

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020 - UNAUDITED

	Quarter ended 31 December		Year ended 31 December	
	2020 RM'000	2019 RM'000 (restated)	2020 RM'000	2019 RM'000 (restated)
<u>Continuing operations</u>				
Revenue	35,686	56,674	196,397	132,045
Cost of sales	(26,098)	(43,913)	(159,713)	(97,591)
Gross profit	9,588	12,761	36,684	34,454
Other income	(7,770)	1,756	3,120	3,449
Selling and marketing expenses	(1,619)	(4,433)	(7,994)	(12,185)
Administrative expenses	(52,856)	(61,286)	(74,932)	(86,555)
Other expenses	432	(452)	(1,241)	(1,456)
Interest income	1,404	149	15,322	479
Finance costs	(867)	(931)	(3,377)	(3,472)
Share of loss of associates (net of tax)	-	(905)	(345)	(1,778)
Share of profit of joint ventures (net of tax)	165	128	335	245
Loss before tax	(51,523)	(53,213)	(32,428)	(66,819)
Tax expense	1,227	(1,087)	(837)	(2,120)
Loss from continuing operations	(50,296)	(54,300)	(33,265)	(68,939)
<u>Discontinued operations</u>				
Profit/(Loss) from discontinued operations	7,328	(1,612)	5,710	(4,508)
Loss for the financial year	(42,968)	(55,912)	(27,555)	(73,447)
Other comprehensive (loss)/income				
<u>Continuing operations</u>				
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	7	(6,404)	(2,422)	(21,875)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	(1,497)	(1,868)	1,030	(2,059)
Realisation of reserves from disposal of a subsidiary	2,775	-	1,393	-
Share of other comprehensive (loss)/income of an associate	-	(41)	11	(49)
Share of other comprehensive loss of a joint venture	(41)	(18)	(31)	(21)
<u>Discontinued operations</u>				
Other comprehensive loss from discontinued operations	-	(12)	-	(27)
Total comprehensive loss for the financial year	(41,724)	(64,255)	(27,574)	(97,478)

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	Quarter ended 31 December		Year ended 31 December	
	2020 RM'000	2019 RM'000 (restated)	2020 RM'000	2019 RM'000 (restated)
(Loss)/Profit attributable to:				
Owners of the parent				
- from continuing operations	(34,357)	(34,821)	(19,018)	(47,745)
- from discontinued operations	6,302	(847)	5,757	(1,939)
Non-controlling interests				
- from continuing operations	(15,939)	(19,479)	(14,247)	(21,194)
- from discontinued operations	1,026	(765)	(47)	(2,569)
	(42,968)	(55,912)	(27,555)	(73,447)
Total comprehensive (loss)/income attributable to:				
Owners of the parent				
- from continuing operations	(33,679)	(42,270)	(20,138)	(70,802)
- from discontinued operations	6,302	(853)	5,757	(1,956)
Non-controlling interests				
- from continuing operations	(15,373)	(20,361)	(13,146)	(22,141)
- from discontinued operations	1,026	(771)	(47)	(2,579)
	(41,724)	(64,255)	(27,574)	(97,478)
Basic/Diluted (loss)/earnings per ordinary share attributable to owners of the parent (sen):				
- from continuing operations	(8.00)	(9.24)	(4.53)	(13.86)
- from discontinued operations	1.47	(0.22)	1.37	(0.56)
	(6.53)	(9.46)	(3.16)	(14.42)

