

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020 - UNAUDITED**

|  | <b>Quarter ended<br/>30 September</b> |                                       | <b>Period ended<br/>30 September</b> |                                       |
|--|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
|  | <b>2020<br/>RM'000</b>                | <b>2019<br/>RM'000<br/>(restated)</b> | <b>2020<br/>RM'000</b>               | <b>2019<br/>RM'000<br/>(restated)</b> |
| <b><u>Continuing operations</u></b>  |                                       |                                       |                                      |                                       |
| <b>Revenue</b>   | <b>112,041</b>                        | 33,252                                | <b>160,711</b>                       | 75,371                                |
| Cost of sales  | <b>(99,150)</b>                       | (23,645)                              | <b>(133,615)</b>                     | (53,678)                              |
| <b>Gross profit</b>  | <b>12,891</b>                         | 9,607                                 | <b>27,096</b>                        | 21,693                                |
| Other income   | <b>5,919</b>                          | 611                                   | <b>10,890</b>                        | 1,693                                 |
| Selling and marketing expenses   | <b>(1,413)</b>                        | (3,895)                               | <b>(6,375)</b>                       | (7,752)                               |
| Administrative expenses  | <b>(7,666)</b>                        | (8,242)                               | <b>(22,076)</b>                      | (25,269)                              |
| Other expenses   | <b>(741)</b>                          | (756)                                 | <b>(1,673)</b>                       | (1,004)                               |
| Interest income  | <b>13,589</b>                         | 108                                   | <b>13,918</b>                        | 330                                   |
| Finance costs  | <b>(770)</b>                          | (1,033)                               | <b>(2,510)</b>                       | (2,541)                               |
| Share of loss of associates (net of tax)   | <b>(76)</b>                           | (218)                                 | <b>(345)</b>                         | (873)                                 |
| Share of profit of joint ventures (net of tax)   | <b>76</b>                             | 140                                   | <b>170</b>                           | 117                                   |
| <b>Profit/(Loss) before tax</b>  | <b>21,809</b>                         | (3,678)                               | <b>19,095</b>                        | (13,606)                              |
| Tax expense  | <b>(1,405)</b>                        | (345)                                 | <b>(2,064)</b>                       | (1,033)                               |
| <b>Profit/(Loss) from continuing operations</b>  | <b>20,404</b>                         | (4,023)                               | <b>17,031</b>                        | (14,639)                              |
| <b><u>Discontinued operations</u></b>  |                                       |                                       |                                      |                                       |
| Loss from discontinued operations  | -                                     | (737)                                 | <b>(1,618)</b>                       | (2,896)                               |
| <b>Profit/(Loss) for the financial period</b>  | <b>20,404</b>                         | (4,760)                               | <b>15,413</b>                        | (17,535)                              |
| <b>Other comprehensive (loss)/income</b>   |                                       |                                       |                                      |                                       |
| <b><u>Continuing operations</u></b>  |                                       |                                       |                                      |                                       |
| <b>Item that will not be reclassified<br/>subsequently to profit of loss</b>                       |                                       |                                       |                                      |                                       |
| Change in the fair value of equity instruments at<br>fair value through other comprehensive income | <b>(45)</b>                           | (1,733)                               | <b>(2,429)</b>                       | (15,471)                              |
| <b>Items that will be reclassified<br/>subsequently to profit of loss</b>                          |                                       |                                       |                                      |                                       |
| Foreign currency translations  | <b>(1,029)</b>                        | 258                                   | <b>2,527</b>                         | (191)                                 |
| Realisation of reserves from disposal<br>of a subsidiary   | -                                     | -                                     | <b>(1,382)</b>                       | -                                     |
| Share of other comprehensive (loss)/income<br>of an associate                                      | -                                     | (47)                                  | <b>11</b>                            | (8)                                   |
| Share of other comprehensive (loss)/income<br>of a joint venture                                   | <b>(35)</b>                           | 12                                    | <b>10</b>                            | (3)                                   |
| <b><u>Discontinued operations</u></b>  |                                       |                                       |                                      |                                       |
| Other comprehensive income/(loss) from<br>discontinued operations                                  | -                                     | 28                                    | -                                    | (15)                                  |
| <b>Total comprehensive income/(loss)<br/>for the financial period</b>                              | <b>19,295</b>                         | (6,242)                               | <b>14,150</b>                        | (33,223)                              |

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020 - UNAUDITED**

|   | <b>Quarter ended<br/>30 September</b> |                   | <b>Period ended<br/>30 September</b> |                   |
|---|---------------------------------------|-------------------|--------------------------------------|-------------------|
|   | <b>2020</b>                           | <b>2019</b>       | <b>2020</b>                          | <b>2019</b>       |
|   | <b>RM'000</b>                         | <b>RM'000</b>     | <b>RM'000</b>                        | <b>RM'000</b>     |
|   |                                       | <b>(restated)</b> |                                      | <b>(restated)</b> |
| <b>Profit/(Loss) attributable to:</b>   |                                       |                   |                                      |                   |
| Owners of the parent  |                                       |                   |                                      |                   |
| - from continuing operations  | <b>19,407</b>                         | (3,562)           | <b>15,339</b>                        | (12,924)          |
| - from discontinued operations  | -                                     | (379)             | <b>(545)</b>                         | (1,092)           |
| Non-controlling interests   |                                       |                   |                                      |                   |
| - from continuing operations  | <b>997</b>                            | (461)             | <b>1,692</b>                         | (1,715)           |
| - from discontinued operations  | -                                     | (358)             | <b>(1,073)</b>                       | (1,804)           |
|   | <b>20,404</b>                         | (4,760)           | <b>15,413</b>                        | (17,535)          |
| <b>Total comprehensive income/(loss) attributable to:</b>   |                                       |                   |                                      |                   |
| Owners of the parent  |                                       |                   |                                      |                   |
| - from continuing operations  | <b>18,785</b>                         | (5,177)           | <b>13,541</b>                        | (28,532)          |
| - from discontinued operations  | -                                     | (365)             | <b>(545)</b>                         | (1,103)           |
| Non-controlling interests   |                                       |                   |                                      |                   |
| - from continuing operations  | <b>510</b>                            | (356)             | <b>2,227</b>                         | (1,780)           |
| - from discontinued operations  | -                                     | (344)             | <b>(1,073)</b>                       | (1,808)           |
|   | <b>19,295</b>                         | (6,242)           | <b>14,150</b>                        | (33,223)          |
| <b>Basic/Diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen):</b> |                                       |                   |                                      |                   |
| - from continuing operations  | <b>4.67</b>                           | (1.10)            | <b>3.73</b>                          | (4.04)            |
| - from discontinued operations  | -                                     | (0.12)            | <b>(0.13)</b>                        | (0.34)            |
|   | <b>4.67</b>                           | (1.22)            | <b>3.60</b>                          | (4.38)            |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020 - UNAUDITED**

