

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2021 - UNAUDITED**

	Quarter ended 30 June		Period ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Continuing operations</b>				
<b>Revenue</b>	<b>38,141</b>	21,233	<b>96,216</b>	48,670
Cost of sales	<b>(27,081)</b>	(15,105)	<b>(56,545)</b>	(34,465)
<b>Gross profit</b>	<b>11,060</b>	6,128	<b>39,671</b>	14,205
Other income	<b>12,930</b>	1,004	<b>13,880</b>	4,971
Selling and marketing expenses	<b>(1,390)</b>	(2,531)	<b>(5,357)</b>	(4,962)
Administrative expenses	<b>(6,762)</b>	(6,275)	<b>(16,350)</b>	(14,410)
Other expenses	<b>(276)</b>	(382)	<b>(5,635)</b>	(932)
Interest income	<b>1,147</b>	267	<b>2,265</b>	329
Finance costs	<b>(894)</b>	(763)	<b>(1,939)</b>	(1,740)
Share of profit/(loss) of associates (net of tax)	-	27	-	(269)
Share of profit of joint ventures (net of tax)	<b>95</b>	27	<b>176</b>	94
<b>Profit/(Loss) before tax</b>	<b>15,910</b>	(2,498)	<b>26,711</b>	(2,714)
Tax expense	<b>(2,112)</b>	(288)	<b>(2,926)</b>	(659)
<b>Profit/(Loss) from continuing operations</b>	<b>13,798</b>	(2,786)	<b>23,785</b>	(3,373)
<b>Discontinued operations</b>				
Loss from discontinued operations	-	(1,325)	-	(1,618)
<b>Profit/(Loss) for the financial period</b>	<b>13,798</b>	(4,111)	<b>23,785</b>	(4,991)
<b>Other comprehensive income/(loss)</b>				
<b>Continuing operations</b>				
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Change in the fair value of equity instruments at fair value through other comprehensive income	<b>2</b>	54	<b>63</b>	(2,384)
<b>Items that will be reclassified subsequently to profit or loss</b>				
Foreign currency translations	<b>757</b>	179	<b>3,007</b>	3,556
Realisation of reserves from disposal of subsidiaries	<b>7,292</b>	(18)	<b>(187)</b>	(1,382)
Share of other comprehensive income of an associate	-	14	-	11
Share of other comprehensive income of a joint venture	<b>1</b>	13	<b>46</b>	45
<b>Total comprehensive income/(loss) for the financial period</b>	<b>21,850</b>	(3,869)	<b>26,714</b>	(5,145)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**  
**FOR THE PERIOD ENDED 30 JUNE 2021 - UNAUDITED**

	Quarter ended 30 June		Period ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit/(Loss) attributable to:</b>				
Owners of the parent				
- from continuing operations	6,792	(2,336)	7,729	(4,068)
- from discontinued operations	-	(711)	-	(545)
Non-controlling interests				
- from continuing operations	7,006	(450)	16,056	695
- from discontinued operations	-	(614)	-	(1,073)
	<u>13,798</u>	<u>(4,111)</u>	<u>23,785</u>	<u>(4,991)</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent				
- from continuing operations	7,283	(2,180)	9,457	(5,244)
- from discontinued operations	-	(711)	-	(545)
Non-controlling interests				
- from continuing operations	14,567	(364)	17,257	1,717
- from discontinued operations	-	(614)	-	(1,073)
	<u>21,850</u>	<u>(3,869)</u>	<u>26,714</u>	<u>(5,145)</u>
<b>Basic/Diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen):</b>				
- from continuing operations	1.58	(0.56)	1.80	(0.99)
- from discontinued operations	-	(0.17)	-	(0.13)
	<u>1.58</u>	<u>(0.73)</u>	<u>1.80</u>	<u>(1.12)</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.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2021**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021 - UNAUDITED**

