

**PRG HOLDINGS BERHAD**  
**(Registration No: 200101005950 (541706-V))**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2023**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2023 - UNAUDITED**

	Quarter ended 30 June		Period ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>	<b>94,616</b>	62,404	<b>187,349</b>	121,932
Cost of sales	<b>(73,960)</b>	(43,700)	<b>(145,304)</b>	(84,633)
<b>Gross profit</b>	<b>20,656</b>	18,704	<b>42,045</b>	37,299
Other income	<b>1,571</b>	1,301	<b>2,748</b>	1,737
Selling and marketing expenses	<b>(653)</b>	(753)	<b>(1,264)</b>	(2,255)
Administrative expenses	<b>(14,341)</b>	(7,863)	<b>(24,931)</b>	(15,319)
Other expenses	<b>(268)</b>	(538)	<b>(660)</b>	(772)
Interest income	<b>1,065</b>	780	<b>1,828</b>	1,516
Finance costs	<b>(765)</b>	(787)	<b>(1,499)</b>	(1,220)
Share of profit of associates, net of tax	-	724	-	2,014
Share of profit of a joint venture, net of tax	<b>81</b>	144	<b>59</b>	190
<b>Profit before tax</b>	<b>7,346</b>	11,712	<b>18,326</b>	23,190
Tax expense	<b>(3,494)</b>	(3,059)	<b>(6,002)</b>	(5,877)
<b>Profit for the financial period</b>	<b>3,852</b>	8,653	<b>12,324</b>	17,313
<b>Other comprehensive income/(loss)</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Foreign currency translations	<b>3,036</b>	987	<b>3,983</b>	1,307
Share of other comprehensive loss of associates	-	(94)	-	(70)
Share of other comprehensive income of a joint venture	<b>55</b>	28	<b>55</b>	33
<b>Total comprehensive income for the financial period</b>	<b>6,943</b>	9,574	<b>16,362</b>	18,583

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**  
**FOR THE PERIOD ENDED 30 JUNE 2023 - UNAUDITED**

	Quarter ended 30 June		Period ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit attributable to:</b>				
Owners of the parent	1,363	3,871	5,532	7,965
Non-controlling interests	2,489	4,782	6,792	9,348
	<u>3,852</u>	<u>8,653</u>	<u>12,324</u>	<u>17,313</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	2,949	4,370	7,593	8,637
Non-controlling interests	3,994	5,204	8,769	9,946
	<u>6,943</u>	<u>9,574</u>	<u>16,362</u>	<u>18,583</u>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the parent (sen):</b>	<u>0.32</u>	<u>0.90</u>	<u>1.29</u>	<u>1.85</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023 - UNAUDITED**

	Notes	As at 30 June 2023 RM'000	(Audited) As at 31 December 2022 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		22,733	25,272
Right-of-use assets		21,644	22,144
Intangible assets		16,033	15,617
Investment in a joint venture		1,090	1,411
Trade and other receivables		62,412	61,378
Contract assets		1,363	1,405
Deferred tax assets		-	20
<b>Total non-current assets</b>		<u>125,275</u>	<u>127,247</u>
<b>Current assets</b>			
Inventories		24,510	36,495
Biological assets		79,937	80,168
Trade and other receivables		68,745	75,833
Contract assets		87,820	92,604
Current tax assets		5,311	2,267
Cash and bank balances		72,007	71,469
<b>Total current assets</b>		<u>338,330</u>	<u>358,836</u>
<b>Total assets</b>		<u>463,605</u>	<u>486,083</u>
<b>Equity</b>			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		1,682	(353)
Fair value reserve		(28,327)	(28,327)
Retained earnings		59,253	53,721
<b>Total attributable to owners of the parent</b>		<u>177,051</u>	169,484
Non-controlling interests		91,406	82,611
<b>Total equity</b>		<u>268,457</u>	<u>252,095</u>
<b>Non-current liabilities</b>			
Borrowings	B7	40,838	42,127
Trade and other payables		-	15,569
Lease liabilities		5,331	5,802
Deferred tax liabilities		2,296	2,338
<b>Total non-current liabilities</b>		<u>48,465</u>	<u>65,836</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2023 - UNAUDITED**