|   | Notes | As at<br>30 September<br>2020<br>RM'000 | (Audited)<br>As at<br>31 December<br>2019<br>RM'000 |
|---|-------|---|---|
| <b>Non-current assets</b>                         |       |   |   |
| Property, plant and equipment                     |       | 24,748                                  | 25,799  |
| Right-of-use assets                               |       | 35,601                                  | 36,144  |
| Intangible assets                                 |       | 33,610                                  | 32,974  |
| Investments in associates                         |       | 1,934                                   | 1,934   |
| Investments in joint ventures                     |       | 1,290                                   | 1,111   |
| Other investments                                 |       | 4,023                                   | 6,452   |
| Trade and other receivables                       |       | 57,149                                  | 4,730   |
| Deferred tax assets                               |       | 382                                     | 381   |
| <b>Total non-current assets</b>                   |       | <u>158,737</u>                          | <u>109,525</u>                                      |
| <b>Current assets</b>                             |       |   |   |
| Inventories                                       |       | 62,069                                  | 59,788  |
| Biological assets                                 |       | 82,385                                  | 83,100  |
| Trade and other receivables                       |       | 72,032                                  | 63,350  |
| Contract assets                                   |       | 4,570                                   | 5,625   |
| Current tax assets                                |       | 539                                     | 585   |
| Cash and bank balances                            |       | 31,468                                  | 23,386  |
| <b>Total current assets</b>                       |       | <u>253,063</u>                          | <u>235,834</u>                                      |
| Assets classified as held for sale                |       | -                                       | 244,330   |
| <b>Total assets</b>                               |       | <u><u>411,800</u></u>                   | <u><u>589,689</u></u>                               |
| <b>Equity</b>                                     |       |   |   |
| Share capital                                     |       | 144,530                                 | 134,975   |
| Treasury shares                                   |       | (87)                                    | (87)  |
| Exchange translation differences                  |       | (674)                                   | (4,080)   |
| Fair value reserve                                |       | (24,304)                                | (21,875)  |
| Retained earnings                                 |       | 61,881                                  | 49,862  |
| <b>Total attributable to owners of the parent</b> |       | <u>181,346</u>                          | 158,795   |
| Non-controlling interests                         |       | 61,189                                  | 60,748  |
| <b>Total equity</b>                               |       | <u>242,535</u>                          | 219,543   |
| <b>Non-current liabilities</b>                    |       |   |   |
| Borrowings  | B7    | 19,041                                  | 20,465  |
| Trade and other payables                          |       | 12,028                                  | 11,990  |
| Lease liabilities                                 |       | 12,236                                  | 16,106  |
| Deferred tax liabilities                          |       | 1,836                                   | 1,894   |
| <b>Total non-current liabilities</b>              |       | <u>45,141</u>                           | 50,455  |

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020 - UNAUDITED**

|  |              | <b>As at<br/>30 September<br/>2020<br/>RM'000</b> | (Audited)<br>As at<br>31 December<br>2019<br>RM'000 |
|--|--------------|---|---|
|  | <b>Notes</b> |   |   |
| <b>Current liabilities</b>                                     |              |   |   |
| Borrowings   | B7           | <b>2,532</b>                                      | 12,534  |
| Trade and other payables                                       |              | <b>112,516</b>                                    | 121,591   |
| Contract liabilities   |              | <b>263</b>  | 2,109   |
| Lease liabilities  |              | <b>5,094</b>                                      | 4,059   |
| Current tax liabilities  |              | <b>3,719</b>                                      | 2,732   |
| <b>Total current liabilities</b>                               |              | <b>124,124</b>                                    | 143,025   |
| Liabilities directly associated with the assets held for sale  |              | -   | 176,666   |
| <b>Total liabilities</b>                                       |              | <b>169,265</b>                                    | 370,146   |
| <b>Total equity and liabilities</b>                            |              | <b>411,800</b>                                    | 589,689   |
| Net assets per share attributable to owners of the parent (RM) | B12          | <b>0.4223</b>                                     | 0.3941  |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020 - UNAUDITED**

|   | <----- Attributable to owners of the parent -----> |                              |  |                               |                                 |                                |                 |  |                           |
|---|--|------------------------------|--|-------------------------------|---------------------------------|--------------------------------|-----------------|--|---------------------------|
|   | <-----Non-distributable----->                      |                              |  | Distributable                 |                                 |                                |                 |  |                           |
|   | Share<br>capital<br>RM'000                         | Treasury<br>shares<br>RM'000 | Exchange<br>translation<br>differences<br>RM'000 | Warrants<br>reserve<br>RM'000 | Fair value<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| <u>9 months ended 30 September 2019</u>   |  |                              |  |                               |                                 |                                |                 |  |                           |
| Balance as at 1 January 2019  | 83,289   | (87)                         | (2,881)  | 3,713                         | -                               | 47,924                         | 131,958         | 40,199                                     | 172,157                   |
| Loss for the financial period   | -  | -                            | -  | -                             | -                               | (14,016)                       | (14,016)        | (3,519)                                    | (17,535)                  |
| Change in the fair value of equity investments at fair value through other comprehensive income | -  | -                            | -  | -                             | (15,471)                        | -                              | (15,471)        | -  | (15,471)                  |
| Foreign currency translations, net of tax   | -  | -                            | (137)  | -                             | -                               | -                              | (137)           | (69)                                       | (206)                     |
| Share of other comprehensive loss of an associate, net of tax                                   | -  | -                            | (8)  | -                             | -                               | -                              | (8)             | -  | (8)                       |
| Share of other comprehensive loss of a joint venture, net of tax                                | -  | -                            | (3)  | -                             | -                               | -                              | (3)             | -  | (3)                       |
| Total comprehensive loss  | -  | -                            | (148)  | -                             | (15,471)                        | (14,016)                       | (29,635)        | (3,588)                                    | (33,223)                  |
| Ordinary shares issued pursuant to exercise of Warrants   | 21,686   | -                            | -  | (2,091)                       | -                               | -                              | 19,595          | -  | 19,595                    |
| Shares acquired by non-controlling interests  | -  | -                            | -  | -                             | -                               | 47,015                         | 47,015          | 42,747                                     | 89,762                    |
| Non-controlling interests acquired in a new subsidiary  | -  | -                            | -  | -                             | -                               | -                              | -               | 877  | 877                       |
| Transfer of warrant reserve to retained earnings upon expiry                                    | -  | -                            | -  | (1,622)                       | -                               | 1,622                          | -               | -  | -                         |
| Balance as at 30 September 2019   | 104,975  | (87)                         | (3,029)  | -                             | (15,471)                        | 82,545                         | 168,933         | 80,235                                     | 249,168                   |
| <u>9 months ended 30 September 2020</u>   |  |                              |  |                               |                                 |                                |                 |  |                           |
| Balance as at 1 January 2020  | 134,975  | (87)                         | (4,080)  | -                             | (21,875)                        | 49,862                         | 158,795         | 60,748                                     | 219,543                   |
| Profit for the financial period   | -  | -                            | -  | -                             | -                               | 14,794                         | 14,794          | 619  | 15,413                    |
| Change in the fair value of equity investments at fair value through other comprehensive income | -  | -                            | -  | -                             | (2,429)                         | -                              | (2,429)         | -  | (2,429)                   |
| Foreign currency translations   | -  | -                            | 1,992  | -                             | -                               | -                              | 1,992           | 535  | 2,527                     |
| Realisation of reserves from disposal of a subsidiary   | -  | -                            | 1,393  | -                             | -                               | (2,775)                        | (1,382)         | -  | (1,382)                   |
| Share of other comprehensive income of an associate, net of tax                                 | -  | -                            | 11   | -                             | -                               | -                              | 11              | -  | 11                        |
| Share of other comprehensive income of a joint venture, net of tax                              | -  | -                            | 10   | -                             | -                               | -                              | 10              | -  | 10                        |
| Total comprehensive income/(loss)   | -  | -                            | 3,406  | -                             | (2,429)                         | 12,019                         | 12,996          | 1,154                                      | 14,150                    |
| Ordinary shares issued pursuant to Private Placement exercise                                   | 9,555  | -                            | -  | -                             | -                               | -                              | 9,555           | -  | 9,555                     |
| Disposal of a non wholly-owned subsidiary   | -  | -                            | -  | -                             | -                               | -                              | -               | (836)                                      | (836)                     |
| Non-controlling interests acquired in a subsidiary  | -  | -                            | -  | -                             | -                               | -                              | -               | 123  | 123                       |
| Balance as at 30 September 2020   | 144,530  | (87)                         | (674)  | -                             | (24,304)                        | 61,881                         | 181,346         | 61,189                                     | 242,535                   |

