrants	8,871	335
Net cash from/(used in) financing activities	23,150	(3,107)
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,364	(8,097)
Effects of exchange rate changes	(209)	(618)
Cash and cash equivalents at beginning of financial period	25,768	37,422
<b>Cash and cash equivalents at end of financial period</b>	30,923	28,707
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	40,524	36,266
Less: Bank overdraft	(8,659)	(6,193)
Deposits placed with financial institutions with original maturity of more than three (3) months	(660)	-
Restricted cash	(282)	(1,366)
	30,923	28,707

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE PERIOD ENDED 30 JUNE 2019 - UNAUDITED**

**Reconciliation of liabilities arising from financing activities**

	<b>Period ended 30 June</b>	
	<b>2019 RM'000</b>	2018 RM'000
Borrowings at 1 January **	<b>38,011</b>	28,569
Cash flows	<b>16,385</b>	(2,886)
Non-cash flows:		
- Settlement of term loan through restricted cash	-	(2,198)
- Borrowings of subsidiary acquired	<b>43</b>	-
- Effect of foreign exchange	<b>(28)</b>	(160)
Borrowings at 30 June **	<b><u>54,411</u></b>	<u>23,325</u>

\*\* 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	-	23,109	23,109
Lease liabilities	-	23,109	23,109

**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 30 June 2019, the Company increased its issued and paid up share capital from 310,333,474 to 333,987,400 by way of issuance of 23,653,926 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.



**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 30 June 2018</u>						
Revenue						
Revenue from external customers	44,496	29,347	-	-	-	73,843
Inter-segment revenue	536	14,940	-	-	(15,476)	-
Total revenue	45,032	44,287	-	-	(15,476)	73,843
Segment results	1,469	1,129	-	(444)	-	2,154
Share of profit of a joint venture (net of tax)	50	-	-	-	-	50
Share of losses of associates (net of tax)	(530)	(52)	-	-	-	(582)
Profit/(Loss) before tax	989	1,077	-	(444)	-	1,622
Tax expense						(1,311)
Profit for the financial period						311
<u>For the period ended 30 June 2019</u>						
Revenue						
Revenue from external customers	50,496	1,111	-	-	-	51,607
Inter-segment revenue	322	5,211	-	-	(5,533)	-
Total revenue	50,818	6,322	-	-	(5,533)	51,607
Segment results	(3,213)	(5,951)	(101)	(2,164)	-	(11,429)
Share of profits/(losses) of joint ventures (net of tax)	78	-	(101)	-	-	(23)
Share of losses of associates (net of tax)	(400)	(15)	(240)	-	-	(655)
Loss before tax	(3,535)	(5,966)	(442)	(2,164)	-	(12,107)
Tax expense						(668)
Loss for the financial period						(12,775)

**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 except for the followings:

Acquisition of new subsidiaries

- 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.

The Proposed Acquisition was completed on 28 June 2019 and following the completion, Meinaide Holdings Group Limited has become a wholly-owned subsidiary of FHL under the PRG Group.

- On 8 April 2019, the Company's subsidiary, Furniweb Holdings Limited ("FHL") acquired 50,000 ordinary share representing 100% equity interest in Delightful Grace Holdings Limited ("DGHL"), a limited liability company incorporated in British Virgin Islands, from Au Yeung Yiu Chung for a consideration of HKD1.00.
- On 11 April 2019, the Company's subsidiary, PP Retail Pte Ltd injected THB6,419,000 (equivalent to approximately RM874,244) in Skilltrain Co., Ltd ("Skilltrain") by way of subscribing 64,190 shares of Skilltrain which representing 49% equity interest in Skilltrain, a limited liability company incorporated in Thailand, at the issue price of THB100 per shares.
- On 25 April 2019, the Company's subsidiary, DGHL acquired one (1) ordinary share representing 100% equity interest in Fly High Finance Limited, a limited liability company incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), from Au Yeung Yiu Chung for a consideration of HKD1.00.

**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>30-06-19</b>
	<b>RM'000</b>
Commitment for proposed acquisition of agriculture lands	84,740
Capital expenditure in respect of purchase of property, plant and equipment	
- Contracted but not provided for	253
	<u>84,993</u>

**A13 MATERIAL RELATED PARTY TRANSACTIONS**

	<b>Quarter ended</b>		<b>Period ended</b>	
	<b>30 June</b>		<b>30 June</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>
<u>Transaction with joint venture partner</u>				
Sale of goods	<b>846</b>	-	<b>1,348</b>	-
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	<b>164</b>	-	<b>363</b>	-

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

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 ANALYSIS OF PERFORMANCE**

The Group's revenue of RM27.1 million for second quarter of 2019 was RM0.5 million higher than the RM26.6 million revenue reported in the corresponding quarter of the preceding year. The Group's revenue for the 6 months ended 30 June 2019 was RM51.6 million, representing RM22.2 million decrease as compared to revenue of RM73.8 million recorded in the same period of the preceding year.