	Notes	As at 30 June 2021 RM'000	(Audited) As at 31 December 2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		25,461	24,808
Right-of-use assets		18,637	21,187
Intangible assets		17,404	19,415
Investments in associates		1,894	1,894
Investments in joint ventures		1,434	1,414
Other investments		4,093	4,030
Trade and other receivables		60,127	58,113
Deferred tax assets		1,438	1,466
<b>Total non-current assets</b>		<u>130,488</u>	<u>132,327</u>
<b>Current assets</b>			
Inventories		66,795	61,576
Biological assets		81,381	82,060
Trade and other receivables		53,066	54,199
Contract assets		8,372	7,841
Current tax assets		520	476
Cash and bank balances		38,048	34,874
Bank balances held on behalf of clients		-	24,516
<b>Total current assets</b>		<u>248,182</u>	<u>265,542</u>
Assets classified as held for sale		-	-
<b>Total assets</b>		<u>378,670</u>	<u>397,869</u>
<b>Equity</b>			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		(1,113)	(2,778)
Fair value reserve		(24,234)	(24,297)
Retained earnings		44,330	36,601
<b>Total attributable to owners of the parent</b>		<u>163,426</u>	<u>153,969</u>
Non-controlling interests		56,653	46,688
<b>Total equity</b>		<u>220,079</u>	<u>200,657</u>
<b>Non-current liabilities</b>			
Borrowings	B7	53,223	57,863
Trade and other payables		11,389	12,040
Lease liabilities		3,268	12,477
Deferred tax liabilities		1,792	1,854
<b>Total non-current liabilities</b>		<u>69,672</u>	<u>84,234</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2021**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2021 - UNAUDITED**

		<b>As at 30 June 2021 RM'000</b>	(Audited) As at 31 December 2020 RM'000
<b>Current liabilities</b>			
Borrowings	B7	<b>4,010</b>	3,355
Trade and other payables		<b>74,675</b>	99,368
Contract liabilities		<b>4,541</b>	3,169
Lease liabilities		<b>450</b>	4,605
Current tax liabilities		<b>5,243</b>	2,481
<b>Total current liabilities</b>		<b><u>88,919</u></b>	<u>112,978</u>
Liabilities directly associated with the assets held for sale		-	-
<b>Total liabilities</b>		<b><u>158,591</u></b>	<u>197,212</u>
<b>Total equity and liabilities</b>		<b><u>378,670</u></b>	<u>397,869</u>
Net assets per share attributable to owners of the parent (RM)	B12	<b><u>0.3806</u></b>	<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 SECOND QUARTER OF 2021**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2021 - UNAUDITED**

	<----- Attributable to owners of the parent ----->						Non- controlling interests RM'000	Total equity RM'000
	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		
<u>6 months ended 30 June 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 period	-	-	-	-	(4,613)	(4,613)	(378)	(4,991)
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	(2,384)	-	(2,384)	-	(2,384)
Foreign currency translations	-	-	2,534	-	-	2,534	1,022	3,556
Realisation of reserves from disposal of a subsidiary	-	-	1,393	-	(2,775)	(1,382)	-	(1,382)
Share of other comprehensive income of an associate, net of tax	-	-	11	-	-	11	-	11
Share of other comprehensive income of a joint venture, net of tax	-	-	45	-	-	45	-	45
Total comprehensive income/(loss)	-	-	3,983	(2,384)	(7,388)	(5,789)	644	(5,145)
Ordinary shares issued pursuant to Private Placement exercise	7,500	-	-	-	-	7,500	-	7,500
Balance as at 30 June 2020	<u>142,475</u>	<u>(87)</u>	<u>(97)</u>	<u>(24,259)</u>	<u>42,474</u>	<u>160,506</u>	<u>61,392</u>	<u>221,898</u>
<b><u>6 months ended 30 June 2021</u></b>								
<b>Balance as at 1 January 2021</b>	<b>144,530</b>	<b>(87)</b>	<b>(2,778)</b>	<b>(24,297)</b>	<b>36,601</b>	<b>153,969</b>	<b>46,688</b>	<b>200,657</b>
<b>Profit for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,729</b>	<b>7,729</b>	<b>16,056</b>	<b>23,785</b>
<b>Change in the fair value of equity investments at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>63</b>
<b>Foreign currency translations</b>	<b>-</b>	<b>-</b>	<b>1,694</b>	<b>-</b>	<b>-</b>	<b>1,694</b>	<b>1,313</b>	<b>3,007</b>
<b>Realisation of reserves from disposal of subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>(112)</b>	<b>(187)</b>
<b>Share of other comprehensive income of a joint venture, net of tax</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>-</b>	<b>46</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,665</b>	<b>63</b>	<b>7,729</b>	<b>9,457</b>	<b>17,257</b>	<b>26,714</b>
<b>Shares acquired by non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,288</b>	<b>6,288</b>
<b>Disposal of non wholly-owned subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,580)</b>	<b>(13,580)</b>
<b>Balance as at 30 June 2021</b>	<b><u>144,530</u></b>	<b><u>(87)</u></b>	<b><u>(1,113)</u></b>	<b><u>(24,234)</u></b>	<b><u>44,330</u></b>	<b><u>163,426</u></b>	<b><u>56,653</u></b>	<b><u>220,079</u></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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2021 - UNAUDITED**