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020 - UNAUDITED**

|  | <b>Period ended<br/>30 September</b> |                        |
|--|--------------------------------------|------------------------|
|  | <b>2020<br/>RM'000</b>               | <b>2019<br/>RM'000</b> |
| <b>Cash flows from operating activities</b>  |                                      |                        |
| Profit/(Loss) before tax from:   |                                      |                        |
| Continuing operations  | <b>19,095</b>                        | (13,606)               |
| Discontinued operations  | <b>(1,618)</b>                       | (2,904)                |
| Adjustments for:   |                                      |                        |
| Non-cash items   | <b>(6,791)</b>                       | 5,892                  |
| Finance costs  | <b>2,742</b>                         | 3,156                  |
| Interest income  | <b>(13,920)</b>                      | (386)                  |
| Share of loss of associates  | <b>345</b>                           | 873                    |
| Share of profit of joint ventures  | <b>(170)</b>                         | (117)                  |
| Operating loss before changes in working capital   | <b>(317)</b>                         | (7,092)                |
| Change in inventories  | <b>(2,176)</b>                       | (6,615)                |
| Change in trade and other receivables  | <b>16,810</b>                        | 3,470                  |
| Change in contract assets  | <b>1,163</b>                         | (1,983)                |
| Change in trade and other payables   | <b>(23,190)</b>                      | 14,112                 |
| Change in contract liabilities   | <b>3,833</b>                         | 3,316                  |
| Cash (used in)/generated from operations   | <b>(3,877)</b>                       | 5,208                  |
| Tax refunded/(paid) (net)  | <b>277</b>                           | (1,456)                |
| Net cash (used in)/generated from operating activities   | <b>(3,600)</b>                       | 3,752                  |
| <b>Cash flows from investing activities</b>  |                                      |                        |
| Acquisition of property, plant and equipment and intangible assets                               | <b>(615)</b>                         | (9,296)                |
| Acquisition of right-of-use assets   | <b>(3,759)</b>                       | -                      |
| Investment in a quoted share   | -                                    | (28,327)               |
| Acquisitions of subsidiaries   | -                                    | 2,143                  |
| Repayments from joint ventures   | <b>14</b>                            | 293                    |
| Advances to associates   | <b>(511)</b>                         | -                      |
| Dividends received from a joint venture  | -                                    | 205                    |
| Interest received  | <b>361</b>                           | 386                    |
| Proceeds from disposals of property, plant and equipment   | <b>61</b>                            | 110                    |
| Proceeds from disposals of shares in a subsidiary  | -                                    | 15,505                 |
| Net cash flows from disposal of subsidiaries   | <b>7,067</b>                         | -                      |
| Deposits placed with financial institutions with original maturity of more than three (3) months | <b>(3,725)</b>                       | (19)                   |
| Net cash used in investing activities  | <b>(1,107)</b>                       | (19,000)               |
| <b>Cash flows from financing activities</b>  |                                      |                        |
| Interest paid  | <b>(2,423)</b>                       | (3,156)                |
| Drawdown of borrowings   | <b>7,497</b>                         | 35,479                 |
| Repayments of borrowings   | <b>(19,402)</b>                      | (38,543)               |
| Repayments of lease liabilities  | <b>(1,325)</b>                       | (1,200)                |
| Proceeds from issuance of ordinary shares pursuant to exercise of Warrants                       | -                                    | 19,595                 |
| Proceeds from issuance of ordinary shares pursuant to Private Placement exercise                 | <b>9,678</b>                         | -                      |
| Advances from shareholders   | <b>20,084</b>                        | -                      |
| Net cash generated from financing activities   | <b>14,109</b>                        | 12,175                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                      | <b>9,402</b>                         | (3,073)                |
| Effects of exchange rate changes   | <b>234</b>                           | (240)                  |
| Cash and cash equivalents at beginning of financial period                                       | <b>14,295</b>                        | 25,768                 |
| Cash and cash equivalents reclassified as held for sale at beginning of financial period         | <b>(5,168)</b>                       | -                      |
| Cash and cash equivalents reclassified as held for sale at end of financial period               | -                                    | 7,707                  |
| <b>Cash and cash equivalents at end of financial period</b>                                      | <b>18,763</b>                        | 30,162                 |