The Group recorded a loss before tax of RM7.1 million in the second quarter of 2019, which was RM4.7 million higher than loss before tax of RM2.4 million reported in the corresponding quarter of the preceding year. Loss before tax for the 6 months ended 30 June 2019 was RM12.1 million, representing RM13.7 million increase in loss before tax as compared to profit before tax of RM1.6 million recorded in the same period of the preceding year.

Decrease in the Group's revenue and increase in the Group's loss before tax during the current quarter and financial period ended 30 June 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 RM26.9 million from manufacturing segment for the current quarter of year 2019 was RM3.4 million lower than RM23.5 million recorded in the corresponding quarter of 2018. The segment's revenue for the 6 months ended 30 June 2019 of RM50.5 million was RM6.0 million higher than RM44.5 million recorded in the same period of the preceding year.

Loss before tax from manufacturing segment for the current quarter of year 2019 was RM2.6 million, representing higher loss before tax of RM3.2 million as compared to profit before tax of RM0.6 million recorded in the corresponding quarter of 2018. The segment's loss before tax for the 6 months ended 30 June 2019 was RM3.5 million, representing higher loss before tax of RM4.5 million as compared to profit before tax of RM1.0 million recorded in the same period of the preceding year.

Revenue from manufacturing segment has increased by RM4.0 million for financial period ended 30 June 2019, mainly due to an increase in sales volume for covered elastic yarn and webbing product. PRG has ventured into retail business in the second quarter of 2018 and became an authorised dealer of a brand "Philipp Plein" in Singapore, Malaysia and Thailand and a few approved additional territories. The first flagship store was opened in Marina Bay Sands, Singapore on 29 April 2019 and has contributed revenue of approximately RM2.0 million for the current quarter and current financial period ended 30 June 2019.

Increase in loss before tax for manufacturing segment was mainly due to one-off professional fee in relation to the Acquisition of Meinaide Holdings Group Limited as well as marketing and distribution cost, pre-operating and administrative expenses incurred for the retail business.

**b) Property development & construction**

The property development & construction segment recorded revenue of RM0.2 million for the current quarter of 2019, which is RM2.9 million lower than RM3.1 million recorded in the corresponding quarter of 2018. The segment's revenue for the 6 months ended 30 June 2019 of RM1.1 million was RM28.2 million lower than RM29.3 million recorded in the same period of the preceding year.

Loss before tax of RM3.1 million from property development & construction segment for the current quarter of year 2019 was RM0.3 million higher than loss before tax of RM2.8 million recorded in the corresponding quarter of 2018. The segment's loss before tax for the 6 months ended 30 June 2019 was RM6.0 million, representing RM7.1 million increase in loss before tax as compared to profit before tax of RM1.1 million recorded in the same period of the preceding year.

Decrease in revenue and increase in loss before tax for the current quarter and for the financial period ended 30 June 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 RM0.2 million in the current quarter and loss before tax of RM0.4 million for the financial period ended 30 June 2019. The loss before tax position for the financial period ended 30 June 2019 was mainly due to share of loss for an associate amounted to RM240k, share of loss for a joint venture amounted to RM101k and professional fees incurred for healthcare segment.

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)****B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The Group recorded revenue of RM27.1 million and loss before tax of RM7.1 million for the current quarter ended 30 June 2019 as compared to revenue of RM24.5 million and loss before tax of RM5.0 million for the preceding quarter. Decrease in revenue and increase in loss before tax were mainly due to decrease in revenue contribution from Picasso Residence project.

**B3 PROSPECTS FOR CURRENT FINANCIAL YEAR**

The Group anticipates the prospect of the manufacturing segment in the near future to remain challenging as customers remain cautious on purchases amidst weaker demand in their respective markets. In view of the rapid change of global economy and competition landscape, the Group is constantly strengthening the market position of its manufacturing segment by exploring new potential export markets, broadening its product application and potential strategic partnership. The Group will be cautious in implementing its business strategies, closely monitor the volatility of raw material prices, regularly review its pricing strategies and cost structure as well as take more effective measures to control its overhead costs and expenses.

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. We 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. The Embayu project represents the Group's intention to swift its focus to the development of projects which are generally more affordable to purchase in light of tighter borrowing conditions imposed by the banks and financial institutions.

