

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022 - UNAUDITED

	Quarter ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
				(Audited)
Revenue	113,748	60,596	307,532	190,532
Cost of sales	(81,985)	(46,956)	(217,549)	(125,823)
Gross profit	31,763	13,640	89,983	64,709
Other income	3,260	3,058	6,471	17,664
Selling and marketing expenses	(827)	(1,064)	(4,264)	(7,570)
Administrative expenses	(10,697)	(30,033)	(33,792)	(52,760)
Other expenses	(1,967)	(2,179)	(3,602)	(8,065)
Interest income	1,007	(225)	3,325	3,301
Finance costs	(2,275)	83	(4,257)	(2,691)
Share of profit of associates (net of tax)	494	518	3,669	518
Share of profit of a joint venture (net of tax)	132	173	462	490
Profit/(Loss) before tax	20,890	(16,029)	57,995	15,596
Tax expense	(5,489)	(5,313)	(14,935)	(7,811)
Profit/(Loss) for the quarter/financial year	15,401	(21,342)	43,060	7,785
Other comprehensive income/(loss)				
Item that will not be reclassified subsequently to profit or loss				
Change in the fair value of equity instruments at fair value through other comprehensive income	-	(4,080)	-	(4,030)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	(342)	(377)	1,651	3,616
Realisation of reserves from disposal of a subsidiary	-	105	-	(82)
Share of other comprehensive income of associates	-	51	129	51
Share of other comprehensive (loss)/income of a joint venture	(48)	(18)	18	61
Total comprehensive income/(loss) for the financial year	15,011	(25,661)	44,858	7,401

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FOR THE YEAR ENDED 31 DECEMBER 2022 - UNAUDITED

	Quarter ended		Year ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
				(Audited)
Profit/(Loss) attributable to:				
Owners of the parent	6,525	(13,863)	19,441	(1,853)
Non-controlling interests	8,876	(7,479)	23,619	9,638
	15,401	(21,342)	43,060	7,785
Total comprehensive income/(loss) attributable to:				
Owners of the parent	6,328	(18,717)	20,413	(4,430)
Non-controlling interests	8,683	(6,944)	24,445	11,831
	15,011	(25,661)	44,858	7,401
Basic/Diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen):				
	1.52	(3.23)	4.52	(0.43)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 - UNAUDITED

	Notes	As at 31 December 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Non-current assets			
Property, plant and equipment		25,272	25,191
Right-of-use assets		22,144	18,248
Intangible assets		15,570	1,240
Investments in associates		-	6,383
Investments in joint ventures		1,411	931
Trade and other receivables		61,378	61,156
Contract assets		1,405	4,082
Deferred tax assets		-	224
Total non-current assets		<u>127,180</u>	<u>117,455</u>
Current assets			
Inventories		36,495	61,919
Biological assets		80,168	81,048
Trade and other receivables		75,810	48,525
Contract assets		92,604	17,946
Current tax assets		2,267	596
Cash and bank balances		71,469	37,741
Total current assets		<u>358,813</u>	<u>247,775</u>
Total assets		<u><u>485,993</u></u>	<u><u>365,230</u></u>
Equity			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		(353)	(1,325)
Fair value reserve		(28,327)	(28,327)
Retained earnings		53,679	35,769
Total attributable to owners of the parent		<u>169,442</u>	<u>150,560</u>
Non-controlling interests		82,591	51,145
Total equity		<u>252,033</u>	<u>201,705</u>
Non-current liabilities			
Borrowings	B7	42,127	48,067
Trade and other payables		-	49
Lease liabilities		5,802	1,875
Deferred tax liabilities		2,340	1,260
Total non-current liabilities		<u>50,269</u>	<u>51,251</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 - UNAUDITED

		As at 31 December 2022 RM'000	(Audited) As at 31 December 2021 RM'000
	Notes		
Current liabilities			
Borrowings	B7	23,375	9,301
Trade and other payables		145,170	94,526
Contract liabilities		7,325	2,270
Lease liabilities		1,492	1,653
Current tax liabilities		6,329	4,524
Total current liabilities		183,691	112,274
Total liabilities		233,960	163,525
Total equity and liabilities		485,993	365,230
Net assets per share attributable to owners of the parent (RM)	B12	0.3950	0.3509