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020 - UNAUDITED**

|   | <b>Period ended<br/>30 September</b> |                        |
|---|--------------------------------------|------------------------|
|   | <b>2020<br/>RM'000</b>               | <b>2019<br/>RM'000</b> |
| Cash and cash equivalents comprise:   |                                      |                        |
| Cash and bank balances  | <b>31,468</b>                        | 31,332                 |
| Less: Bank overdraft  | <b>(275)</b>                         | (422)                  |
| Deposits placed with financial institutions with original maturity of<br>more than three (3) months | <b>(11,703)</b>                      | (666)                  |
| Restricted cash   | <b>(727)</b>                         | (82)                   |
|   | <b>18,763</b>                        | 30,162                 |
| <b>Reconciliation of liabilities arising from financing activities</b>                              |                                      |                        |
| Borrowings at 1 January **  | <b>32,615</b>                        | 38,011                 |
| Cash flows  | <b>(11,905)</b>                      | (3,064)                |
| Non-cash flows:   |                                      |                        |
| - Borrowings of subsidiary acquired   | -                                    | 43                     |
| - Borrowings reclassified to liabilities directly associated with<br>the assets held for sale       |                                      | (130)                  |
| - Accrued interest  | <b>190</b>                           | -                      |
| - Effect of foreign exchange  | <b>398</b>                           | 177                    |
| Borrowings at 30 September **   | <b>21,298</b>                        | 35,037                 |
| ** Borrowings exclude bank overdraft  |                                      |                        |
| Lease liabilities at 1 January  | <b>20,165</b>                        | -                      |
| Cash flows  | <b>(1,325)</b>                       | (1,200)                |
| Non-cash flows:   |                                      |                        |
| - Acquisition of right-of-use assets  | <b>97</b>                            | 27,918                 |
| - Right-of-use assets of subsidiary acquired  | -                                    | 511                    |
| - Unwinding of interest   | <b>9</b>                             | -                      |
| - Rental reduction and waiver   | <b>(1,704)</b>                       | -                      |
| - Movement in lease liabilities associated with the assets held for sale                            | <b>13</b>                            | -                      |
| - Effect of foreign exchange  | <b>75</b>                            | 135                    |
| Lease liabilities at 30 September   | <b>17,330</b>                        | 27,364                 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019. The 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 financial year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for the new 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 2020:

| <b>Title</b>  | <b>Effective Date</b> |
|---|-----------------------|
| <i>Amendments to References to the Conceptual Framework in MFRS Standards</i>   | 1 January 2020        |
| <i>Amendments to MFRS 3 Definition of a Business</i>                            | 1 January 2020        |
| <i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>               | 1 January 2020        |
| <i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i> | 1 January 2020        |
| <i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>                   | 1 June 2020           |

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.



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

The report of the auditors to members of the Company dated 6 May 2020 on the audited financial statements for the financial year ended 31 December 2019 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 under review, the Company increased its issued and paid up share capital from 402,882,721 to 429,439,421 via the following allotment and issuance of 26,556,700 new ordinary shares pursuant to the Private Placement that was announced on 3 December 2019:

- allotment and issuance of 5,737,700 new ordinary shares at an issue price of RM0.61 per ordinary share on 24 February 2020.
- allotment and issuance of 6,091,200 new ordinary shares at an issue price of RM0.5746 per ordinary share on 4 March 2020.
- allotment and issuance of 2,727,800 new ordinary shares at an issue price of RM0.1833 per ordinary share on 27 May 2020.
- allotment and issuance of 7,000,000 new ordinary shares at an issue price of RM0.16 per ordinary share on 14 July 2020.
- allotment and issuance of 5,000,000 new ordinary shares at an issue price of RM0.187 per ordinary share on 18 August 2020.

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during financial period 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:

|  | Continuing operations   |                  |   |                       |                  |                        | Discontinued operations |                 |
|--|-------------------------|------------------|---|-----------------------|------------------|------------------------|-------------------------|-----------------|
|  | Manufacturing<br>RM'000 | Retail<br>RM'000 | Property<br>development<br>& construction<br>RM'000 | Agriculture<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000         | Total<br>RM'000 |
| <u>For the period ended 30 September 2019 (restated)</u> |                         |                  |   |                       |                  |                        |                         |                 |
| Revenue  |                         |                  |   |                       |                  |                        |                         |                 |
| Revenue from external customers                          | 68,078                  | 4,696            | 2,597   | -                     | -                | -                      | 75,371                  | 89,825          |
| Inter-segment revenue                                    | 17,629                  | -                | 7,995   | -                     | -                | (25,624)               | -                       | -               |
| Total revenue  | 85,707                  | 4,696            | 10,592  | -                     | -                | (25,624)               | 75,371                  | 89,825          |
| Segment results  | 3,771                   | (4,250)          | (8,490)   | -                     | (3,881)          | -                      | (12,850)                | (15,754)        |
| Share of profit/(loss) of joint ventures (net of tax)    | 164                     | -                | -   | -                     | (47)             | -                      | 117                     | 117             |
| Share of loss of associates (net of tax)                 | (553)                   | -                | (15)  | -                     | (305)            | -                      | (873)                   | (873)           |
| Profit/(Loss) before tax                                 | 3,382                   | (4,250)          | (8,505)   | -                     | (4,233)          | -                      | (13,606)                | (16,510)        |
| Tax expense  |                         |                  |   |                       |                  |                        | (1,033)                 | (1,025)         |
| Loss for the financial period                            |                         |                  |   |                       |                  |                        | (14,639)                | (17,535)        |
| <u>For the period ended 30 September 2020</u>            |                         |                  |   |                       |                  |                        |                         |                 |
| Revenue  |                         |                  |   |                       |                  |                        |                         |                 |
| Revenue from external customers                          | 68,953                  | 2,107            | 89,310  | 341                   | -                | -                      | 160,711                 | 159,928         |
| Inter-segment revenue                                    | 157                     | -                | 2,849   | -                     | -                | (3,006)                | -                       | -               |
| Total revenue  | 69,110                  | 2,107            | 92,159  | 341                   | -                | (3,006)                | 160,711                 | 159,928         |
| Segment results  | 9,674                   | (4,423)          | 4,566   | (1,632)               | 11,085           | -                      | 19,270                  | 17,652          |
| Share of profit of a joint venture (net of tax)          | 170                     | -                | -   | -                     | -                | -                      | 170                     | 170             |
| Share of loss of associates (net of tax)                 | (345)                   | -                | -   | -                     | -                | -                      | (345)                   | (345)           |
| Profit/(Loss) before tax                                 | 9,499                   | (4,423)          | 4,566   | (1,632)               | 11,085           | -                      | 19,095                  | 17,477          |
| Tax expense  |                         |                  |   |                       |                  |                        | (2,064)                 | (2,064)         |
| Profit/(Loss) for the financial period                   |                         |                  |   |                       |                  |                        | 17,031                  | 15,413          |

**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 following:

- Upon completion of the shares sale agreement on 14 January 2020, PRG Active Sdn Bhd became a wholly-owned subsidiary of PRG Healthcare Sdn Bhd, a wholly-owned subsidiary of the Company.
- On 8 September 2020, the Group undertook an internal reorganisation where Premier Management International Limited acquired one (1) ordinary share representing 100% equity interest in PRG Land Sdn Bhd from PRG Asset Holdings Sdn Bhd for a consideration of RM1.00.

