

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	Quarter ended 31 March		Period ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Revenue	58,075	27,437	58,075	27,437
Cost of sales	(29,464)	(19,360)	(29,464)	(19,360)
Gross profit	28,611	8,077	28,611	8,077
Other income	950	3,967	950	3,967
Selling and marketing expenses	(3,967)	(2,431)	(3,967)	(2,431)
Administrative expenses	(9,588)	(8,135)	(9,588)	(8,135)
Other expenses	(5,359)	(550)	(5,359)	(550)
Interest income	1,118	62	1,118	62
Finance costs	(1,045)	(977)	(1,045)	(977)
Share of loss of associates (net of tax)	-	(296)	-	(296)
Share of profit of joint ventures (net of tax)	81	67	81	67
Profit/(Loss) before tax	10,801	(216)	10,801	(216)
Tax expense	(814)	(371)	(814)	(371)
Profit/(Loss) from continuing operations	9,987	(587)	9,987	(587)
Discontinued operations				
Loss from discontinued operations	-	(293)	-	(293)
Profit/(Loss) for the financial period	9,987	(880)	9,987	(880)
Other comprehensive income/(loss)				
Continuing operations				
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	61	(2,438)	61	(2,438)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	2,250	3,377	2,250	3,377
Realisation of reserves from disposal of a subsidiary	(7,479)	(1,364)	(7,479)	(1,364)
Share of other comprehensive loss of an associate	-	(3)	-	(3)
Share of other comprehensive income of a joint venture	45	32	45	32
Total comprehensive income/(loss) for the financial period	4,864	(1,276)	4,864	(1,276)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	Quarter ended 31 March		Period ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) attributable to:				
Owners of the parent				
- from continuing operations	937	(1,732)	937	(1,732)
- from discontinued operations	-	166	-	166
Non-controlling interests				
- from continuing operations	9,050	1,145	9,050	1,145
- from discontinued operations	-	(459)	-	(459)
	<u>9,987</u>	<u>(880)</u>	<u>9,987</u>	<u>(880)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent				
- from continuing operations	2,174	(3,064)	2,174	(3,064)
- from discontinued operations	-	166	-	166
Non-controlling interests				
- from continuing operations	2,690	2,081	2,690	2,081
- from discontinued operations	-	(459)	-	(459)
	<u>4,864</u>	<u>(1,276)</u>	<u>4,864</u>	<u>(1,276)</u>
Basic/Diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen):				
- from continuing operations	0.22	(0.43)	0.22	(0.43)
- from discontinued operations	-	0.04	-	0.04
	<u>0.22</u>	<u>(0.39)</u>	<u>0.22</u>	<u>(0.39)</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 2020 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 FIRST QUARTER OF 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 - UNAUDITED

		As at 31 March 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Non-current assets			
Property, plant and equipment		25,222	24,808
Right-of-use assets		19,578	21,187
Intangible assets		17,408	19,415
Investments in associates		1,894	1,894
Investments in joint ventures		1,338	1,414
Other investments		4,091	4,030
Trade and other receivables		59,074	58,113
Deferred tax assets		1,437	1,466
Total non-current assets		130,042	132,327
Current assets			
Inventories		63,145	61,576
Biological assets		81,381	82,060
Trade and other receivables		55,543	54,199
Contract assets		7,886	7,841
Current tax assets		476	476
Cash and bank balances		39,738	34,874
Bank balances held on behalf of clients		-	24,516
Total current assets		248,169	265,542
Assets classified as held for sale		-	-
Total assets		378,211	397,869
Equity			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		(1,602)	(2,778)
Fair value reserve		(24,236)	(24,297)
Retained earnings		37,538	36,601
Total attributable to owners of the parent		156,143	153,969
Non-controlling interests		49,378	46,688
Total equity		205,521	200,657
Non-current liabilities			
Borrowings	B7	56,171	57,863
Trade and other payables		12,094	12,040
Lease liabilities		11,439	12,477
Deferred tax liabilities		1,832	1,854
Total non-current liabilities		81,536	84,234