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022 - UNAUDITED

	<----- Attributable to owners of the parent ----->							
	<-----Non-distributable----->			Distributable				
	Share capital RM'000	Treasury shares RM'000	Exchange translation differences RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<u>12 months ended 31 December 2021</u>								
Balance as at 1 January 2021	144,530	(87)	(2,778)	(24,297)	36,462	153,830	45,456	199,286
(Loss)/Profit for the financial year	-	-	-	-	(1,853)	(1,853)	9,638	7,785
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	(4,030)	-	(4,030)	-	(4,030)
Foreign currency translations	-	-	1,423	-	-	1,423	2,193	3,616
Realisation of reserves from disposal of a subsidiary	-	-	(82)	-	-	(82)	-	(82)
Share of other comprehensive income of an associate, net of tax	-	-	51	-	-	51	-	51
Share of other comprehensive income of a joint venture, net of tax	-	-	61	-	-	61	-	61
Total comprehensive income/(loss)	-	-	1,453	(4,030)	(1,853)	(4,430)	11,831	7,401
Disposal of a non wholly-owned subsidiary	-	-	-	-	-	-	(11,268)	(11,268)
Non-controlling interests acquired in a subsidiary	-	-	-	-	1,160	1,160	5,126	6,286
Balance as at 31 December 2021	<u>144,530</u>	<u>(87)</u>	<u>(1,325)</u>	<u>(28,327)</u>	<u>35,769</u>	<u>150,560</u>	<u>51,145</u>	<u>201,705</u>
<u>12 months ended 31 December 2022</u>								
Balance as at 1 January 2022	144,530	(87)	(1,325)	(28,327)	35,769	150,560	51,145	201,705
Profit for the financial year	-	-	-	-	19,441	19,441	23,619	43,060
Foreign currency translations	-	-	825	-	-	825	826	1,651
Share of other comprehensive income of associates, net of tax	-	-	129	-	-	129	-	129
Share of other comprehensive income of a joint venture, net of tax	-	-	18	-	-	18	-	18
Total comprehensive income	-	-	972	-	19,441	20,413	24,445	44,858
Issuance of shares by a non-wholly owned subsidiary to non-controlling interest	-	-	-	-	(1,531)	(1,531)	7,001	5,470
Balance as at 31 December 2022	<u>144,530</u>	<u>(87)</u>	<u>(353)</u>	<u>(28,327)</u>	<u>53,679</u>	<u>169,442</u>	<u>82,591</u>	<u>252,033</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 - UNAUDITED

	Year ended 31 December	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	57,995	15,596
Adjustments for:		
Non-cash items	1,276	14,117
Finance costs	4,257	2,691
Interest income	(3,325)	(3,301)
Share of profit of associates	(3,669)	(518)
Share of profit of a joint venture	(462)	(490)
Operating profit before changes in working capital	56,072	28,095
Change in inventories	27,392	2,663
Change in bank balances held on behalf of clients	-	12,360
Change in trade and other receivables	(15,101)	(11,304)
Change in contract assets	(43,614)	(15,007)
Change in trade and other payables	7,049	(8,357)
Change in contract liabilities	4,022	(1,037)
Cash generated from operations	35,820	7,413
Tax paid (net)	(16,886)	(3,552)
Net cash generated from operating activities	18,934	3,861
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(3,594)	(3,185)
Acquisition of right-of-use assets	(160)	(9)
Acquisition of an associate	-	(5,187)
Advances to joint ventures	(25)	(1)
Repayments from to associates	-	6,095
Dividends received from a joint venture	-	1,035
Interest received	728	622
Proceeds from disposals of property, plant and equipment	37	131
Proceeds from disposals of shares in an associate	-	94
Acquisition of a subsidiary	24,112	-
Proceeds from non-controlling interest	-	6,288
Net cash flows from disposal of subsidiaries	-	(7,770)
Withdrawal of restricted cash	527	-
Deposits (placed with)/uplifted financial institutions with original maturity of more than three (3) months	(4,528)	7,295
Net cash generated from investing activities	17,097	5,408
Cash flows from financing activities		
Interest paid	(2,230)	(2,136)
Drawdown of borrowings	5,886	21,509
Drawdown of leases	1,896	-
Repayments of borrowings	(4,001)	(25,595)
Repayments of lease liabilities	(841)	(1,165)
(Repayments to)/Advances from shareholders	(7,882)	7,225
Net cash used in financing activities	(7,172)	(162)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022 - UNAUDITED