**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 2019.

**A12 CAPITAL COMMITMENTS**

|  | <b>As at<br/>30/9/2020<br/>RM'000</b> |
|--|---------------------------------------|
| Contracted but not provided for:               |                                       |
| - Acquisition of property, plant and equipment | <u>292</u>                            |

**A13 MATERIAL RELATED PARTY TRANSACTIONS**

|  | <b>Quarter ended<br/>30 September</b> |               | <b>Period ended<br/>30 September</b> |               |
|--|---------------------------------------|---------------|--------------------------------------|---------------|
|  | <b>2020</b>                           | <b>2019</b>   | <b>2020</b>                          | <b>2019</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>211</b>                            | 288           | <b>1,301</b>                         | 1,636         |
| <u>Transaction with corporation in which Director<br/>of an associate has interest</u> |                                       |               |                                      |               |
| Sale of goods  | <b>250</b>                            | 81            | <b>738</b>                           | 444           |

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**

Following the proposed disposal of Premier De Muara Sdn Bhd ("PDMSB"), the results of PDMSB for the current and previous financial periods have been classified as discontinued operations. Please refer to Note B6(a) for further details of the proposed disposal.

Following the proposed disposal of Premier Elastic Webbing & Accessories Co., Ltd. ("PEWA"), the results of PEWA for the current financial period ceased to be accounted for in the Group's unaudited condensed consolidated financial statements while the results for the previous financial period have been classified as discontinued operations. Please refer to Note B6(b) for further details of the proposed disposal.

The Group's revenue of RM112.0 million for third quarter of 2020 was RM78.7 million higher than the RM33.3 million revenue reported in the corresponding quarter of the preceding year. The Group's revenue for the 9 months ended 30 September 2020 was RM160.7 million, representing RM85.3 million increase as compared to revenue of RM75.4 million recorded in the corresponding period of the preceding year.

The Group recorded a profit before tax of RM20.4 million in the third quarter of 2020, which was RM25.2 million higher than loss before tax of RM4.8 million reported in the corresponding quarter of the preceding year. Profit before tax for the 9 months ended 30 September 2020 was RM15.4 million, representing improvement of RM32.9 million as compared to loss before tax of RM17.5 million recorded in corresponding period of the preceding year.

Increase in the Group's revenue and profit before tax during the current quarter and period ended 30 September 2020 was mainly due to the one-off realisation of previously unrealised intercompany revenue, profits and interest income upon the disposal of PDMSB to third party in third quarter of 2020.

**a) Manufacturing**

The revenue of RM25.8 million from manufacturing segment for the third quarter of 2020 was RM2.6 million lower than RM28.4 million recorded in the corresponding quarter of 2019. The segment's revenue for the 9 months ended 30 September 2020 of RM69.0 million was RM0.9 million higher than RM68.1 million recorded in corresponding period of the preceding year.

The profit before tax of RM3.1 million from manufacturing segment for the third quarter of 2020 was RM0.7 million higher than RM2.4 million recorded in the corresponding quarter of 2019. The segment's profit before tax for the 9 months ended 30 September 2020 of RM9.5 million was RM6.1 million higher than RM3.4 million recorded in corresponding period of the preceding year.

The decrease in revenue of RM2.6 million for manufacturing segment for the third quarter of 2020 was mainly due to decrease in sales volume of certain products resulted from the lockdown and movement restrictions order implemented by various countries, which impacted the global supply chain. The increase in revenue of RM0.9 million for manufacturing segment for 9 months ended 30 September 2020 was mainly due to additional revenue contributed by the newly acquired subsidiary in June 2019 of approximately RM12.0 million (2019: RM6.5 million) offset by the decrease in sales volume for elastic textile and webbing.

The increase in profit before tax of RM6.1 million for manufacturing segment during the 9 months ended 30 September 2020 was mainly due to the recognition of one-off gain on disposal of PEWA of RM3.2 million, lower professional fees incurred as compared to the corresponding period of the preceding year and the improved gross profit margin of certain manufacturing subsidiaries.

**b) Retail**

The retail segment recorded RM0.8 million revenue for the third quarter of 2020, which was RM1.9 million lower than RM2.7 million recorded in the corresponding quarter of 2019. The segment's revenue for the 9 months ended 30 September 2020 of RM2.1 million was RM2.6 million lower than RM4.7 million recorded in corresponding period of the preceding year.

The retail segment's loss before tax of RM0.6 million for the third quarter of 2020 was improved by RM0.9 million as compared to RM1.5 million recorded in the corresponding quarter of 2019. The segment's loss before tax for the 9 months ended 30 September 2020 of RM4.4 million was RM0.1 million higher than RM4.3 million recorded in corresponding period of the preceding year.

The decrease in revenue and increase in loss before tax for retail segment during current period ended 30 September 2020 was mainly due to the outbreak of the COVID-19 pandemic since January 2020, which led to a decrease in the tourists arrival and the deterioration of overall consumers' spending during current financial period.

**c) Property development & construction**

The property development & construction segment recorded RM85.2 million revenue for the third quarter of 2020, which was RM83.1 million higher than RM2.1 million recorded in the corresponding quarter of 2019. The segment's revenue for the 9 months ended 30 September 2020 of RM89.3 million was RM86.7 million higher than RM2.6 million recorded in corresponding period of the preceding year.

**B1 ANALYSIS OF PERFORMANCE (continued)**

c) Property development & construction (continued)

Profit before tax of RM7.9 million from property development & construction segment for the third quarter of 2020 was RM10.8 million higher than loss before tax of RM2.9 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 9 months ended 30 September 2020 of RM4.6 million was RM13.1 million higher than loss before tax of RM8.5 million recorded in corresponding period of the preceding year.