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2021 - UNAUDITED

	Notes	As at 31 March 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Current liabilities			
Borrowings	B7	3,960	3,355
Trade and other payables		76,691	99,368
Contract liabilities		2,769	3,169
Lease liabilities		4,573	4,605
Current tax liabilities		3,161	2,481
Total current liabilities		<u>91,154</u>	<u>112,978</u>
Liabilities directly associated with the assets held for sale		-	-
Total liabilities		<u>172,690</u>	<u>197,212</u>
Total equity and liabilities		<u>378,211</u>	<u>397,869</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.3636</u>	<u>0.3585</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	<----- Attributable to owners of the parent ----->								Non-controlling interests	Total equity
	<-----Non-distributable----->				Distributable					
	Share capital	Treasury shares	Exchange translation differences	Warrants reserve	Fair value reserve	Retained earnings	Total	RM'000		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
3 months ended 31 March 2020										
Balance as at 1 January 2020	134,975	(87)	(4,080)	-	(21,875)	49,862	158,795	60,748	219,543	
Loss for the financial period	-	-	-	-	-	(1,566)	(1,566)	686	(880)	
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(2,438)	-	(2,438)	-	(2,438)	
Foreign currency translations	-	-	2,441	-	-	-	2,441	936	3,377	
Realisation of reserves from disposal of a subsidiary	-	-	1,411	-	-	(2,775)	(1,364)	-	(1,364)	
Share of other comprehensive loss of an associate, net of tax	-	-	(3)	-	-	-	(3)	-	(3)	
Share of other comprehensive gain of a joint venture, net of tax	-	-	32	-	-	-	32	-	32	
Total comprehensive income/(loss)	-	-	3,881	-	(2,438)	(4,341)	(2,898)	1,622	(1,276)	
Ordinary shares issued pursuant to Private Placement exercise	7,000	-	-	-	-	-	7,000	-	7,000	
Balance as at 31 March 2020	<u>141,975</u>	<u>(87)</u>	<u>(199)</u>	<u>-</u>	<u>(24,313)</u>	<u>45,521</u>	<u>162,897</u>	<u>62,370</u>	<u>225,267</u>	
3 months ended 31 March 2021										
Balance as at 1 January 2021	144,530	(87)	(2,778)	-	(24,297)	36,601	153,969	46,688	200,657	
Profit for the financial period	-	-	-	-	-	937	937	9,050	9,987	
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	61	-	61	-	61	
Foreign currency translations	-	-	1,206	-	-	-	1,206	1,044	2,250	
Realisation of reserves from disposal of a subsidiary	-	-	(75)	-	-	-	(75)	(7,404)	(7,479)	
Share of other comprehensive gain of a joint venture, net of tax	-	-	45	-	-	-	45	-	45	
Total comprehensive income	-	-	1,176	-	61	937	2,174	2,690	4,864	
Balance as at 31 March 2021	<u>144,530</u>	<u>(87)</u>	<u>(1,602)</u>	<u>-</u>	<u>(24,236)</u>	<u>37,538</u>	<u>156,143</u>	<u>49,378</u>	<u>205,521</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	Period ended 31 March	
	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax from:		
Continuing operations	10,801	(216)
Discontinued operations	-	(293)
Adjustments for:		
Non-cash items	5,946	(967)
Finance costs	1,045	1,102
Interest income	(1,118)	(64)
Share of loss of associates	-	296
Share of profit of joint ventures	(81)	(67)
Operating profit/(loss) before changes in working capital	<u>16,593</u>	(209)
Change in inventories	1,169	(583)
Change in bank balances held on behalf of clients	16,429	-
Change in trade and other receivables	(14,812)	(5,842)
Change in contract assets	(45)	2,571
Change in trade and other payables	(5,094)	(4,212)
Change in contract liabilities	(451)	4,296
Cash generated from/(used in) operations	<u>13,789</u>	(3,979)
Tax paid (net)	(268)	(314)
Net cash generated from/(used in) operating activities	<u>13,521</u>	(4,293)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(1,970)	(391)
Repayments from joint ventures	8	25
Repayment from/(Advances to) associates	145	(582)
Dividends received from a joint venture	202	-
Interest received	117	29
Proceeds from disposals of property, plant and equipment	82	17
Net cash flows from disposal of a subsidiary	(8,318)	(8)
Deposits uplift from/(placed with) financial institutions with original maturity of more than three (3) months	117	(1,644)
Net cash used in investing activities	<u>(9,617)</u>	(2,554)
Cash flows from financing activities		
Interest paid	(790)	(618)
Drawdown of borrowings	4,800	2,492
Repayments of borrowings	(6,457)	(5,276)
Repayments of lease liabilities	(1,128)	(999)
Proceeds from issuance of ordinary shares pursuant to Private Placement exercise	-	7,000
Advances from shareholders	1,290	3,148
Net cash (used in)/generated from financing activities	<u>(2,285)</u>	5,747