	Year ended	
	31 December	
	2022	2021
	RM'000	RM'000
Net increase in cash and cash equivalents	28,859	9,107
Effects of exchange rate changes	380	359
Cash and cash equivalents at beginning of financial year	30,487	21,021
Cash and cash equivalents at end of financial year	59,726	30,487
Cash and cash equivalents comprise:		
Cash and bank balances	71,469	37,741
Less: Bank overdraft	(269)	(433)
Deposits placed with financial institutions with original maturity of		
more than three (3) months	(11,274)	(6,094)
Restricted cash	(200)	(727)
	59,726	30,487

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2021. 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 2021.

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 2021 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 2022:

Title	Effective Date
Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i>)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i>)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2022

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 23 March 2022 on the audited financial statements for the financial year ended 31 December 2021 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 year 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 year under review.

A6 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current financial year under review.

A7 DIVIDENDS PAID

No dividend was paid in current financial year under review.

A8 OPERATING SEGMENTS

Information on reportable segments is presented as follows:

	Property development & construction RM'000	Manufacturing RM'000	Energy Efficiency RM'000	Agriculture RM'000	Others RM'000	Retail RM'000	Eliminations RM'000	Total RM'000
<u>For the year ended 31 December 2021</u>								
Revenue								
Revenue from external customers	54,973	115,930	-	2,227	15,205	2,197	-	190,532
Inter-segment revenue	2,313	8,111	-	-	-	200	(10,624)	-
Total revenue	<u>57,286</u>	<u>124,041</u>	<u>-</u>	<u>2,227</u>	<u>15,205</u>	<u>2,397</u>	<u>(10,624)</u>	<u>190,532</u>
Segment results	10,709	(6,594)	-	(1,900)	3,774	8,599	-	14,588
Share of profit of a joint venture (net of tax)	-	490	-	-	-	-	-	490
Share of profit of associates (net of tax)	-	-	-	-	518	-	-	518
Profit/(loss) before tax	<u>10,709</u>	<u>(6,104)</u>	<u>-</u>	<u>(1,900)</u>	<u>4,292</u>	<u>8,599</u>	<u>-</u>	<u>15,596</u>
Tax expense								<u>(7,811)</u>
Profit for the financial year								<u><u>7,785</u></u>
<u>For the year ended 31 December 2022</u>								
Revenue								
Revenue from external customers	144,146	112,144	49,754	1,231	257	-	-	307,532
Inter-segment revenue	1,413	7,791	211	-	-	-	(9,415)	-
Total revenue	<u>145,559</u>	<u>119,935</u>	<u>49,965</u>	<u>1,231</u>	<u>257</u>	<u>-</u>	<u>(9,415)</u>	<u>307,532</u>
Segment results	40,695	11,902	9,308	(4,498)	(3,543)	-	-	53,864
Share of profit of a joint venture (net of tax)	-	462	-	-	-	-	-	462
Share of profit of associates (net of tax)	-	-	3,669	-	-	-	-	3,669
Profit/(loss) before tax	<u>40,695</u>	<u>12,364</u>	<u>12,977</u>	<u>(4,498)</u>	<u>(3,543)</u>	<u>-</u>	<u>-</u>	<u>57,995</u>
Tax expense								<u>(14,935)</u>
Profit for the financial year								<u><u>43,060</u></u>

A9 EVENTS AFTER BALANCE SHEET DATE

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

A10 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group since the last annual balance sheet as at 31 December 2021 except for the acquisition of remaining 62.75% interest in Energy Solution Global Limited as stated in Note B6(b).

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 2021.