The increase in revenue and profit before tax for the current quarter and for the 9 months ended 30 September 2020 for property development & construction segment was mainly due to the one-off realisation of previously unrealised revenue and profits on intercompany construction works for Picasso Residence upon the disposal of PDMSB to third party, one-off gain on disposal of PDMSB of RM5.6 million, and recognition of the progress of property development project, Embayu @ Damansara West (where project's construction works has not commenced in the corresponding period of 2019).

d) Agriculture

The agriculture segment recorded revenue of approximately RM0.3 million from the sales of teak logs and loss before tax of RM1.6 million during the current period ended 30 September 2020. The loss before tax is mainly due to the professional fees and expenses incurred for financing facility and slower harvesting and selling of teak logs activities during current financial period, which impacted by the COVID-19 pandemic.

e) Others

The others segment recorded profit before tax of RM11.1 million for the 9 months ended 30 September 2020, which was RM15.3 million higher than loss before tax of RM4.2 million recorded in corresponding period of the preceding year, mainly due to the realisation of previously unrealised interest income of RM11.1 million on intercompany advances upon disposal of PDMSB to third party and interest income on advances.

**B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The Group recorded revenue of RM112.0 million and profit before tax of RM20.4 million for the current quarter ended 30 September 2020 as compared to revenue of RM21.2 million and loss before tax of RM2.5 million for the immediate preceding quarter. The increase in revenue and profit before tax as compared to the immediate preceding quarter is mainly due to one-off realisation of previously unrealised intercompany revenue, profits and interest income upon the disposal of PDMSB to third party in third quarter of 2020.

**B3 PROSPECTS FOR CURRENT FINANCIAL YEAR**

The global outlook remains bleak as the pandemic resurgence in many countries poses difficult economy versus health decisions. Also the ongoing trade war, volatility in currency, disruption in global supply chain and the intensifying regional business competition have made our operating environment extremely challenging and difficult to predict. In view of the increasing pandemic risk, the manufacturing and retail segments are continually reviewing the demand and supply situation and cost mitigation measures to ensure business continuity and longer term sustainability. As the segments reorganise themselves to meet the operating environment of the new normal, the segment are optimistic that they will prevail.

The property market in Malaysia remains challenging with issues such as affordability, slower economic growth, high levels of unsold units as well as the property supply-demand imbalance. Consumer sentiment is also going to remain weak as employment risks become higher with small business being affected by the Movement Control Order implemented in Malaysia. Fear over the impact of the COVID-19 pandemic on the economy slowdown and over supply situation is also delaying big-ticket item purchases as consumers take a wait-and-see approach. However, reduction in or suspension of stamp duty and real property gains tax would be welcomed to encourage property purchases. It would be a splendid idea to hold another home ownership campaign to clear unsold stocks this year.

The Group has since shifted the focus into affordable property projects going forward where demand for properties priced below RM500,000 is within the affordable range of the middle income households and constitute more than 50% of our country's population. We strongly believe that the affordable properties will be in demand especially in the prime areas of Selangor and Kuala Lumpur. We hope the Overnight Policy Rate reductions during this year by Bank Negara Malaysia, will spur a demand in purchase of properties during the year.

The Group had ventured into the harvesting/logging of teak trees through the acquisition of two parcels of land in Kelantan which was completed on 29 November 2019. The Group will endeavour to finalise and secure demand for the teak logs.

Amidst the economic slowdown, the Group shall closely monitor and take the conservative steps to sustain the performance of the existing business ventures as well as continuing to explore and consider new ventures or business activities which are synergistic to the operations of the Group.

**B4 PROFIT FORECAST**

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

**B5 INCOME TAX EXPENSE**

|                                | Quarter ended<br>30 September |            | Period ended<br>30 September |            |
|--------------------------------|-------------------------------|------------|------------------------------|------------|
|                                | 2020                          | 2019       | 2020                         | 2019       |
|                                | RM'000                        | RM'000     | RM'000                       | RM'000     |
|                                |                               | (Restated) |                              | (Restated) |
| <b>Continuing operations:</b>  |                               |            |                              |            |
| Current tax expense            |                               |            |                              |            |
| - Malaysia                     | 1,066                         | 97         | 1,252                        | 202        |
| - Overseas                     | 372                           | 260        | 916                          | 843        |
|                                | 1,438                         | 357        | 2,168                        | 1,045      |
| Deferred tax                   | (33)                          | (12)       | (104)                        | (12)       |
|                                | 1,405                         | 345        | 2,064                        | 1,033      |
| <b>Discontinued operations</b> | -                             | 12         | -                            | (8)        |

The effective tax rates of the Group for the current quarter and period ended 30 September 2020 were lower than the statutory tax rate as certain profits were not taxable in nature for tax purposes.

**B6 STATUS OF CORPORATE PROPOSALS**

## a) Proposed Disposal of 60% equity interest in 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 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").

On 19 February 2020, PRG, PRG Property, PDMSB and Liveintent had executed a supplemental agreement to vary the clauses in relation to the manner of payment of the Disposal Consideration and to extend the Cut-Off Date for a further period of 6 months to fulfil the Conditions Precedent as stated in the SSA dated 26 July 2019.

On 10 June 2020, the Board was pleased to announce that the ordinary resolution for the proposed disposal was duly passed by the shareholders at the Extraordinary General Meeting of the Company.

On 3 July 2020, PRG announced that the disposal has been completed on 2 July 2020 in accordance with the fulfilment of the Conditions Precedent of the SSA and supplemental agreement.

## b) Proposed Disposal of PEWA

On 7 October 2019, PRG announced that FHL had entered into a binding term sheet with an independent third party potential purchaser on 4 October 2019 for the sale of PEWA, a subsidiary of FHL, principally engaged in the manufacture and sale of narrow elastic fabrics ("Premier Elastic Disposal").

On 13 January 2020, PRG announced that PEWA, Furniweb Vietnam Shareholdings Co., Ltd. ("Furniweb Vietnam") (an indirect wholly-owned subsidiary of FHL) and Webtex Trading Sdn Bhd ("Webtex") (an indirect wholly-owned subsidiary of FHL) had on 10 January 2020 entered into a capital transfer agreement with Four K Investment Limited ("Four K") for the transfer of the entire registered and paid-in charter capital of USD2,100,000 of PEWA, which is contributed and held as to 57.14% by Furniweb Vietnam and 42.86% by Webtex for a cash consideration of USD2,945,911 (equivalent to approximately RM12,028,155).

The financial results of PEWA ceased to be accounted for in the Group's unaudited condensed consolidated financial statements during the current financial period as the power over PEWA, exposure, or rights, to variable returns were passed on to purchaser during the period. The completion of the disposal of PEWA is pending the reconciliation and settlement of intercompany loans and debts owed by PEWA which expected to be completed by fourth quarter of 2020.

**B6 STATUS OF CORPORATE PROPOSALS (continued)**

- c) Proposed disposal or subscription of 35% equity interest in Premier Management International Limited ("PMIL")

On 8 November 2019, PRG announced that FHL had entered into a subscription agreement with Ignatius International Private Limited (formerly known as JFCA Pte Ltd) ("Ignatius") as the subscriber to subscribe for 35% of the equity interests of the PMIL, the wholly-owned subsidiary of FHL at the subscription price of RM6,450,000 (equivalent to approximately HK\$12,180,000).