		<b>As at 30 June 2023 RM'000</b>	(Audited) As at 31 December 2022 RM'000
<b>Current liabilities</b>			
Borrowings	B7	<b>12,824</b>	23,375
Trade and other payables		<b>123,838</b>	129,631
Contract liabilities		<b>1,268</b>	7,325
Lease liabilities		<b>1,699</b>	1,492
Current tax liabilities		<b>7,054</b>	6,329
<b>Total current liabilities</b>		<b><u>146,683</u></b>	<u>168,152</u>
<b>Total liabilities</b>		<b><u>195,148</u></b>	<u>233,988</u>
<b>Total equity and liabilities</b>		<b><u>463,605</u></b>	<u>486,083</u>
Net assets per share attributable to owners of the parent (RM)	B12	<b><u>0.4123</u></b>	<u>0.3947</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2023 - 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>6 months ended 30 June 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 period	-	-	-	-	7,965	7,965	9,348	17,313	
Foreign currency translations	-	-	709	-	-	709	598	1,307	
Share of other comprehensive loss of associates, net of tax	-	-	(70)	-	-	(70)	-	(70)	
Share of other comprehensive income of a joint venture, net of tax	-	-	33	-	-	33	-	33	
Total comprehensive income	-	-	672	-	7,965	8,637	9,946	18,583	
Balance as at 30 June 2022	144,530	(87)	(653)	(28,327)	43,734	159,197	61,091	220,288	
<b><u>6 months ended 30 June 2023</u></b>									
<b>Balance as at 1 January 2023</b>	<b>144,530</b>	<b>(87)</b>	<b>(353)</b>	<b>(28,327)</b>	<b>53,721</b>	<b>169,484</b>	<b>82,611</b>	<b>252,095</b>	
<b>Profit for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,532</b>	<b>5,532</b>	<b>6,792</b>	<b>12,324</b>	
<b>Foreign currency translations</b>	<b>-</b>	<b>-</b>	<b>2,007</b>	<b>-</b>	<b>-</b>	<b>2,007</b>	<b>1,976</b>	<b>3,983</b>	
<b>Share of other comprehensive income of a joint venture, net of tax</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>27</b>	<b>55</b>	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2,035</b>	<b>-</b>	<b>5,532</b>	<b>7,567</b>	<b>8,795</b>	<b>16,362</b>	
<b>Balance as at 30 June 2023</b>	<b>144,530</b>	<b>(87)</b>	<b>1,682</b>	<b>(28,327)</b>	<b>59,253</b>	<b>177,051</b>	<b>91,406</b>	<b>268,457</b>	

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2023 - UNAUDITED**

	Period ended 30 June	
	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	18,326	23,190
Adjustments for:		
Non-cash items	7,488	1,529
Finance costs	1,499	1,220
Interest income	(1,828)	(1,516)
Share of profit of associates	-	(2,014)
Share of profit of a joint venture	(59)	(190)
Operating profit before changes in working capital	<u>25,426</u>	22,219
Change in inventories	10,137	12,179
Change in trade and other receivables	4,643	(346)
Change in contract assets	6,090	(20,934)
Change in trade and other payables	(15,526)	2,449
Change in contract liabilities	(6,088)	110
Cash generated from operations	<u>24,682</u>	15,677
Tax paid (net)	<u>(8,663)</u>	(3,611)
Net cash generated from operating activities	<u>16,019</u>	12,066
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment, right-of-use and intangible assets	(2,445)	(1,616)
Repayments from a joint venture	-	36
Interest received	569	246
Proceeds from disposals of property, plant and equipment	886	28
Deposits placed with financial institutions with original maturity of more than three (3) months	(3,553)	(5,604)
Withdrawal of restricted cash	-	527
Net cash used in investing activities	<u>(4,543)</u>	(6,383)
<b>Cash flows from financing activities</b>		
Interest paid	(1,283)	(935)
Drawdown of borrowings	6,125	-
Drawdown of lease	-	1,896
Repayments of borrowings	(19,467)	(5,287)
Repayments of lease liabilities	(778)	(253)
Repayments to shareholders (net)	(850)	(3,110)
Net cash used in financing activities	<u>(16,253)</u>	(7,689)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE PERIOD ENDED 30 JUNE 2023 - UNAUDITED**