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

PRG HOLDINGS BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 - UNAUDITED

	Notes	As at 31 December 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Non-current assets			
Property, plant and equipment		24,808	25,799
Right-of-use assets		21,187	36,144
Intangible assets		19,415	32,974
Investments in associates		1,894	1,934
Investments in joint ventures		1,414	1,111
Other investments		4,030	6,452
Trade and other receivables		58,113	4,730
Deferred tax assets		1,466	381
Total non-current assets		<u>132,327</u>	<u>109,525</u>
Current assets			
Inventories		61,576	59,788
Biological assets		82,060	83,100
Trade and other receivables		54,199	63,350
Contract assets		7,841	5,625
Current tax assets		476	585
Cash and bank balances		34,874	23,386
Bank balances held on behalf of clients		24,516	-
Total current assets		<u>265,542</u>	<u>235,834</u>
Assets classified as held for sale		-	244,330
Total assets		<u>397,869</u>	<u>589,689</u>
Equity			
Share capital		144,530	134,975
Treasury shares		(87)	(87)
Exchange translation differences		(2,778)	(4,080)
Fair value reserve		(24,297)	(21,875)
Retained earnings		36,601	49,862
Total attributable to owners of the parent		<u>153,969</u>	<u>158,795</u>
Non-controlling interests		46,688	60,748
Total equity		<u>200,657</u>	<u>219,543</u>
Non-current liabilities			
Borrowings	B7	57,863	20,465
Trade and other payables		12,040	11,990
Lease liabilities		12,477	16,106
Deferred tax liabilities		1,854	1,894
Total non-current liabilities		<u>84,234</u>	<u>50,455</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 - UNAUDITED

	Notes	As at 31 December 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Current liabilities			
Borrowings	B7	3,355	12,534
Trade and other payables		99,368	121,591
Contract liabilities		3,169	2,109
Lease liabilities		4,605	4,059
Current tax liabilities		2,481	2,732
Total current liabilities		<u>112,978</u>	<u>143,025</u>
Liabilities directly associated with the assets held for sale		-	176,666
Total liabilities		<u>112,978</u>	<u>320,691</u>
Total equity and liabilities		<u>397,869</u>	<u>589,689</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.3585</u>	<u>0.3941</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 2019 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 2020

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020 - UNAUDITED**

	<----- Attributable to owners of the parent ----->						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	<-----Non-distributable----->			Distributable					
	Share capital RM'000	Treasury shares RM'000	Exchange translation differences RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000			
<u>12 months ended 31 December 2019 (restated)</u>									
Balance as at 1 January 2019	83,289	(87)	(2,881)	3,713	-	47,924	131,958	40,199	172,157
Effect of adoption of MFRS 16	-	-	-	-	-	(229)	(229)	(193)	(422)
Restated balance as at 1 January 2019	83,289	(87)	(2,881)	3,713	-	47,695	131,729	40,006	171,735
Loss for the financial year	-	-	-	-	-	(49,684)	(49,684)	(23,763)	(73,447)
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(21,875)	-	(21,875)	-	(21,875)
Foreign currency translations	-	-	(1,129)	-	-	-	(1,129)	(957)	(2,086)
Share of other comprehensive loss of associates, net of tax	-	-	(49)	-	-	-	(49)	-	(49)
Share of other comprehensive loss of a joint venture, net of tax	-	-	(21)	-	-	-	(21)	-	(21)
Total comprehensive loss	-	-	(1,199)	-	(21,875)	(49,684)	(72,758)	(24,720)	(97,478)
Ordinary shares issued pursuant to exercise of Warrants	21,686	-	-	(2,091)	-	-	19,595	-	19,595
Shares acquired by non-controlling interests	-	-	-	-	-	50,229	50,229	45,462	95,691
Ordinary shares issued pursuant to acquisition of land by a subsidiary	30,000	-	-	-	-	-	30,000	-	30,000
Transfer of warrant reserve to retained earnings upon expiry	-	-	-	(1,622)	-	1,622	-	-	-
Balance as at 31 December 2019	134,975	(87)	(4,080)	-	(21,875)	49,862	158,795	60,748	219,543
<u>12 months ended 31 December 2020</u>									
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 year	-	-	-	-	-	(13,261)	(13,261)	(14,294)	(27,555)
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(2,422)	-	(2,422)	-	(2,422)
Foreign currency translations	-	-	567	-	-	-	567	463	1,030
Realisation of reserves from disposal of a subsidiary	-	-	755	-	-	-	755	638	1,393
Share of other comprehensive income of an associate, net of tax	-	-	11	-	-	-	11	-	11
Share of other comprehensive loss of a joint venture, net of tax	-	-	(31)	-	-	-	(31)	-	(31)
Total comprehensive income/(loss)	-	-	1,302	-	(2,422)	(13,261)	(14,381)	(13,193)	(27,574)
Ordinary shares issued pursuant to Private Placement exercise	9,555	-	-	-	-	-	9,555	-	9,555
Disposal of a non wholly-owned subsidiary	-	-	-	-	-	-	-	(990)	(990)
Non-controlling interests acquired in a subsidiary	-	-	-	-	-	-	-	123	123
Balance as at 31 December 2020	144,530	(87)	(2,778)	-	(24,297)	36,601	153,969	46,688	200,657