A12 CAPITAL COMMITMENTS

	As at 31 December 2022 RM'000
Contracted but not provided for:	
- Acquisition of property, plant and equipment	<u>3,875</u>

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 31 December 2022 RM'000	2021 RM'000	Year ended 31 December 2022 RM'000	2021 RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	383	309	1,391	1,482
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	<u>-</u>	<u>515</u>	<u>-</u>	<u>1,795</u>

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

B1 ANALYSIS OF PERFORMANCE

The Group's revenue of RM113.7 million for fourth quarter of 2022 was RM53.1 million higher than the RM60.6 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the financial year ended 31 December 2022 was RM307.5 million, representing RM117.0 million increase as compared to revenue of RM190.5 million recorded in preceding year.

The Group recorded a profit before tax of RM20.9 million in the fourth quarter of 2021, which was an improvement by RM36.9 million as compared to a loss before tax of RM16.0 million reported in the corresponding quarter of preceding year. Profit before tax for the financial year ended 31 December 2022 was RM58.0 million, representing an increase of RM42.4 million as compared to RM15.6 million recorded in preceding year.

The increase of both revenue and profit before tax during the quarter and financial year ended 31 December 2022 mainly due to higher revenue recognition resulted from higher sales and construction progress from ongoing projects as well as contribution from the newly acquired energy efficiency business. The detailed analysis by business segment as follows:

a) Property development & construction

The property development & construction segment recorded RM41.6 million revenue for the fourth quarter of 2022, which was RM13.2 million higher than RM28.4 million recorded in the corresponding quarter of 2021. The segment's revenue for the financial year ended 31 December 2022 of RM144.1 million was RM89.1 million higher than RM55.0 million recorded in the preceding year.

Profit before tax of RM12.0 million from property development & construction segment for the fourth quarter of 2022 was RM8.3 million higher than RM3.7 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the financial year ended 31 December 2022 of RM40.7 million was improved by RM30.0 million as compared to RM10.7 million recorded in the preceding year.

Both revenue and profit before tax of the current quarter and financial year ended 31 December 2022 were mainly contributed by higher sales and construction progress from ongoing projects.

b) Manufacturing

The revenue of RM28.0 million from manufacturing segment for the fourth quarter of 2022 was RM4.4 million lower than RM32.4 million recorded in the corresponding quarter of 2021. The segment's revenue for the financial year ended 31 December 2022 of RM112.1 million was RM3.8 million lower than RM115.9 million recorded in the preceding year.

The profit before tax of RM2.5 million from manufacturing segment for the fourth quarter of 2022 was improved by RM18.6 million than loss before tax of RM16.1 million recorded in the corresponding quarter of 2021. The segment's profit before tax for the financial year ended 31 December 2022 of RM12.4 million was RM18.5 million higher than the loss before tax of RM6.1 million recorded in the preceding year.

The decrease in revenue in current quarter and financial year period ended 31 December 2022 was mainly due to decrease in sales order for PVC related products, rubber tape products and furniture webbing products.

The higher profit before tax for manufacturing segment for the current quarter and financial year ended 31 December 2022 was mainly due to impairment losses on goodwill and other assets amounted to RM18.3 million recorded in in the preceding year (2022: RM Nil). Despite decrease in revenue of RM3.8 million, the manufacturing segment managed to maintain the profit (excluding the one-off impairment losses), resulted from cost saving from administrative and selling within the segment.

B1 ANALYSIS OF PERFORMANCE (continued)

c) Energy efficiency

The energy efficiency segment recorded a revenue of RM49.8 million (2021: RM Nil) and profit before tax of RM13.0 million (2021: RM Nil) in current financial year ended 31 December 2022, generated from energy solution contracts and maintenance service contracts.

The energy efficiency segment recorded a strong sales in year 2022 by securing a few major projects, in particularly, Singapore Changi Airport Terminal 2 and data centres projects.

d) Agriculture

The agriculture segment recorded RM0.3 million revenue for the fourth quarter of 2022, which is consistent with corresponding quarter of 2021. The segment's revenue for the financial year ended 31 December 2022 of RM1.2 million was RM1.0 million lower than RM2.2 million recorded in the preceding year.

The agriculture segment's loss before tax of RM2.2 million for the fourth quarter of 2022 was RM2.4 million lower than profit before tax of RM0.2 million recorded in the corresponding quarter of 2021. The segment's loss before tax for the financial year ended 31 December 2022 of RM4.5 million was lower by RM2.6 million compared to RM1.9 million recorded in the preceding year.