	Period ended 30 June	
	2023 RM'000	2022 RM'000
<b>Net decrease in cash and cash equivalents</b>	<b>(4,777)</b>	(2,006)
Effects of exchange rate changes	<b>1,109</b>	192
Cash and cash equivalents at beginning of financial period	<b>59,726</b>	30,487
<b>Cash and cash equivalents at end of financial period</b>	<b>56,058</b>	28,673
Cash and cash equivalents comprise:		
Cash and bank balances	<b>72,007</b>	41,283
Less: Bank overdraft	<b>(151)</b>	(446)
Deposits placed with financial institutions with original maturity of more than three (3) months	<b>(15,598)</b>	(11,964)
Restricted cash	<b>(200)</b>	(200)
	<b>56,058</b>	28,673

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2022. 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 2022.

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 2022 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 2023:

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contract</i> )	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i> )	1 January 2023

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 28 March 2023 on the audited financial statements for the financial year ended 31 December 2022 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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current 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:

	<b>Property development &amp; construction RM'000</b>	<b>Manufacturing RM'000</b>	<b>Energy efficiency RM'000</b>	<b>Agriculture RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<u>For the period ended 30 June 2022 (Restated)</u>							
Revenue							
Revenue from external customers	63,265	57,719	-	810	138	-	121,932
Inter-segment revenue	706	53	-	-	-	(759)	-
<b>Total revenue</b>	<b>63,971</b>	<b>57,772</b>	<b>-</b>	<b>810</b>	<b>138</b>	<b>(759)</b>	<b>121,932</b>
Segment results	18,001	6,471	-	(1,122)	(2,364)	-	20,986
Share of profit of a joint venture, net of tax	-	190	-	-	-	-	190
Share of profit of associates, net of tax	-	-	2,014	-	-	-	2,014
<b>Profit/(Loss) before tax</b>	<b>18,001</b>	<b>6,661</b>	<b>2,014</b>	<b>(1,122)</b>	<b>(2,364)</b>	<b>-</b>	<b>23,190</b>
Tax expense							(5,877)
<b>Profit for the financial period</b>							<b>17,313</b>
 <u>For the period ended 30 June 2023</u>							
Revenue							
<b>Revenue from external customers</b>	<b>80,254</b>	<b>49,979</b>	<b>56,848</b>	<b>153</b>	<b>115</b>	<b>-</b>	<b>187,349</b>
<b>Inter-segment revenue</b>	<b>612</b>	<b>73</b>	<b>8,707</b>	<b>-</b>	<b>16,017</b>	<b>(25,409)</b>	<b>-</b>
<b>Total revenue</b>	<b>80,866</b>	<b>50,052</b>	<b>65,555</b>	<b>153</b>	<b>16,132</b>	<b>(25,409)</b>	<b>187,349</b>
<b>Segment results</b>	<b>15,192</b>	<b>(969)</b>	<b>7,814</b>	<b>(2,138)</b>	<b>(1,632)</b>	<b>-</b>	<b>18,267</b>
<b>Share of profit of a joint venture, net of tax</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>
<b>Profit/(Loss) before tax</b>	<b>15,192</b>	<b>(910)</b>	<b>7,814</b>	<b>(2,138)</b>	<b>(1,632)</b>	<b>-</b>	<b>18,326</b>
<b>Tax expense</b>							<b>(6,002)</b>
<b>Profit for the financial period</b>							<b>12,324</b>

**A9 EVENTS AFTER BALANCE SHEET DATE**

There were no material events subsequent to the end of the financial period other than those disclosed in Note B6(b).