Note 1
The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020 - UNAUDITED

	Year ended	
	31 December	
	2020	2019
	RM'000	RM'000
		(restated)
Cash flows from operating activities		
Loss before tax from:		
Continuing operations	(32,428)	(66,819)
Discontinued operations	5,710	(2,681)
Adjustments for:		
Non-cash items	42,718	70,676
Finance costs	3,609	4,311
Interest income	(15,324)	(520)
Share of loss of associates	345	1,778
Share of profit of joint ventures	(335)	(245)
Operating profit before changes in working capital	4,295	6,500
Change in inventories	(3,621)	(24,355)
Change in bank balances held on behalf of clients	(19,379)	-
Change in trade and other receivables	19,661	(24,911)
Change in contract assets	(2,068)	5,546
Change in trade and other payables	(42,648)	12,519
Change in contract liabilities	6,751	5,551
Cash used in operations	(37,009)	(19,150)
Tax paid (net)	(688)	(1,214)
Net cash used in operating activities	(37,697)	(20,364)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(1,728)	(2,254)
Acquisition of right-of-use assets	(3,759)	(5,540)
Acquisition of biological assets	-	(3,676)
Repayments from joint ventures	20	903
Advances to associates	(1,128)	(3,080)
Dividends received from a joint venture	-	309
Interest received	707	380
Proceeds from disposals of property, plant and equipment	60	114
Proceeds from disposals of shares in a subsidiary	-	15,505
Net cash (outflow)/inflow from acquisition of subsidiaries	(2,499)	1,043
Acquisition of investments in associates	-	(842)
Acquisition of equity investments	-	(13,401)
Net cash flows from disposal of subsidiaries	9,458	-
Deposits placed with financial institutions with original maturity of more than three (3) months	(5,174)	(7,377)
Placement of restricted cash	-	(845)
Net cash used in investing activities	(4,043)	(18,761)
Cash flows from financing activities		
Interest paid	(3,386)	(2,929)
Drawdown of borrowings	48,695	41,116
Repayments of borrowings	(20,908)	(41,714)
Repayments of lease liabilities	(1,362)	(3,347)
Proceeds from issuance of ordinary shares pursuant to exercise of Warrants	-	19,595
Proceeds from issuance of ordinary shares pursuant to Private Placement exercise	9,678	-
Advances from shareholders	21,190	10,073
Net cash generated from financing activities	53,907	22,794