Decrease in revenue and higher loss before tax for the current quarter and financial year ended 31 December 2022 for agriculture segment was mainly due to the logging operations affected by periodic rainfall since the beginning of year 2022.

e) Retail

No revenue generated from retail segment since the second quarter of 2021 when the Group closed the retail store in Singapore due to the difficulties in operations given the prolonged COVID-19 pandemic and closure of borders. Disclosure in relation to retail segment was remained for comparative purpose.

f) Others

The revenue from others segment for current financial year ended 31 December 2022 was RM15.0 million lower than the corresponding period of 2021 mainly due to the non-recurring revenue of RM15.0 million for the preceding year from the security brokerage business disposed by the Group in March 2021 (2022: RM Nil). The disposed security brokerage business had contributed a profit of RM7.2 million for the preceding year

Included in others segment is mainly corporate expenses and professional fee incurred by investment holding companies.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM113.7 million and profit before tax of RM20.9 million for the current quarter, as compared to revenue of RM71.9 million and profit before tax of RM13.9 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 recognition of higher percentage of sales and construction progress from ongoing projects, and contribution from new energy efficiency business.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR

The property market in Malaysia remains challenging. The recent increases in overnight policy rate in year 2022 will have a significant impact on the property market. Further, the shortage of skilled manpower, increase in construction material prices and labour cost will affect the progress and performance of property development and construction segment. The Group will continue to monitor and implement appropriate business strategies and cost rationalisation strategies in order to address the challenges and risks.

The supply chain disruption coupled with the rising costs of material and slow demand remain the major challenges that affect manufacturing operations. In view of the uncertainty of the global economy, the Group will continue to operate within the constraints, revisit the market demand, pricing strategies as well as rationalise the cost structure in order to stay competitive in the market.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR (continued)

The agriculture segment will continue facing challenges from the operating costs escalation and labour shortages issues. As such, the Group will continue to manage its risks and improve its operating processes as the Group believes agriculture segment will contribute positively to the Group with the anticipation of increasing demand and teak wood prices.

Global energy consumption is expected to continue growing in 2023 amid a slowing economy. The energy prices remaining high and possible contraction in gas and oil supplies from Russia have driven the needs and urgency to reduce energy consumption globally. The Group is of the view that governments will move towards the direction of reducing greenhouse gas emissions, establishing climate change mitigation policies and promoting energy efficiency initiatives. With the support from governments, rising energy costs and the global push for environmental, social and governance initiatives, the Group believes the newly ventured energy efficiency business will contribute positively to the Group's results.

The global economy is facing an increasingly gloomy and uncertain outlook, the Group will remain resilient and vigilant to manage the associated risks in order to maintain the sustainability of the businesses.

B4 PROFIT FORECAST

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

B5 INCOME TAX EXPENSE

	Quarter ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysia	3,928	2,499	12,294	4,996
- Overseas	1,409	2,048	2,489	2,218
	5,337	4,547	14,783	7,214
Deferred tax	152	766	152	597
	5,489	5,313	14,935	7,811

The effective tax rates of the Group for the current quarter and financial year ended 31 December 2022 were higher than the statutory tax rate as certain expenses was not tax deductible.

B6 STATUS OF CORPORATE PROPOSALS

a) Proposed disposal and joint venture in relation to 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. ("Proposed Disposal")

On 30 March 2021, PRG announced that PCSB has on 30 March 2021 entered into a Deed of Termination with SHSB whereby PCSB and SHSB have mutually agreed to terminate the SPA and the Proposed Disposal. On 30 March 2021, PCSB has entered into a Joint Venture Agreement with SHSB for the proposed development of Batu Gajah Land for residential developments scheme together with all the necessary infrastructure and public utilities.

Up to the date of this announcement, the first further sum of RM3.2 million was received from SHSB.

B6 STATUS OF CORPORATE PROPOSALS (continued)

- b) Proposed acquisition of remaining 62.75% interest in Energy Solution Global Limited ("ESGL") by the 54.19%-owned subsidiary of PRG, Furniweb Holdings Limited ("Furniweb")**
c) Proposed diversification of businesses of PRG and its subsidiaries ("PRG Group") to include the energy efficiency business

On 8 June 2022 and 13 June 2022, Furniweb conditionally entered into a share sale agreement (the "SSA") and supplemental SSA respectively, to acquire the remaining 62.75% equity interest in ESGL from Dato' Ng Yan Cheng for a total consideration of HK\$58,191,840.00 (equivalent to approximately RM31,423,594.00). The resolutions were duly passed by both the independent shareholders of PRG and Furniweb at the extraordinary general meetings of the companies held on 8 August 2022. The acquisition was completed on 29 August 2022.