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	Period ended 31 March	
	2021 RM'000	2020 RM'000
Net increase/(decrease) in cash and cash equivalents	1,619	(1,100)
Effects of exchange rate changes	2,460	1,108
Cash and cash equivalents at beginning of financial period	21,021	14,295
Cash and cash equivalents reclassified as held for sale at beginning of financial period	-	(5,168)
Cash and cash equivalents reclassified as held for sale at end of financial period	-	7,249
Cash and cash equivalents at end of financial period	25,100	16,384
Cash and cash equivalents comprise:		
Cash and bank balances	39,738	27,435
Less: Bank overdraft	(761)	(528)
Deposits placed with financial institutions with original maturity of more than three (3) months	(13,150)	(9,796)
Restricted cash	(727)	(727)
	25,100	16,384

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 2020. 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 2020.

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 2020 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 2021:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

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 24 March 2021 on the audited financial statements for the financial year ended 31 December 2020 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:

	Continuing operations						Discontinued operations	Total RM'000	
	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Agriculture RM'000	Others RM'000	Eliminations RM'000	Total RM'000		
For the period ended 31 March 2020									
Revenue									
Revenue from external customers	24,282	1,182	1,927	46	-	-	27,437	985	28,422
Inter-segment revenue	1,499	-	2,572	-	-	(4,071)	-	-	-
Total revenue	25,781	1,182	4,499	46	-	(4,071)	27,437	985	28,422
Segment results	4,918	(1,625)	(2,054)	(196)	(1,030)	-	13	(293)	(280)
Share of profit of a joint venture (net of tax)	67	-	-	-	-	-	67	-	67
Share of loss of associates (net of tax)	(296)	-	-	-	-	-	(296)	-	(296)
Profit/(Loss) before tax	4,689	(1,625)	(2,054)	(196)	(1,030)	-	(216)	(293)	(509)
Tax expense							(371)	-	(371)
Loss for the financial period							(587)	(293)	(880)
For the period ended 31 March 2021									
Revenue									
Revenue from external customers	48,673	460	8,512	430	-	-	58,075	-	58,075
Inter-segment revenue	55	222	634	-	-	(911)	-	-	-
Total revenue	48,728	682	9,146	430	-	(911)	58,075	-	58,075
Segment results	11,983	(2,023)	938	(674)	496	-	10,720	-	10,720
Share of profit of a joint venture (net of tax)	81	-	-	-	-	-	81	-	81
Profit/(Loss) before tax	12,064	(2,023)	938	(674)	496	-	10,801	-	10,801
Tax expense							(814)	-	(814)
Profit for the financial period							9,987	-	9,987

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, other than the Board of Furniweb Holdings Limited ("FHL") has approved the disposal of Rich Day Global Limited through its wholly-owned subsidiary, Delightful Grace Holdings Limited, to two independent third party purchasers for a total consideration of HKD8.50 million (equivalent to approximately RM4.50 million) on 23 March 2021.

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 2020.

A12 CAPITAL COMMITMENTS

Contracted but not provided for:

- Acquisition of property, plant and equipment

**As at
31/3/2021
RM'000**

1,037

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 31 March		Period ended 31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	455	254	455	254
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	783	163	783	163

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 RM58.1 million for current quarter and period ended 31 March 2021 was RM30.7 million higher than the RM27.4 million revenue reported in the corresponding quarter and period of 2020. The Group recorded a profit before tax of RM10.8 million for current quarter and period ended 31 March 2021 was RM11.0 million higher than the RM0.2 million loss before tax reported in the corresponding quarter and period of 2020.

Increase in the Group's revenue and profit before tax during the current quarter and period ended 31 March 2021 as compared to the corresponding period and quarter of 2020 was mainly due to revenue of RM16.0 million generated by the security brokerage business which being acquired in fourth quarter of 2020 and was subsequently disposed off in March 2021, increase in revenue from manufacturing subsidiaries due to rebound in sales order for elastic yarn, webbing and rubber tape and increase in revenue from property development project, Embayu @ Damansara West ("Embayu project").