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020 - UNAUDITED

	Year ended 31 December	
	2020 RM'000	2019 RM'000 (restated)
Net increase/(decrease) in cash and cash equivalents	12,167	(16,331)
Effects of exchange rate changes	(273)	(310)
Cash and cash equivalents at beginning of financial year	14,295	25,768
Cash and cash equivalents reclassified as held for sale at beginning of financial year	(5,168)	-
Cash and cash equivalents reclassified as held for sale at end of financial year	-	5,168
Cash and cash equivalents at end of financial year	21,021	14,295
Cash and cash equivalents comprise:		
Cash and bank balances	34,874	23,386
Less: Bank overdraft	(272)	(384)
Deposits placed with financial institutions with original maturity of more than three (3) months	(12,854)	(7,980)
Restricted cash	(727)	(727)
	21,021	14,295
Reconciliation of liabilities arising from financing activities		
Borrowings at 1 January **	32,615	38,011
Effects of adoption of MFRS 16	-	(839)
	32,615	37,172
Cash flows	27,787	(598)
Non-cash flows:		
- Reclassified to liabilities directly associated with assets held for sale	-	(3,878)
- Accrued interest	144	-
- Effect of foreign exchange	400	(81)
	60,946	32,615
** Borrowings exclude bank overdraft		
Lease liabilities at 1 January	20,165	-
Effects of adoption of MFRS 16	-	7,047
	20,165	7,047
Cash flows	(2,730)	(3,347)
Non-cash flows:		
- Acquisition of right-of-use assets	97	17,141
- Right-of-use assets of subsidiary acquired	518	500
- Unwinding of interest	1,380	1,124
- Lease concessions and modification	(2,304)	-
- Reclassified to liabilities directly associated with assets held for sale	-	(2,206)
- Effect of foreign exchange	(44)	(94)
	17,082	20,165

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

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for the new Malaysian Financial Reporting Standards ("MFRS"), interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial years beginning on or after 1 January 2020:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Extension from Applying MFRS 9</i>	17 August 2020

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application, other than as disclosed below:

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (a) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 December 2020 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss.

	Effect of Early Adoption
	RM'000
Profit or loss	<u>2,799</u>

A2 AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS

The report of the auditors to members of the Company dated 6 May 2020 on the audited financial statements for the financial year ended 31 December 2019 did not contain any qualification.

A3 SEASONALITY OF OPERATIONS

The Group's results were not materially affected by any major seasonal or cyclical factors.

A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial 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

During the financial year ended 31 December 2020, the Company increased its issued and paid up share capital from 402,882,721 to 429,439,421 via the following allotment and issuance of 26,556,700 new ordinary shares pursuant to the Private Placement that was announced on 3 December 2019:

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

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

	Continuing operations						Discontinued operations		
	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Agriculture RM'000	Others RM'000	Eliminations RM'000	Total RM'000	RM'000	Total RM'000
<u>For the year ended 31 December 2019 (restated)</u>									
Revenue									
Revenue from external customers	119,561	6,376	6,108	-	-	-	132,045	16,497	148,542
Inter-segment revenue	17,582	-	8,144	-	-	(25,726)	-	-	-
Total revenue	<u>137,143</u>	<u>6,376</u>	<u>14,252</u>	<u>-</u>	<u>-</u>	<u>(25,726)</u>	<u>132,045</u>	<u>16,497</u>	<u>148,542</u>
Segment results	(37,051)	(6,890)	(11,455)	-	(9,890)	-	(65,286)	(2,681)	(67,967)
Share of profit/(loss) of joint ventures (net of tax)	294	-	-	-	(49)	-	245	-	245
Share of loss of associates (net of tax)	(591)	(798)	(15)	-	(374)	-	(1,778)	-	(1,778)
Loss before tax	<u>(37,348)</u>	<u>(7,688)</u>	<u>(11,470)</u>	<u>-</u>	<u>(10,313)</u>	<u>-</u>	<u>(66,819)</u>	<u>(2,681)</u>	<u>(69,500)</u>
Tax expense							(2,120)	(1,827)	(3,947)
Loss for the financial year							<u>(68,939)</u>	<u>(4,508)</u>	<u>(73,447)</u>
<u>For the year ended 31 December 2020</u>									
Revenue									
Revenue from external customers	96,320	2,696	96,531	850	-	-	196,397	(783)	195,614
Inter-segment revenue	218	305	4,371	-	-	(4,894)	-	-	-
Total revenue	<u>96,538</u>	<u>3,001</u>	<u>100,902</u>	<u>850</u>	<u>-</u>	<u>(4,894)</u>	<u>196,397</u>	<u>(783)</u>	<u>195,614</u>
Segment results	(9,211)	(23,832)	(4,123)	(2,345)	7,093	-	(32,418)	5,710	(26,708)
Share of profit of a joint venture (net of tax)	335	-	-	-	-	-	335	-	335
Share of loss of associates (net of tax)	(345)	-	-	-	-	-	(345)	-	(345)
(Loss)/Profit before tax	<u>(9,221)</u>	<u>(23,832)</u>	<u>(4,123)</u>	<u>(2,345)</u>	<u>7,093</u>	<u>-</u>	<u>(32,428)</u>	<u>5,710</u>	<u>(26,718)</u>
Tax expense							(837)	-	(837)
(Loss)/Profit for the financial year							<u>(33,265)</u>	<u>5,710</u>	<u>(27,555)</u>