As at the date of announcement, the proposed subscription has not been completed.

- d) Proposed Private Placement of up to 40,288,200 new ordinary shares in PRG ("Placement Shares") ("Private Placement")

On 3 December 2019, TA Securities Holdings Berhad announced on behalf of the Board on the Private Placement of 40,288,200 Placement Shares representing up to 10% of the total number of 402,882,721 issued shares of PRG (excluding 417,800 treasury shares). Bursa Malaysia Securities Berhad had, vide its letter dated 10 December 2019, approved the listing of and quotation for the Placement Shares to be issued pursuant to the Private Placement. The Proposed Private Placement is valid for 6 months from 10 December 2019 and expired on 9 June 2020.

On 24 February 2020, a total number of 5,737,700 of PRG shares were allotted and issued pursuant to the Private Placement, representing 14.24% of the Placement Shares for a total cash consideration of RM3,499,997.00 at issue price of RM0.61 per PRG share. On 4 March 2020, another 6,091,200 of PRG shares were allotted and issued pursuant to the Private Placement, representing 15.12% of the Placement Shares for a total cash consideration of RM3,500,003.52 at issue price of RM0.5746 per PRG share.

On 27 May 2020, a further number of 2,727,800 of PRG shares were allotted and issued pursuant to the Private Placement, representing 6.77% of the Placement Shares for a total cash consideration of RM500,005.74 at issue price of RM0.1833 per PRG share.

On 2 June 2020, TA Securities Holdings Berhad announced on behalf of the Board that the Bursa Securities had vide its letter dated 1 June 2020, granted the Company an extension of time until 30 August 2020 to complete the implementation of the Private Placement subsequent to the submission of the application for extension of time by the Company on 22 May 2020.

On 14 July 2020, a total number of 7,000,000 of PRG shares were allotted and issued pursuant to the Private Placement, representing 17.37% of the Placement Shares for a total cash consideration of RM1,120,000.00 at issue price of RM0.16 per PRG share. On 18 August 2020, another 5,000,000 of PRG shares were allotted and issued pursuant to the Private Placement, representing 12.41% of the Placement Shares for a total cash consideration of RM935,000.00 at issue price of RM0.187 per PRG share.

The status of the utilisation of the Private Placement proceeds as at the date of announcement is as follows:

|  | Proceeds                     |                      |                       |           |    | Balance<br>unutilised | Expected<br>time frame |
|--|------------------------------|----------------------|-----------------------|-----------|----|-----------------------|------------------------|
|  | Proposed<br>utilisation<br>* | received to<br>-date | Actual<br>utilisation | Deviation |    |                       |                        |
|  | RM'000                       | RM'000               | RM'000                | RM'000    | %  |                       |                        |
| Repayment of<br>borrowing                        | 2,211                        | -                    | -                     | -         | 0% | -                     | Within 12<br>months    |
| Working capital                                  | 8,433                        | 3,144                | 3,144                 | -         | 0% | -                     | Within 36<br>months    |
| Part payment for the<br>Kelantan Acquisition     | 10,600                       | 6,360                | 6,360                 | -         | 0% | -                     | Within 12<br>months    |
| Future potential<br>investment/acquisition       | 1,500                        | -                    | -                     | -         | 0% | -                     | Within 12<br>months    |
| Expenses in relation to<br>the Private Placement | 220                          | 51                   | 51                    | -         | 0% | -                     | Within 1<br>month      |
|  | 22,964                       | 9,555                | 9,555                 | -         |    | -                     |                        |

- \* Based on maximum scenario assuming the Placement Shares are issued at RM0.57 each (being the 5D-VWAP of PRG Shares at RM0.6246 each at a discount of RM0.0546 or approximately 8.74% to the 5D-VWAP up to 2 December 2019, being the latest practicable date prior to the announcement for Private Placement dated 3 December 2019).

On 28 August 2020, TA Securities Holdings Berhad announced on behalf of the Board that a total 26,556,700 Placement Shares have been placed out. The Board has also determined that there will be no further share issuance under the Private Placement.

As such, the Private Placement has been completed.

**B6 STATUS OF CORPORATE PROPOSALS (continued)**

e) Proposed subscription of 51% equity interest in MSK Plantation Sdn Bhd ("MSK")

On 4 December 2019, the Company announced that PRG Asset had on even date entered into a subscription agreement with MSK and Teh Choon Yean. MSK is principally involved in the business of mixed farming mainly on plantation estate and tropical fruit orchard management. Pursuant to the subscription agreement, PRG Asset had agreed to subscribe for 510 ordinary shares in MSK representing 51% of the equity interests in MSK at the subscription price of RM450,330 ("MSK Subscription").

On 10 February 2020, the Company announced that PRG Asset, MSK and Teh Choon Yean had mutually agreed in writing to extend the period for fulfilment of the condition precedent stipulated in the subscription agreement for a further period of three months from 5 February 2020 to 5 May 2020.

On 30 April 2020, the Company announced that all parties have mutually agreed in writing to extend the period for fulfilment of the conditions precedent stipulated in the subscription agreement for a further period of three months from 6 May 2020 to 6 August 2020.

On 1 September 2020, the Company announced that all parties have mutually agreed in writing to extend the period for fulfilment of the conditions precedent stipulated in the subscription agreement from 6 August 2020 to 31 December 2020. Upon completion of the MSK Subscription, PRG Asset will hold 51% of the equity interest in MSK, which MSK will become a 51%-owned subsidiary of PRG Asset.

As at the date of announcement, the MSK Subscription has not been completed.

f) Proposed acquisition of RSI Securities Limited

On 18 December 2019, the Company announced that FHL's wholly-owned subsidiary, Rich Day Global Limited had on 17 December 2019 proposed to acquire the entire issued share capital of RSI Securities Limited ("RSI Securities") for a total consideration of HKD8.50 million from RSI Capital Limited ("RSI Capital") ("RSI Securities Acquisition"). Subsequently, Rich Day Global Limited had on 18 December 2019 entered into an agreement with RSI Capital (as the vendor) and Cheung Hoi Tik Eddie (as the guarantor) for the RSI Securities Acquisition.