**A10 CHANGES IN COMPOSITION OF THE GROUP**

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

**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 2022.

**A12 CAPITAL COMMITMENTS**

Contracted but not provided for:

- Acquisition of property, plant and equipment

**As at  
30 June 2023  
RM'000**

5,660

**A13 MATERIAL RELATED PARTY TRANSACTIONS**

	<b>Quarter ended 30 June</b>		<b>Period ended 30 June</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>
<u>Transaction with joint venture partner</u>				
Sale of goods	<b>449</b>	384	<b>449</b>	672

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

**B1 ANALYSIS OF PERFORMANCE**

The Group's revenue of RM94.6 million for second quarter of 2023 was RM32.2 million higher than the RM62.4 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the 6 months ended 30 June 2023 was RM187.3 million, representing RM65.4 million increase as compared to revenue of RM121.9 million recorded in the corresponding period of preceding year.

The Group recorded a profit before tax of RM7.3 million in the second quarter of 2023, which was decreased by RM4.4 million as compared to profit before tax of RM11.7 million reported in the corresponding quarter of preceding year. Profit before tax for the 6 months ended 30 June 2023 was RM18.3 million, representing a decrease of RM4.9 million as compared to profit before tax of RM23.2 million recorded in the corresponding period of preceding year.

Increase in the Group's revenue during the current quarter and period ended 30 June 2023 as compared to the corresponding quarter and period of preceding year was mainly due to revenue contributed from the energy efficiency business and higher progress recognition for construction projects.

Lower profit before tax recorded in current quarter and period ended 30 June 2023 as compared to corresponding quarter and period of preceding year was due to lower profit recognition from property development project as the project was towards completion stage and higher loss recorded by agriculture segment, offset with profit contributed by energy efficiency business. Further, the Group recognised an one-off impairment loss on trade and other receivables and provision for slow moving stock of total RM6.0 million from manufacturing segment.

Setting aside the one-off and non-recurring loss of RM6.0 million recognised in current quarter and period ended 30 June 2023, the profits before tax of the Group would be RM13.5 million and RM24.4 million respectively, which were RM1.8 million and RM1.2 million higher than corresponding quarter and period of preceding year respectively.

**a) Property development & construction**

The property development & construction segment recorded RM48.0 million revenue for the second quarter of 2023, which was RM14.2 million higher than RM33.8 million recorded in the corresponding quarter of preceding year. The segment's revenue for the 6 months period ended 30 June 2023 of RM80.3 million was RM17.0 million higher than RM63.3 million recorded in the corresponding period of preceding year.

Profit before tax of RM8.3 million from property development & construction segment for the second quarter of 2023 was reduced by RM1.6 million as compared to RM9.9 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 6 months period ended 30 June 2023 of RM15.2 million was decreased by RM2.8 million as compared to RM18.0 million recorded in the corresponding period of preceding year.

The increase in revenue for the current quarter and period ended 30 June 2023 for property development & construction segment was mainly contributed by higher sales and construction progress from ongoing projects. Lower profit before tax for the current quarter and period ended 30 June 2023 resulted from lower profit margin of construction projects.

**b) Manufacturing**

The revenue of RM27.2 million from manufacturing segment for the second quarter of 2023 was RM0.5 million lower than RM27.7 million recorded in the corresponding quarter of 2022. The segment's revenue for the 6 months ended 30 June 2023 of RM50.0 million was RM7.7 million lower than RM57.7 million recorded in the corresponding period of preceding year.

The loss before tax of RM2.1 million from manufacturing segment for the second quarter of 2023 was reduced by RM5.5 million from profit before tax of RM3.4 million recorded in the corresponding quarter of 2022. The segment's loss before tax for the 6 months ended 30 June 2023 of RM0.9 million was RM7.6 million lower than profit before tax of RM6.7 million recorded in the corresponding period of preceding year.

The decrease in revenue manufacturing segment for the current quarter and period ended 30 June 2023 was mainly due to slowdown in global demand and rising inflation. Loss before tax was due to lower sales and one-off impairment loss on trade and other receivables and provision of slow moving stock with a total of RM6.0 million.

**B1 ANALYSIS OF PERFORMANCE (continued)**

c) Energy efficiency

The energy efficiency segment recorded a revenue of RM56.8 million (2022: RM Nil) and profit before tax of RM7.8 million (2022: share of profit from associate of RM2.0 million) in 6 months period ended 30 June 2023, generated from energy solution contracts and maintenance service contracts.

d) Agriculture

The agriculture segment recorded RM0.2 million revenue for 6 months period ended 30 June 2023, lower of RM0.6 million as compared to RM0.8 million recorded in corresponding period of preceding year.