Nonetheless, the increase in the Group's profit before tax for the current quarter and period ended 31 March 2021 was partially offset by the loss on disposal of subsidiaries that engaged in the security brokerage business of RM5.0 million.

a) Manufacturing

The revenue of RM48.7 million from manufacturing segment for current quarter and period ended 31 March 2021 was RM24.4 million higher than RM24.3 million recorded in the corresponding quarter and period of 2020. The profit before tax of RM12.1 million from manufacturing segment for current quarter and period ended 31 March 2021 was RM7.4 million higher than RM4.7 million recorded in the corresponding quarter and period of 2020.

The increase in revenue and profit before tax for manufacturing segment for the current quarter and period ended 31 March 2021 was mainly due to additional revenue of RM16.0 million and profit before tax of RM12.2 million generated by the security brokerage business which being acquired in fourth quarter of 2020 and was subsequently disposed off in March 2021, increase in revenue from manufacturing subsidiaries due to rebound in sales order for elastic yarn, webbing and rubber tape as the sales in corresponding period and quarter of 2020 was affected by the lockdown and movement restrictions order implemented by various countries under the COVID-19 pandemic.

Nonetheless, the increase in profit before tax of manufacturing segment for the current quarter and period ended 31 March 2021 was partially offset by the loss on disposal of subsidiaries that engaged in the security brokerage business of RM5.0 million (2020: gain on disposal of subsidiary that engaged in manufacturing business of RM3.2 million).

b) Retail

The retail segment recorded RM0.7 million revenue for the current quarter and period ended 31 March 2021, which was RM0.5 million lower than RM1.2 million recorded in the corresponding quarter and period of 2020. The retail segment's loss before tax of RM2.0 million for the current quarter and period ended 31 March 2021 was RM0.4 million higher than RM1.6 million recorded in the corresponding quarter and period of 2020.

The decrease in revenue and increase in loss before tax for retail segment for current quarter and period ended 31 March 2021 was mainly due to the outbreak of the COVID-19 pandemic, which led to a decrease in the tourists arrival and the deterioration of overall consumers' spending.

c) Property development & construction

The property development & construction segment recorded RM9.1 million revenue for the current quarter and period ended 31 March 2021, which was RM4.6 million higher than RM4.5 million recorded in the corresponding quarter and period of 2020. Profit before tax of RM0.9 million from property development & construction segment for the current quarter and period ended 31 March 2021 was RM3.0 million higher than loss before tax of RM2.1 million recorded in the corresponding quarter and period of 2020.

The increase in revenue and profit before tax for the current quarter and period ended 31 March 2021 for property development & construction segment was mainly due to increase in revenue from Embayu project which in line with the recognition of higher construction and sales progress of Embayu project and lower administrative expenses incurred which mainly due to lower staff costs.

B1 ANALYSIS OF PERFORMANCE (continued)

d) Agriculture

The agriculture segment recorded RM0.4 million revenue for the current quarter and period ended 31 March 2021, which was RM0.4 million higher than RM46k recorded in the corresponding quarter and period of 2020. Loss before tax of RM0.7 million from agriculture segment for the current quarter and period ended 31 March 2021 was RM0.5 million higher than loss before tax of RM0.2 million recorded in the corresponding quarter and period of 2020.

Increase in revenue for the current quarter and period ended 31 March 2021 for agriculture segment was mainly due to higher sales of teak logs. Increase in loss before tax for the current quarter and period ended 31 March 2021 was mainly due to finance costs of RM0.4 million (2020: RM nil) arising from the term loan drawdown in October 2020 and higher harvesting costs incurred which in line with the increase in sales and inventory balance.

e) Others

The others segment recorded profit before tax of RM0.5 million for current quarter and period ended 31 March 2021, which was RM1.5 million higher than loss before tax of RM1.0 million recorded in corresponding quarter and period of 2020, mainly due to the interest income of RM1.0 million (2020: RM nil) on advances to Premier De Muara Sdn Bhd and lower other operating expenses incurred due to lower professional and consultant fees for corporate exercises.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM58.1 million and profit before tax of RM10.8 million for the current quarter ended 31 March 2021 as compared to revenue of RM35.7 million and loss before tax of RM51.5 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 additional revenue of RM16.0 million and profit before tax of RM12.2 million generated by the security brokerage business which being acquired in fourth quarter of 2020 and was subsequently disposed off in March 2021 and higher revenue and profit from manufacturing subsidiaries due to rebound in sales order for elastic yarn, webbing and rubber tape. Higher profit before tax for current quarter ended 31 March 2021 as compared to immediate preceding quarter was also due to the one-off impairment losses on goodwill and other assets recognised in immediate preceding quarter.