On 15 October 2020, the RSI Securities Acquisition was completed and RSI Securities had become a wholly-owned indirect subsidiary of FHL.

g) Proposed issuance of irredeemable cumulative convertible preference shares by PRG Asset

On 17 January 2020, the Company announced that PRG Asset had on even date issued an Information Memorandum to sophisticated investors within the meaning of Section 230 of the Capital Markets and Services Act 2007 for the proposed issuance of irredeemable cumulative convertible preference shares ("ICCPS") ("ICCPS Issuance"). The ICCPS Issuance involves the issuance of up to 30,000,000 ICCPS at an issue price of RM1.00 each. The ICCPS bears a maturity period of 3 years (from the date of ICCPS issue respectively, or until 16 January 2023, whichever is earlier) and a dividend rate of 8% per annum. The ICCPS shall not be listed or quoted on the Main Market of Bursa Securities. The ICCPS are convertible into new ordinary shares of PRG Asset ("PRG Asset Shares") on the basis of 1 PRG Asset Share for every 1 ICCPS held by the subscriber on the maturity date of the ICCPS. Upon conversion, all the ICCPS shall become PRG Asset Shares and rank equally in all respects with PRG Asset Shares.

On 5 November 2020, the Company announced that after due consideration, PRG Asset has decided to terminate the ICCPS Issuance due to lack of investors participation.

h) Proposed disposal of a piece of land located in Taman Gading, Batu Gajah, Perak ("Batu Gajah Land")

On 26 August 2020, PRG announced that Premier Construction Sdn Bhd ("PCSB"), a wholly-owned subsidiary of PRG Property which in turn is a wholly-owned subsidiary of PRG, had on even date entered into a sale & purchase agreement ("SPA") with Semangat Hikmat Sdn Bhd ("SHSB") for the disposal of Batu Gajah Land for a total consideration of RM7,200,000.

As at the date of announcement, the proposed disposal of Batu Gajah Land has not been completed.

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>30/9/2020</b> | <b>31/12/2019</b> |
|                         | <b>RM'000</b>    | <b>RM'000</b>     |
| Current liabilities     | <b>2,532</b>     | 12,534            |
| Non-current liabilities | <b>19,041</b>    | 20,465            |
|                         | <b>21,573</b>    | <b>32,999</b>     |

The borrowings are denominated in the following currencies:

|                        |               |               |
|------------------------|---------------|---------------|
| - Ringgit Malaysia     | <b>19,231</b> | 21,575        |
| - Hong Kong Dollar     | -             | 8,411         |
| - Singapore Dollar     | <b>2,342</b>  | 2,890         |
| - United States Dollar | -             | 123           |
|                        | <b>21,573</b> | <b>32,999</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 2020.

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

|   | <b>Quarter ended</b> |               | <b>Period ended</b> |               |
|---|----------------------|---------------|---------------------|---------------|
|   | <b>30 September</b>  |               | <b>30 September</b> |               |
|   | <b>2020</b>          | <b>2019</b>   | <b>2020</b>         | <b>2019</b>   |
|   | <b>RM'000</b>        | <b>RM'000</b> | <b>RM'000</b>       | <b>RM'000</b> |
| Operating profit/(loss) is arrived at after charging/(crediting): |                      |               |                     |               |
| Depreciation and amortisation                                     | <b>2,644</b>         | 2,852         | <b>7,181</b>        | 5,591         |
| Interest expense  | <b>770</b>           | 1,256         | <b>2,742</b>        | 3,156         |
| Inventories written down  | -                    | 67            | -                   | 302           |
| Impairment losses on trade and other receivables                  | <b>70</b>            | -             | <b>70</b>           | 5             |
| Fair value adjustments on trade and other receivables             | <b>614</b>           | -             | <b>614</b>          | -             |
| Net (gain)/loss on foreign exchange                               | <b>(118)</b>         | 610           | <b>390</b>          | 642           |
| Property, plant and equipment written off                         | -                    | -             | <b>1</b>            | -             |
| Interest income   | <b>(13,589)</b>      | (109)         | <b>(13,920)</b>     | (386)         |
| Gain on disposals of property, plant and equipment                | <b>(10)</b>          | 1             | <b>(56)</b>         | (58)          |
| Gain on disposal of subsidiaries                                  | <b>(5,658)</b>       | -             | <b>(8,907)</b>      | -             |
| Reversal of inventories written down                              | <b>(447)</b>         | (33)          | <b>(797)</b>        | (35)          |

- Apart from the above, there were no impairment of other assets during the current quarter and financial period under review.
- There were no gain or loss on derivatives during the current quarter and financial period under review.
- 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 EARNINGS/(LOSS) PER ORDINARY SHARE**

a) Basic earnings/(loss) per ordinary share

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

|  | <b>Quarter ended</b> |            | <b>Period ended</b> |            |
|--|----------------------|------------|---------------------|------------|
|  | <b>30 September</b>  |            | <b>30 September</b> |            |
|  | <b>2020</b>          | 2019       | <b>2020</b>         | 2019       |
|  |                      | (restated) |                     | (restated) |
| Earnings/(Loss) attributable to owners of the parent: (RM'000) |                      |            |                     |            |
| - from continuing operations                                   | <b>19,407</b>        | (3,562)    | <b>15,339</b>       | (12,924)   |
| - from discontinued operations                                 | -                    | (379)      | <b>(545)</b>        | (1,092)    |
|  | <b>19,407</b>        | (3,941)    | <b>14,794</b>       | (14,016)   |
| Weighted average number of ordinary shares in issue ('000)     | <b>425,526</b>       | 360,525    | <b>416,054</b>      | 333,631    |
| Basic earnings/(loss) per ordinary share: (sen)                |                      |            |                     |            |
| - from continuing operations                                   | <b>4.56</b>          | (0.99)     | <b>3.69</b>         | (3.87)     |
| - from discontinued operations                                 | -                    | (0.10)     | <b>(0.13)</b>       | (0.33)     |
|  | <b>4.56</b>          | (1.09)     | <b>3.56</b>         | (4.20)     |

b) Diluted earnings/(loss) per ordinary share

Diluted earnings/(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 adjusted for the effects of dilutive potential ordinary shares.

The diluted earnings/(loss) per share is same as the basic earnings/(loss) per share because there were no dilutive potential ordinary shares outstanding as at the end of the financial periods ended 30 September 2020 and 30 September 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>30/9/2020</b> | 31/12/2019 |
|   |                  | (Audited)  |
| Total equity attributable to owners of the parent (RM'000)            | <b>181,346</b>   | 158,795    |
| Number of ordinary shares in issue ('000)                             | <b>429,857</b>   | 403,301    |
| Number of shares repurchased ('000)                                   | <b>(418)</b>     | (418)      |
| Number of ordinary shares in issue (excluding treasury shares) ('000) | <b>429,439</b>   | 402,883    |
| Net assets per share attributable to owners of the parent (RM)        | <b>0.4223</b>    | 0.3941     |

**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 23 November 2020.