- d) Proposed establishment of a long term incentive plan (the "Proposed LTIP") of up to 15% of the total number of issued shares in PRG (excluding treasury shares, if any)**

On 2 June 2022, the listing and quotation of new PRG shares pursuant to Proposed LTIP was approved by Bursa Securities subject to the conditions stated in the announcement dated 3 June 2022. The resolutions were duly passed by shareholders of the Company at the extraordinary general meeting on 8 August 2022. The LTIP was implemented on 1 November 2022.

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:

	As at	
	31 December	31 December
	2022	2022
	RM'000	RM'000
Current liabilities	23,375	9,301
Non-current liabilities	42,127	48,067
	65,502	57,368

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	44,506	57,368
- Singapore Dollar	20,996	-
	65,502	57,368

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and a director of a subsidiary and corporate guarantees of the Company and personal guarantee of directors of a subsidiary.

B8 DIVIDENDS

No dividend has been proposed by the Board of Directors for the financial year ending 31 December 2022.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended		Year ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging/(crediting):				
Depreciation and amortisation	1,222	1,197	3,432	6,132
Interest expense	2,272	759	4,257	2,914
Inventories written down	95	10	95	10
Impairment losses on trade and other receivables	261	2,689	261	2,689
Impairment loss on contract assets	-	200	-	200
Impairment loss on investment in an associate	-	1,895	-	1,895
Impairment loss on goodwill	-	12,110	-	12,110
Impairment loss on customer relationship	-	3,619	-	3,619
Fair value adjustments on trade and other receivables	-	424	-	424
Fair value adjustments on trade and other payables	1,304	-	1,304	-
Fair value adjustments on contract assets	(458)	-	(458)	-
Net (gain)/loss on foreign exchange	(21)	(53)	-	346
Fair value changes of profit guarantee	126	-	126	-
Fair value gain on deemed disposal of associates	(1,916)	-	(1,916)	-
Property, plant and equipment written off	4	-	4	123
Written off of amount due from associate	-	1,421	-	1,421
Interest income	(977)	(37)	(3,265)	(3,325)
Gain on disposals of property, plant and equipment	-	(25)	(33)	(78)
(Gain)/Loss on disposal of subsidiaries	-	(894)	-	4,081
Loss of disposal of an associate	-	130	-	130
Lease modification - early termination	-	(130)	-	(11,244)
Reversal of provision for restoration costs	-	-	-	(713)
Reversal of impairment loss on trade and other receivables	(457)	-	(457)	(493)
Reversal of inventories written down	-	(538)	(369)	(2,572)

- a) Apart from the above, there were no impairment of other assets during the current quarter and financial year under review.
- b) There were no gain or loss on derivatives during the current quarter and financial year under review.
- c) There were no exceptional items during the current quarter and financial year 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) Basis earnings/(loss) per ordinary share

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

	Quarter ended		Year ended	
	31 December		31 December	
	2022	2021	2022	2021
Profit/(Loss) attributable to owners of the parent: (RM'000)	6,525	(13,863)	19,441	(1,853)
Weighted average number of ordinary shares in issue ('000)	429,439	429,439	429,439	429,439
Basic earnings/(loss) per ordinary share: (sen)	1.52	(3.23)	4.52	(0.43)

b) Diluted earnings/(loss) per ordinary share

Diluted earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) attributable to owners of the parent for the year 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 years ended 31 December 2022 and 31 December 2021.

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 year by the number of ordinary shares in issue at the end of the year (excluding treasury shares).

	31 December	As at
	2022	31 December
		2021
Total equity attributable to owners of the parent (RM'000)	169,442	150,560
Number of ordinary shares in issue ('000)	429,439	429,439
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	429,021	429,021
Net assets per share attributable to owners of the parent (RM)	0.3950	0.3509

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 28 February 2023.