As for the healthcare and wellness division of PRG, 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**

	Quarter ended 30 June		Period ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense				
- Malaysia	19	(215)	105	986
- Overseas	320	192	583	325
	<b>339</b>	<b>(23)</b>	<b>688</b>	<b>1,311</b>
Deferred tax	(1)	-	(20)	-
	<b>338</b>	<b>(23)</b>	<b>668</b>	<b>1,311</b>

The effective tax rates of the Group for the current quarter and for the period ended 30 June 2019 were higher than the statutory tax rate as certain subsidiaries were making losses and certain expenses were not deductible for tax purposes.

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

**B6 STATUS OF CORPORATE PROPOSAL**

a) 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:

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

On 10 June 2019, the Company, PRG Agro Sdn. Bhd. and Alifya had executed a supplemental letter to both the SPA dated 28 December 2018 and to the 1st supplemental letter dated 28 March 2019. The Purchase Consideration is thereby revised to RM89,200,000.00, in accordance with Clause 6.2 of the SPA as set out in Section 2.3.3 (iii) of the Company's announcement dated 28 December 2018.

The Fair Value of the Lands of RM98,120,000.00 as assessed by Raine & Horne International Zaki+Partners Sdn Bhd (the independent valuer) in its Valuation Report dated 16 May 2019, is higher than the Fair Value announced on 28 March 2019 of RM98,030,000.00, resulting in the higher Purchase Consideration.

The revised Purchase Consideration of RM89,200,000.00 will be satisfied via a combination of RM59,200,000.00 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).

b) 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.

The Proposed Acquisition was completed on 28 June 2019 and following the completion, Meinaide Holdings Group Limited has become a wholly-owned subsidiary of FHL under the PRG Group.

c) Proposed variation to the utilisation of proceeds arising from the Disposal of up to 60,480,000 ordinary shares in FHL

On 16 January 2019, the Company obtained approval from its shareholders to dispose up to 60,480,000 ordinary shares in FHL ("Furniweb Shares") ("Disposal Shares"), representing up to 12% equity interest in FHL, to buyer(s) to be identified and at price(s) to be determined later in the open market and/or via direct business transactions, in cash ("Disposal").

On 30 May 2019, the Company had disposed of 13,000,000 Furniweb Shares, representing 2.58% equity interest in FHL via direct business transactions for a total cash consideration of HKD26,000,000 (equivalent to RM13,900,042) at HKD2.00 (equivalent to RM1.0692) per Furniweb Share ("Disposal Price") ("Disposal").

On 4 June 2019, the Company had sold 1,052,000 Furniweb Shares, representing 0.21% equity interest in FHL in the open market for a total cash consideration of HKD2,998,200 (equivalent to RM1,600,679) at HKD2.85 (equivalent to RM1.5216) per Furniweb Share ("Disposal Price") ("Disposal").

On 20 June 2019, the Company announced that it proposes to vary the utilisation of proceeds arising from the Disposal ("Proposed Variation") from the purposes set out in the Company's circular to shareholders dated 31 December 2018 ("Circular for Disposal"). The Company proposes to utilise up to HKD28.5 million (equivalent to approximately RM15.13 million based on the exchange rate of HKD100: RM53.0962 (being the middle rate of Bank Negara Malaysia as at 5.00 p.m. on 4 July 2019, being the LPD)) to repay its borrowing with a licensed lender. The borrowing was utilised to finance PRG's subscription of ordinary shares in Capital World Limited, as announced on 21 December 2018.

On 24 July 2019, the Company obtained approval from its shareholders for the Proposed Variation.

**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 variation to the utilisation of proceeds arising from the Disposal of up to 60,480,000 ordinary shares in FHL (cont'd)

The status of the utilisation of the disposal proceeds as at 6 August 2019 is as follows:

	<b>Proposed utilisation* RM'000</b>	<b>Proceeds received to -date 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>
Working capital for on-going property	11,279	-	-	-	0%	-	Within 12 months
Working capital	9,000	-	-	-	0%	-	Within 12 months
Future potential investment/acquisition	50,914	-	-	-	0%	-	Within 12 months
Repayment of borrowing	15,132	15,132	15,132	-	0%	-	Within 12 months
Expenses in relation to the Disposal	5,776	369	362	-	0%	7	Within 2 months
	<u>92,101</u>	<u>15,501</u>	<u>15,494</u>	<u>-</u>		<u>7</u>	

\* Based on maximum scenario assuming the Disposal Shares are disposed at HKD2.8611 each (equivalent to approximately RM1.5228, being the 5D-VWAP of Furniweb Shares up to 27 December 2018, being the latest practicable date prior to the printing of the Circular for Disposal dated 31 December 2018).