	Period ended 30 June	
	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax from:		
Continuing operations	26,711	(2,714)
Discontinued operations	-	(1,618)
Adjustments for:		
Non-cash items	(5,338)	1,401
Finance costs	1,939	1,972
Interest income	(2,265)	(331)
Share of loss of associates	-	269
Share of profit of joint ventures	(176)	(94)
Operating profit/(loss) before changes in working capital	<u>20,871</u>	<u>(1,115)</u>
Change in inventories	(1,957)	(1,091)
Change in bank balances held on behalf of clients	16,429	-
Change in trade and other receivables	(17,643)	14,641
Change in contract assets	(531)	2,964
Change in trade and other payables	(8,085)	(25,431)
Change in contract liabilities	<u>1,298</u>	<u>5,661</u>
Cash generated from/(used in) operations	<u>10,382</u>	<u>(4,371)</u>
Tax (paid)/refunded (net)	(424)	1,240
Net cash generated from/(used in) operating activities	<u>9,958</u>	<u>(3,131)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(3,378)	(208)
(Advances to)/Repayments from joint ventures	(15)	9
Repayment from/(Advances to) associates	1,327	(821)
Dividends received from a joint venture	202	-
Interest received	252	260
Proceeds from disposals of property, plant and equipment	82	51
Proceeds from shares acquired by non-controlling interests	6,288	-
Net cash flows from disposal of subsidiaries	(8,318)	(9)
Deposits uplift from financial institutions with original maturity of more than three (3) months	<u>561</u>	<u>2,048</u>
Net cash (used in)/generated from investing activities	<u>(2,999)</u>	<u>1,330</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,289)	(1,590)
Drawdown of borrowings	7,785	3,467
Repayments of borrowings	(12,073)	(7,834)
Repayments of lease liabilities	(781)	(1,009)
Proceeds from issuance of ordinary shares pursuant to Private Placement exercise	-	7,500
Advances from shareholders	<u>2,106</u>	<u>4,626</u>
Net cash (used in)/generated from financing activities	<u>(4,252)</u>	<u>5,160</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE PERIOD ENDED 30 JUNE 2021 - UNAUDITED**

	Period ended 30 June	
	2021 RM'000	2020 RM'000
<b>Net increase in cash and cash equivalents</b>	<b>2,707</b>	3,359
Effects of exchange rate changes	<b>389</b>	603
Cash and cash equivalents at beginning of financial period	<b>21,021</b>	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	-	7,076
<b>Cash and cash equivalents at end of financial period</b>	<b>24,117</b>	<b>20,165</b>
Cash and cash equivalents comprise:		
Cash and bank balances	<b>38,048</b>	27,561
Less: Bank overdraft	<b>(496)</b>	(504)
Deposits placed with financial institutions with original maturity of more than three (3) months	<b>(12,708)</b>	(6,165)
Restricted cash	<b>(727)</b>	(727)
	<b>24,117</b>	<b>20,165</b>

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:

<b>Title</b>	<b>Effective Date</b>
<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		
	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
<b>For the period ended 30 June 2020</b>									
Revenue									
Revenue from external customers	43,174	1,259	4,143	94	-	-	48,670	(783)	47,887
Inter-segment revenue	154	-	2,723	-	-	(2,877)	-	-	-
<b>Total revenue</b>	<b>43,328</b>	<b>1,259</b>	<b>6,866</b>	<b>94</b>	<b>-</b>	<b>(2,877)</b>	<b>48,670</b>	<b>(783)</b>	<b>47,887</b>
Segment results	6,656	(3,775)	(3,379)	(443)	(1,598)	-	(2,539)	(1,618)	(4,157)
Share of profit of a joint venture (net of tax)	94	-	-	-	-	-	94	-	94
Share of (loss)/profit of associates (net of tax)	(345)	-	-	-	76	-	(269)	-	(269)
<b>Profit/(Loss) before tax</b>	<b>6,405</b>	<b>(3,775)</b>	<b>(3,379)</b>	<b>(443)</b>	<b>(1,522)</b>	<b>-</b>	<b>(2,714)</b>	<b>(1,618)</b>	<b>(4,332)</b>
Tax expense							(659)	-	(659)
<b>Loss for the financial period</b>							<b>(3,373)</b>	<b>(1,618)</b>	<b>(4,991)</b>
<b>For the period ended 30 June 2021</b>									
<b>Revenue</b>									
<b>Revenue from external customers</b>	<b>77,064</b>	<b>1,711</b>	<b>15,712</b>	<b>1,729</b>	<b>-</b>	<b>-</b>	<b>96,216</b>	<b>-</b>	<b>96,216</b>
<b>Inter-segment revenue</b>	<b>128</b>	<b>199</b>	<b>748</b>	<b>-</b>	<b>-</b>	<b>(1,075)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>77,192</b>	<b>1,910</b>	<b>16,460</b>	<b>1,729</b>	<b>-</b>	<b>(1,075)</b>	<b>96,216</b>	<b>-</b>	<b>96,216</b>
<b>Segment results</b>	<b>14,742</b>	<b>9,788</b>	<b>2,632</b>	<b>(1,189)</b>	<b>562</b>	<b>-</b>	<b>26,535</b>	<b>-</b>	<b>26,535</b>
<b>Share of profit of a joint venture (net of tax)</b>	<b>176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>-</b>	<b>176</b>
<b>Profit/(Loss) before tax</b>	<b>14,918</b>	<b>9,788</b>	<b>2,632</b>	<b>(1,189)</b>	<b>562</b>	<b>-</b>	<b>26,711</b>	<b>-</b>	<b>26,711</b>
<b>Tax expense</b>							<b>(2,926)</b>	<b>-</b>	<b>(2,926)</b>
<b>Profit for the financial period</b>							<b>23,785</b>	<b>-</b>	<b>23,785</b>