A9 EVENTS AFTER BALANCE SHEET DATE

There were no material events subsequent to the end of the financial year, 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 RM4.40 million) on 23 March 2021.

A10 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial year under review except for the following:

- Upon completion of the shares sale agreement on 14 January 2020, PRG Active Sdn Bhd became a wholly-owned subsidiary of PRG Healthcare Sdn Bhd, a wholly-owned subsidiary of the Company.
- Upon completion of the shares sale agreement on 2 July 2020, PRG Property Sdn Bhd, a wholly-owned subsidiary of the Company, had disposed 150,000 ordinary shares representing 60% equity interest in Premier De Muara Sdn Bhd ("PDMSB") to Liveintent Sdn Bhd for a consideration of RM7,200,000.
- On 8 September 2020, the Group undertook an internal reorganisation where Premier Management International Limited acquired one (1) ordinary share representing 100% equity interest in PRG Land Sdn Bhd from PRG Asset Holdings Sdn Bhd for a consideration of RM1.00.
- Upon the completion of agreement on 15 October 2020, Rich Day Global Limited, a wholly-owned subsidiary of FHL had acquired the entire issued share capital of West Bull Securities Limited (formerly known as RSI Securities Limited) for a consideration of HKD8.50 million from RSI Capital Limited.

A11 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2019.

A12 CAPITAL COMMITMENTS

	As at 31/12/2020 RM'000
Contracted but not provided for:	
- Acquisition of property, plant and equipment	710

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 31 December		Year ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	160	571	1,461	2,207
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	30	257	768	701

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

Following the proposed disposal of Premier De Muara Sdn Bhd ("PDMSB"), the results of PDMSB for the current and previous financial periods have been classified as discontinued operations. Please refer to Note A10 for further details of the proposed disposal.

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

The Group's revenue of RM35.7 million for fourth quarter of 2020 was RM21.0 million lower than the RM56.7 million revenue reported in the corresponding quarter of the preceding year. The Group's revenue for the 12 months ended 31 December 2020 was RM196.4 million, representing RM64.4 million increase as compared to revenue of RM132.0 million recorded in preceding year.

The Group recorded a loss before tax of RM51.5 million in the fourth quarter of 2020, which was improved by RM1.7 million as compared to loss before tax of RM53.2 million reported in the corresponding quarter of the preceding year. Loss before tax for the 12 months ended 31 December 2020 was RM32.4 million, representing improvement of RM34.4 million as compared to loss before tax of RM66.8 million recorded in preceding year.

Decrease in the Group's revenue during the current quarter ended 31 December 2020 as compared to the corresponding quarter of 2019 was mainly due to the decrease in revenue from manufacturing segment, where lower sales of PVC related products recorded during current quarter. Increase in the Group's revenue for the financial year ended 31 December 2020 and lower loss before tax during the current quarter and financial year ended 31 December 2020 was mainly due to the one-off realisation of previously unrealised intercompany revenue, profits and interest income upon the disposal of PDMSB to third party in third quarter of 2020. Lower loss before tax also due to lower impairment losses on assets recognised during current financial year.

a) Manufacturing

The revenue of RM27.4 million from manufacturing segment for the fourth quarter of 2020 was RM24.1 million lower than RM51.5 million recorded in the corresponding quarter of 2019. The segment's revenue for the 12 months ended 31 December 2020 of RM96.3 million was RM23.3 million lower than RM119.6 million recorded in preceding year.