The agriculture segment's loss before tax of RM2.1 million for 6 months period ended 30 June 2023 was RM1.0 million higher than loss before tax of RM1.1 million recorded in the corresponding period of preceding year.

Lower revenue and higher loss before tax reported in 6 months period ended 30 June 2023 was due to seasonal rainfall occurred in beginning of every year in Kelantan. The logging activities in current period ended 30 June 2023 were also temporary stopped while waiting for renewal of logging licence which was obtained in April 2023.

e) Others

The revenue from others segment for current quarter and period ended 30 June 2023 was fairly consistent with corresponding quarter and period of preceding year respectively.

The loss before tax of RM1.0 million recorded in current quarter ended 30 June 2023 was RM0.7 million lower than the loss before tax of RM1.7 million recorded in corresponding quarter of preceding year. The segment's loss before tax of RM1.6 million for 6 months period ended 30 June 2023 was RM0.8 million lower than the loss before tax of RM2.4 million recorded in corresponding period of preceding year. This was due to lower administrative expenses incurred in others segment.

**B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The Group recorded revenue of RM94.6 million and profit before tax of RM7.3 million for the current quarter ended 30 June 2023 as compared to revenue of RM92.7 million and profit before tax of RM11.0 million for the immediate preceding quarter. The increase in revenue as compared to the immediate preceding quarter is mainly due to recognition of higher percentage of sales and construction progress from ongoing projects, whereas lower profit before tax was due to one-off impairment loss on trade and other receivables and provision of slow moving stock with a total of RM6.0 million recognised in current quarter.

**B3 PROSPECTS FOR CURRENT FINANCIAL YEAR**

The property market in Malaysia remains challenging. The recent increases in overnight policy rate in year 2023 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.

The agriculture segment will continue facing challenges from the weather uncertainty, 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 continues to rise in 2023. The energy prices remain high. There is also a growing urgency to reduce energy consumption globally, especially with the potential disruptions in gas and oil supplies. Governments are increasingly emphasizing climate change mitigation policies, greenhouse gas emission reduction, and energy efficiency initiatives. Amidst those global trends, the Group believes that the energy efficiency business presents a positive growth opportunity. Governments' support for environmental initiatives and the increasing focus on environment, social, and governance issues are expected to bolster the Group's result in the Energy Efficiency Division.

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 30 June		Period ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
- Malaysia	2,605	2,761	4,097	5,271
- Overseas	920	298	1,966	606
	<b>3,525</b>	3,059	<b>6,063</b>	5,877
Deferred tax	(31)	-	(61)	-
	<b>3,494</b>	3,059	<b>6,002</b>	5,877

The effective tax rates of the Group for the current quarter and period ended 30 June 2023 were higher than the statutory tax rate as certain expenses are 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 and second further sum of RM6.4 million was received from SHSB.

**b) Proposed disposal by PRG of 50 Units Of Picasso Residence Condominium ("Subject Properties") to PRG Land Sdn Bhd ("PLSB"), a wholly-owned subsidiary of Furniweb Holdings Limited ("Furniweb") which in turn is a 50.45%-owned subsidiary of PRG, for a total consideration of RM61,982,000 ("Proposed Disposal")**

**c) Proposed diversification of the business of PRG and its subsidiaries ("PRG Group") to include the property investment business**

PRG had on 27 April 2023 entered into a Master Agreement as supplemented by a supplemental master agreement dated 7 June 2023 with Furniweb and PLSB in respect of the Proposed Disposal for a total consideration of RM61,982,000 which is partly in cash and partly satisfied by the allotment and issue of new shares of Furniweb to PRG. The shareholding of PRG in Furniweb would be increased from 50.45% to 67.97% upon the completion of the Proposed Disposal.

On the same date, PRG entered into a settlement letter with Premier De Muara Sdn Bhd ("PDMSB"), PRG Property Sdn Bhd and Liveintent Sdn Bhd in respect of the share sale agreement dated 26 July 2019 which was completed in July 2020, to settle the shareholder's advances made by PRG Group (together with the agreed interests accrued or accruing thereon) to PDMSB by exercising its option to accept the final settlement sum of RM61,982,000 for an entitlement of 50 units of condominium at Picasso Residence.