**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  
30/6/2021  
RM'000**

65

**A13 MATERIAL RELATED PARTY TRANSACTIONS**

	<b>Quarter ended 30 June</b>		<b>Period ended 30 June</b>	
	<b>2021 RM'000</b>	2020 RM'000	<b>2021 RM'000</b>	2020 RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	<b>416</b>	836	<b>871</b>	1,090
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	<b>298</b>	325	<b>1,081</b>	488

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 RM38.1 million for second quarter of 2021 was RM16.9 million higher than the RM21.2 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the 6 months ended 30 June 2021 was RM96.2 million, representing RM47.5 million increase as compared to revenue of RM48.7 million recorded in the corresponding period of preceding year.

The Group recorded a profit before tax of RM15.9 million in the second quarter of 2021, which was improved by RM18.4 million as compared to loss before tax of RM2.5 million reported in the corresponding quarter of preceding year. Profit before tax for the 6 months ended 30 June 2021 was RM26.7 million, representing improvement of RM29.4 million as compared to loss before tax of RM2.7 million recorded in the corresponding period of preceding year.

Increase in the Group's revenue and profit before tax during the current quarter and period ended 30 June 2021 as compared to the corresponding quarter and period of preceding year 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 recovery of sales from the impact of COVID-19 pandemic and increase in revenue from property development project, Embayu @ Damansara West ("Embayu project").

The increase in the Group's profit before tax for the current quarter and period ended 30 June 2021 was also due to one-off recognition of reversal of lease liabilities arising from early termination and decrease in operational expenses by retail business, 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 RM28.4 million from manufacturing segment for the second quarter of 2021 was RM9.5 million higher than RM18.9 million recorded in the corresponding quarter of 2020. The segment's revenue for the 6 months ended 30 June 2021 of RM77.1 million was RM33.9 million higher than RM43.2 million recorded in the corresponding period of preceding year.

The profit before tax of RM2.9 million from manufacturing segment for the second quarter of 2021 was RM1.2 million higher than RM1.7 million recorded in the corresponding quarter of 2020. The segment's profit before tax for the 6 months ended 30 June 2021 of RM14.9 million was RM8.5 million higher than RM6.4 million recorded in the corresponding period of preceding year.

The increase in revenue and profit before tax for manufacturing segment for the current quarter and period ended 30 June 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 orders for elastic yarn, webbing, rubber tape and polyvinyl chloride related products 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 period ended 30 June 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 RM1.3 million revenue for the second quarter of 2021, which was RM1.2 million higher than RM0.1 million recorded in the corresponding quarter of 2020. The segment's revenue for the 6 months ended 30 June 2021 of RM1.7 million was RM0.4 million higher than RM1.3 million recorded in the corresponding period of preceding year.

The retail segment's profit before tax of RM11.8 million for the second quarter of 2021 was improved by RM14.0 million as compared to loss before tax of RM2.2 million recorded in the corresponding quarter of 2020. The segment's profit before tax for the 6 months ended 30 June 2021 of RM9.8 million was improved by RM13.6 million as compared to loss before tax of RM3.8 million recorded in the corresponding period of preceding year.

The increase in revenue for retail segment for current quarter and period ended 30 June 2021 was mainly due to greater promotional discount given to customers for stock clearance in second quarter of 2021. The increase in profit before tax for retail segment for current quarter and period ended 30 June 2021 was mainly due to one-off recognition of reversal of lease liabilities arising from early termination and decrease in operational expenses upon the decision of closure of retail store in view of the business will not be recovered in short term.