- d) Proposed disposal of 60% equity interest in Premier De Muara Sdn. Bhd. ("PDMSB") by PRG Property Sdn. Bhd. ("PRG Property")

On 18 June 2019, PRG Property, a wholly-owned subsidiary of PRG, had received a letter of intent from Liveintent Sdn Bhd ("Liveintent" or the "Purchaser") for a conditional offer to purchase 150,000 ordinary shares in PDMSB, representing 60% equity interest in PDMSB.

On 26 July 2019, PRG, PRG Property Sdn. Bhd. and PDMSB had entered into a conditional share sale agreement ("SSA") with Liveintent for the proposed disposal of 150,000 ordinary shares representing 60% equity interest in PDMSB ("Sale Shares") by PRG Property to Liveintent for a cash consideration of RM7,200,000 ("Disposal Consideration"). The remaining 100,000 ordinary shares in PDMSB, representing 40% equity interest in PDMSB, is held by Almaharta Sdn Bhd ("Almaharta"), which is not a company within the PRG group of companies ("PRG Group").

- e) Proposed internal reorganisation

On 7 August 2019, the Company entered into a shares sale agreement with FHL ("Vendor") pursuant to which the Vendor agreed to sell, and the Company agreed to purchase, the entire equity interest of Premier Management International Limited ("PMIL"), a wholly-owned subsidiary of FHL, which comprises of one (1) ordinary share of HKD1.00 ("PMIL Sale Share"), at the consideration of RM608,581.21 (the "Disposal") subject to, among others, (i) the settlement of the intercompany balances, due and owing by the Company to FHL, pursuant to an assignment of debt agreement to be entered into among the Company, FHL and Premier Management International Limited in the sum of RM15,891,418.79 in full and (ii) the satisfaction of the conditions precedent contained in the shares sale agreement. Upon completion of the Proposed Acquisition of PMIL Sale Share, the Company will become the immediate holding company of PMIL Group.

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>30/6/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Current liabilities	<b>44,406</b>	27,725
Non-current liabilities	<b>18,664</b>	18,868
	<u><b>63,070</b></u>	<u>46,593</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	<b>28,914</b>	28,436
- Hong Kong Dollar	<b>29,766</b>	-
- United States Dollar	-	15,060
- Vietnamese Dong	<b>4,390</b>	3,097
	<u><b>63,070</b></u>	<u>46,593</u>

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**

	Quarter ended 30 June		Period ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Operating (loss)/profit is arrived at after charging/(crediting):				
Depreciation and amortisation	1,503	1,201	2,739	2,383
Impairment losses on trade receivables	5	1	5	2
Interest expense	1,074	269	1,900	556
Inventories written down	2	135	235	196
Net loss/(gain) on foreign exchange	(328)	(207)	32	161
Gain on disposals of property, plant and equipment	-	(4)	(59)	(191)
Interest income	(110)	(211)	(277)	(382)
Reversal of inventories written down	(2)	(48)	(2)	(48)

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 PER ORDINARY SHARE**

a) Basic loss per ordinary share

Basic loss per ordinary share is calculated by dividing the loss 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).

	Quarter ended 30 June		Period ended 30 June	
	2019	2018	2019	2018
Loss attributable to owners of the parent (RM'000)	(5,950)	(1,786)	(10,075)	(972)
Weighted average number of ordinary shares in issue ('000)	324,939	302,294	319,961	302,294
Basic loss per ordinary share (sen)	(1.83)	(0.59)	(3.15)	(0.32)

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

## b) Diluted loss per ordinary share

Diluted loss per ordinary share is calculated by dividing the loss 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.

	Quarter ended 30 June		Period ended 30 June	
	2019	2018	2019	2018
Loss attributable to owners of the parent (RM'000)	<b>(5,950)</b>	(1,786)	<b>(10,075)</b>	(972)
Weighted average number of ordinary shares in issue ('000)	<b>324,939</b>	302,294	<b>319,961</b>	302,294
Effect of dilution ('000)	<b>31,990</b>	56,424	<b>33,293</b>	56,424
Adjusted weighted average number of ordinary shares in issue ('000)	<b>356,929</b>	358,718	<b>353,254</b>	358,718
Diluted loss per ordinary share (sen)*	<b>(1.83)</b>	(0.59)	<b>(3.15)</b>	(0.32)

\* 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 30 June 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).

	As at	
	30/6/2019	31/12/2018 (Audited)
Total equity attributable to owners of the parent (RM'000)	<b>163,751</b>	131,958
Number of ordinary shares in issue ('000)	<b>334,405</b>	310,751
Number of shares repurchased ('000)	<b>(418)</b>	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	<b>333,987</b>	310,333
Net assets per share attributable to owners of the parent (RM)	<b>0.4903</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 19 August 2019.