PRG had also on the even date entered into a non-competition undertakings Supplemental Deed with Furniweb to revise the deed of non-competition undertaking dated 28 September 2017 entered into between PRG and Furniweb to exclude property investment business as restricted activity in order to provide flexibility to PRG to involve or engage directly or indirectly the property investment business in the future (if any). The Supplemental Deed was subsequently terminated by both parties via the execution of a deed of termination on 7 June 2023.

Following the Proposed Disposal, it is anticipated that Furniweb intends to utilise the Subject Properties for property investment purposes, PRG proposes to seek shareholders' approval for the Proposed Diversification at the forthcoming EGM pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements.

Please refer to the announcements dated 27 April 2023 and 7 June 2023 for details.

**d) Proposed debt settlement of Dato' Lua Choon Hann; and proposed debt settlement of Dato' Ng Yan Cheng**

On 25 August 2023, PRG announced that the Group is proposing to undertake the following:

i) proposed partial settlement of debt owing by the Group to Dato' Lua Choon Hann, being the Group Executive Vice Chairman and a substantial shareholder of the Company ("Dato' Lua") amounting to RM6,482,290.32 to be satisfied via issuance of 30,333,600 new ordinary shares of the Company; and

ii) proposed partial settlement of debt owing by the Group to Dato' Ng Yan Cheng being the director of Energy Solution Global Limited, an indirect wholly owned subsidiary of the Company and a substantial shareholder of the Company ("Dato' Ng") amounting to RM4,993,271.46 to be satisfied via issuance of 23,365,800 new ordinary shares of the Company.

The proposed debt settlements are subject to approval from Bursa Malaysia Securities Berhad and the shareholders of the Company.

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

**B7 BORROWINGS**

	As at	
	30 June 2023	31 December 2022
	RM'000	RM'000
The Group's borrowings are as follows:		
Current liabilities	12,824	23,375
Non-current liabilities	40,838	42,127
	<u>53,662</u>	<u>65,502</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	42,503	44,507
- Singapore Dollar	11,159	20,995
	<u>53,662</u>	<u>65,502</u>

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and a director's spouse 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 2023.

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

	Quarter ended 30 June		Period ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	1,204	692	2,274	1,433
Interest expense	765	787	1,499	1,220
Inventories written down (net)	2,465	-	2,590	-
Net (gain)/loss on foreign exchange	(191)	101	(229)	218
Interest income	(1,065)	(780)	(1,828)	(1,516)
Gain on disposals of property, plant and equipment	(53)	(19)	(643)	(24)
Gain on fair value adjustment on trade and other receivables	-	-	(26)	-
Impairment loss on trade and other receivables	3,523	-	3,523	-
Reversal of inventories written down (net)	-	(71)	-	(105)

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

**B10 MATERIAL LITIGATION**

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

**B11 EARNINGS PER ORDINARY SHARE**

a) Basic earnings per ordinary share

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

	Quarter ended 30 June		Period ended 30 June	
	2023	2022	2023	2022
Profit attributable to owners of the parent (RM'000)	<b>1,363</b>	3,871	<b>5,532</b>	7,965
Weighted average number of ordinary shares in issue ('000)	<b>429,439</b>	429,439	<b>429,439</b>	429,439
Basic earnings per ordinary share (sen)	<b>0.32</b>	0.90	<b>1.29</b>	1.85

b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing the profit 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 per share is same as the basic earnings per ordinary share because there were no dilutive potential ordinary shares outstanding as at the end of the financial periods ended 30 June 2023 and 30 June 2022.

**B12 NET ASSETS PER SHARE**

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

	As at	
	30 June 2023	31 December 2022 (Audited)
Total equity attributable to owners of the parent (RM'000)	<b>177,051</b>	169,484
Number of ordinary shares in issue ('000)	429,857	429,857
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	<b>429,439</b>	429,439
Net assets per share attributable to owners of the parent (RM)	<b>0.4123</b>	0.3947

**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 29 August 2023.