The loss before tax of RM18.7 million from manufacturing segment for the fourth quarter of 2020 was improved by RM22.0 million as compared to loss before tax of RM40.7 million recorded in the corresponding quarter of 2019. The segment's loss before tax for the 12 months ended 31 December 2020 of RM9.2 million was improved by RM28.1 million as compared to loss before tax of RM37.3 million recorded in preceding year.

The decrease in revenue for manufacturing segment for the current quarter and financial year ended 31 December 2020 was mainly due to the lockdown and movement restrictions orders implemented by various countries under the COVID-19 pandemic which disrupted the production of certain plants and impacted the global supply chain, resulting in the decrease in sales volume for elastic textile, webbing and PVC related products during current financial year.

The improvement in loss before tax for manufacturing segment for the current quarter and financial year ended 31 December 2020 was mainly due to the lower impairment losses on goodwill and other assets as compared to the corresponding period of the preceding year and the improved gross profit margin of certain manufacturing subsidiaries.

b) Retail

The retail segment recorded RM0.6 million revenue for the fourth quarter of 2020, which was RM1.1 million lower than RM1.7 million recorded in the corresponding quarter of 2019. The segment's revenue for the 12 months ended 31 December 2020 of RM2.7 million was RM3.7 million lower than RM6.4 million recorded in preceding year.

The retail segment's loss before tax of RM15.3 million for the fourth quarter of 2020 was RM16.0 million higher than RM3.4 million recorded in the corresponding quarter of 2019. The segment's loss before tax for the 12 months ended 31 December 2020 of RM23.8 million was RM16.1 million higher than RM7.7 million recorded in preceding year.

The decrease in revenue for retail segment during current quarter and financial year ended 31 December 2020 was mainly due to the outbreak of the COVID-19 pandemic since January 2020, which led to a decrease in the tourists arrival and the deterioration of overall consumers' spending. The increase in loss before tax for retail segment during current quarter and financial year ended 31 December 2020 was mainly due to the impairment losses on property, plant and equipment, right-of-use assets and amount owing by an associate of RM18.1 million recognised in current financial year.

B1 ANALYSIS OF PERFORMANCE (continued)

c) Property development & construction (continued)

The property development & construction segment recorded RM7.2 million revenue for the fourth quarter of 2020, which was RM3.7 million higher than RM3.5 million recorded in the corresponding quarter of 2019. The segment's revenue for the 12 months ended 31 December 2020 of RM96.5 million was RM90.4 million higher than RM6.1 million recorded in preceding year.

Loss before tax of RM8.7 million from property development & construction segment for the fourth quarter of 2020 was RM5.7 million higher than loss before tax of RM3.0 million recorded in the corresponding quarter of preceding year. The segment's loss before tax for the 12 months ended 31 December 2020 of RM4.1 million was improved by RM7.3 million as compared to loss before tax of RM11.4 million recorded in preceding year.

The increase in revenue for the current quarter and financial year ended 31 December 2020 for property development & construction segment was mainly due to the recognition of the higher progress of property development project, Embayu @ Damansara West and one-off realisation of previously unrealised revenue on intercompany construction works for Picasso Residence upon the disposal of PDMSB to third party.