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR

The global outlook remains challenging as the resurgence of the pandemic in many countries poses difficult economy versus health decisions. Additionally, 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. The global vaccination programme has been rolled out since the beginning of 2021, the efficacy of the vaccines as well as the speed and coverage of the vaccination programme remain to be observed. The Company is continually reviewing the demand and supply situation and cost mitigation measures to ensure business continuity and long term sustainability. As we reorganise ourselves to meet the operating environment of the new normal, we are optimistic that we 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. 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. The Group will continue its focus on affordable property projects and believe that the affordable properties will be in demand especially in the prime areas of Selangor and Kuala Lumpur. We hope with the Overnight Policy Rate reductions and economic stimulus package announced by government (including the re-introduction of House Ownership Campaign and stamp duty exemption) will spur a demand in purchase of properties.

Despite the market uncertainty brought by the COVID-19 pandemic, the Group will endeavour to finalise and secure demand for the teak logs business. The Group is also exploring other collaboration opportunity to expedite the sale of 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.

PRG HOLDINGS BERHAD (Registration No: 200101005950 (541706-V))
PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B5 INCOME TAX EXPENSE

	Quarter ended 31 March		Period ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations:				
Current tax expense				
- Malaysia	568	143	568	143
- Overseas	301	259	301	259
	<u>869</u>	<u>402</u>	<u>869</u>	<u>402</u>
Deferred tax	(55)	(31)	(55)	(31)
	<u>814</u>	<u>371</u>	<u>814</u>	<u>371</u>
Discontinued operations	-	-	-	-

The effective tax rates of the Group for the current quarter and period ended 31 March 2021 were lower than the statutory tax rate as certain income was not subject to tax.

B6 STATUS OF CORPORATE PROPOSALS

- a) 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.

- b) 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.

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	
	31/03/2021 RM'000	31/12/2020 RM'000
Current liabilities	3,960	3,355
Non-current liabilities	56,171	57,863
	<u>60,131</u>	<u>61,218</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	60,131	59,344
- Singapore Dollar	-	1,874
	<u>60,131</u>	<u>61,218</u>

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

B8 DIVIDENDS

No dividend has been proposed by the Board of Directors for the financial year ending 31 December 2021.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 March		Period ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating loss is arrived at after charging/(crediting):				
Depreciation and amortisation	2,489	2,363	2,489	2,363
Interest expense	1,045	1,102	1,045	1,102
Inventories written down	-	76	-	76
Net loss on foreign exchange	117	502	117	502
Interest income	(1,118)	(64)	(1,118)	(64)
Gain on disposals of property, plant and equipment	(12)	(12)	(12)	(12)
Loss/(Gain) on disposal of subsidiaries	4,975	(3,197)	4,975	(3,197)
Reversal of inventories written down	(1,615)	(525)	(1,615)	(525)
Reversal of impairment losses on trade and other receivables	-	(174)	-	(174)

- 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/(LOSS) PER ORDINARY SHARE

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

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

	Quarter ended 31 March		Period ended 31 March	
	2021	2020	2021	2020
Profit/(Loss) attributable to owners of the parent: (RM'000)				
- from continuing operations	937	(1,732)	937	(1,732)
- from discontinued operations	-	166	-	166
	937	(1,566)	937	(1,566)
Weighted average number of ordinary shares in issue ('000)	429,439	406,830	429,439	406,830
Basic earnings/(loss) per ordinary share: (sen)				
- from continuing operations	0.22	(0.43)	0.22	(0.43)
- from discontinued operations	-	0.04	-	0.04
	0.22	(0.39)	0.22	(0.39)

- 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 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 31 March 2021 and 31 March 2020.

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	
	31/3/2021	31/12/2020
		(Audited)
Total equity attributable to owners of the parent (RM'000)	156,143	153,969
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)	429,439	429,439
Net assets per share attributable to owners of the parent (RM)	0.3636	0.3585

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 27 May 2021.