The increase in loss before tax for the fourth quarter of 2020 as compared to corresponding quarter of 2019 was mainly due to the impairment loss and fair value adjustment on trade and other receivables recognised during current quarter. The decrease in loss before tax for the financial year ended 31 December 2020 as compared to preceding year was mainly due to the one-off realisation of previously unrealised profits on intercompany construction works for Picasso Residence upon the disposal of PDMSB to third party, and lower staff costs incurred in current financial year.

d) Agriculture

The agriculture segment recorded revenue of approximately RM0.9 million from the sales of teak logs and loss before tax of RM2.3 million for the financial year ended 31 December 2020. The loss before tax is mainly due to the professional fees and expenses incurred for financing facility and slower harvesting and selling of teak logs activities during current financial year, which impacted by the COVID-19 pandemic.

e) Others

The others segment recorded profit before tax of RM7.1 million for the 12 months ended 31 December 2020, which was RM17.4 million higher than loss before tax of RM10.3 million recorded in preceding year, mainly due to the realisation of previously unrealised interest income of RM12.4 million on intercompany advances upon disposal of PDMSB to third party and current year interest income on advances of RM2.1 million. The higher profit before tax also due to lower finance costs on borrowings incurred in current financial year.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM35.7 million and loss before tax of RM51.5 million for the current quarter ended 31 December 2020 as compared to revenue of RM112.0 million and profit before tax of RM20.4 million for the immediate preceding quarter. The decrease in revenue and profit before tax as compared to the immediate preceding quarter is mainly due to impairment losses on goodwill and other assets recognised in current quarter and the one-off realisation of previously unrealised intercompany revenue, profits and interest income upon the disposal of PDMSB to third party in immediate preceding quarter.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR

The global outlook remains bleak as the pandemic resurgence in many countries poses difficult economy versus health decisions. Also the ongoing trade war, volatility in currency, disruption in global supply chain and the intensifying regional business competition have made our operating environment extremely challenging and difficult to predict. The global vaccination programme has been rolled out since the beginning of year 2021, the efficacy of the vaccines as well as the speed and coverage of the vaccination programme remain to be observed. In view of the increasing pandemic risk, the manufacturing and retail segments are continually reviewing the demand and supply situation and cost mitigation measures to ensure business continuity and longer term sustainability. As the segments reorganise themselves to meet the operating environment of the new normal, the segment are optimistic that they will prevail.

The property market in Malaysia remains challenging with issues such as affordability, slower economic growth, high levels of unsold units as well as the property supply-demand imbalance. 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.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR (continued)

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.

B5 INCOME TAX EXPENSE

	Quarter ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Continuing operations:				
Current tax expense				
- Malaysia	(767)	248	485	450
- Overseas	(190)	936	726	1,779
	<u>(957)</u>	<u>1,184</u>	<u>1,211</u>	<u>2,229</u>
Deferred tax	(1,024)	(97)	(1,128)	(109)
Real property gain tax	754	-	754	-
	<u>(1,227)</u>	<u>1,087</u>	<u>837</u>	<u>2,120</u>
Discontinued operations	<u>-</u>	<u>1,835</u>	<u>-</u>	<u>1,827</u>

The negative effective tax rates of the Group for the current quarter and year ended 31 December 2020 were lower than the statutory tax rate as certain subsidiaries were making losses.

B6 STATUS OF CORPORATE PROPOSALS

a) Proposed Disposal of PEWA

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

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

The financial results of PEWA ceased to be accounted for in the Group's unaudited condensed consolidated financial statements during the current financial period as the power over PEWA, exposure, or rights, to variable returns were passed on to purchaser during the period. The disposal of PEWA was completed subsequent to year end.

b) 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.

B6 STATUS OF CORPORATE PROPOSALS (continued)

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

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

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

On 30 April 2020, the Company announced that all parties have mutually agreed in writing to extend the period for fulfilment of the conditions precedent stipulated in the subscription agreement for a further period of three months from 6 May 2020 to 6 August 2020. On 1 September 2020, the Company further announced that all parties have mutually agreed in writing to extend the period for fulfilment of the conditions precedent from 6 August 2020 to 31 December 2020.

On 5 February 2021, the Company announced that all parties have mutually agreed in writing on 5 February 2021 to terminate the subscription agreement due to non-fulfilment of the conditions precedent stipulated in the subscription agreement.

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

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

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

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

B7 BORROWINGS

The Group's borrowings are as follows:

	As at	
	31/12/2020	31/12/2019
	RM'000	RM'000
Current liabilities	3,355	12,534
Non-current liabilities	57,863	20,465
	61,218	32,999

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	59,344	21,575
- Hong Kong Dollar	-	8,411
- Singapore Dollar	1,874	2,890
- United States Dollar	-	123
	61,218	32,999

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

B8 DIVIDENDS

No dividend has been proposed by the Board of Directors for the financial year ending 31 December 2020.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 December		Year ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating loss is arrived at after charging/(crediting):				
Depreciation and amortisation	2,397	3,433	9,578	9,024
Interest expense	867	1,155	3,609	4,311
Inventories written down	3,164	1,310	3,164	1,612
Inventories written off	-	72	-	72
Impairment losses on trade and other receivables	9,483	12,807	9,553	12,812
Impairment loss on contract assets	-	43	-	43
Impairment loss on investment in an associate	40	4,630	40	4,630
Impairment loss on investment in a joint venture	-	3,903	-	3,903
Impairment loss on goodwill	16,310	34,564	16,310	34,564
Impairment loss on assets held for sale	-	5,624	-	5,624
Impairment loss on property, plant and equipment	429	-	429	-
Impairment loss on right-of-use assets	13,599	-	13,599	-
Impairment loss on amount owing by an associate	4,053	-	4,053	-
Fair value adjustments on trade and other receivables	1,261	15	1,875	15
Fair value adjustments on financial assets at FVTPL	-	2,593	-	2,593
Net (gain)/loss on foreign exchange	(876)	(515)	(486)	127
Property, plant and equipment written off	-	65	1	65
Interest income	(1,404)	(134)	(15,324)	(520)
Gain on disposals of property, plant and equipment	1	36	(55)	(22)
Gain on disposal of subsidiaries	1,579	-	(7,328)	-
Fair value adjustments on trade and other payables	-	(1,782)	-	(1,782)
Reversal of impairment loss on receivables	(40)	(373)	(40)	(373)
Reversal of impairment loss on contract assets	(15)	-	(15)	-
Reversal of inventories written down	(1,118)	(75)	(1,915)	(110)

- 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 (LOSS)/EARNINGS PER ORDINARY SHARE

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

Basic (loss)/earnings per ordinary share is calculated by dividing the loss 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 31 December		Year ended 31 December	
	2020	2019 (restated)	2020	2019 (restated)
(Loss)/Profit attributable to owners of the parent: (RM'000)				
- from continuing operations	(34,357)	(34,821)	(19,018)	(47,745)
- from discontinued operations	6,302	(847)	5,757	(1,939)
	(28,055)	(35,668)	(13,261)	(49,684)
Weighted average number of ordinary shares in issue ('000)	429,439	377,041	419,418	344,573
Basic (loss)/earnings per ordinary share: (sen)				
- from continuing operations	(8.00)	(9.24)	(4.53)	(13.86)
- from discontinued operations	1.47	(0.22)	1.37	(0.56)
	(6.53)	(9.46)	(3.16)	(14.42)

B11 (LOSS)/EARNINGS PER ORDINARY SHARE (continued)

b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit 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 (loss)/earnings per share is same as the basic (loss)/earnings per share because there were no dilutive potential ordinary shares outstanding as at the end of the financial years ended 31 December 2020 and 31 December 2019.

B12 NET ASSETS PER SHARE

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

	As at	
	31/12/2020	31/12/2019
		(Audited)
Total equity attributable to owners of the parent (RM'000)	153,969	158,795
Number of ordinary shares in issue ('000)	429,857	403,301
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	429,439	402,883
Net assets per share attributable to owners of the parent (RM)	0.3585	0.3941

B13 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 March 2021.