**B1 ANALYSIS OF PERFORMANCE (continued)**

c) Property development & construction (continued)

The property development & construction segment recorded RM7.2 million revenue for the second quarter of 2021, which was RM5.0 million higher than RM2.2 million recorded in the corresponding quarter of 2020. The segment's revenue for the 6 months ended 30 June 2021 of RM15.7 million was RM11.6 million higher than RM4.1 million recorded in the corresponding period of preceding year.

Profit before tax of RM1.7 million from property development & construction segment for the second quarter of 2021 was improved by RM3.0 million as compared to loss before tax of RM1.3 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 6 months ended 30 June 2021 of RM2.6 million was improved by RM6.0 million as compared to loss before tax of RM3.4 million recorded in the corresponding period of preceding year.

The increase in revenue and profit before tax for the current quarter and period ended 30 June 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.

d) Agriculture

The agriculture segment recorded RM1.3 million revenue for the second quarter of 2021, which was RM1.2 million higher than RM0.1 million recorded in the corresponding quarter of 2020. The segment's revenue for the 6 months ended 30 June 2021 of RM1.7 million was RM1.6 million higher than RM0.1 million recorded in the corresponding period of preceding year.

The agriculture segment's loss before tax of RM0.5 million for the second quarter of 2021 was RM0.3 higher than RM0.2 million recorded in the corresponding quarter of 2020. The segment's loss before tax for the 6 months ended 30 June 2021 of RM1.2 million was RM0.8 million higher than RM0.4 million recorded in the corresponding period of preceding year.

Increase in revenue for the current quarter and period ended 30 June 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 30 June 2021 was mainly due to finance costs of RM0.9 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.

e) Others

The others segment recorded profit before tax of RM0.1 million and RM0.6 million for current quarter and period ended 30 June 2021, which was improved by RM0.6 million and RM2.1 million respectively as compared to loss before tax of RM0.5 million and RM1.5 million recorded in the corresponding quarter and period of 2020, mainly due to the interest income of RM2.0 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 RM38.1 million and profit before tax of RM15.9 million for the current quarter ended 30 June 2021 as compared to revenue of RM58.1 million and loss before tax of RM10.8 million for the immediate preceding quarter. The decrease in revenue as compared to the immediate preceding quarter is mainly due to the additional 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 in preceding quarter. Higher profit before tax for current quarter ended 30 June 2021 as compared to immediate preceding quarter was mainly due to one-off recognition of reversal of lease liabilities by retail segment arising from early termination.

**B3 PROSPECTS FOR CURRENT FINANCIAL YEAR**

The global outlook remains challenging as the resurgence of the pandemic in many countries poses difficult economic 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 recent lockdown and movement restrictions order ("MCO") in Malaysia and Vietnam due to the resurgence in infection of COVID-19, has also further disrupted our manufacturing operations since June 2021.

**B3 PROSPECTS FOR CURRENT FINANCIAL YEAR (continued)**

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. The recent MCO also disrupted the construction progress at site, the Group has planned a catch-up progress as soon as the construction industry is able to resume operations.

The recent MCO also affected the logging operations. Despite the market uncertainty brought by the COVID-19 pandemic, the Group will endeavour to finalise and secure demand for the teak logs business and deliver all the sales contract as soon as the operations resume full capacity. The Group is also exploring other collaboration opportunity to expedite the sale of teak logs.

The Group will continue to strive to operate within the constraints as well as looking into risk mitigation measures to ensure business continuity and long term sustainability.

**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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Continuing operations:</b>				
Current tax expense				
- Malaysia	1,901	43	2,469	186
- Overseas	268	285	569	544
	<b>2,169</b>	328	<b>3,038</b>	730
Deferred tax	(57)	(40)	(112)	(71)
	<b>2,112</b>	288	<b>2,926</b>	659

The effective tax rates of the Group for the current quarter and period ended 30 June 2021 were lower than the statutory tax rate as certain income was not subject to tax.

**B6 STATUS OF CORPORATE PROPOSALS**

## a) Proposed 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 HK\$12,180,000 (equivalent to approximately RM6,450,000).

As at the date of this report, 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.

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

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	
	30/06/2021	31/12/2020
	RM'000	RM'000
Current liabilities	4,010	3,355
Non-current liabilities	53,223	57,863
	<b>57,233</b>	<b>61,218</b>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	57,233	59,344
- Singapore Dollar	-	1,874
	<b>57,233</b>	<b>61,218</b>

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

**B8 DIVIDENDS**

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

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

	Quarter ended		Period ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging/(crediting):				
Depreciation and amortisation	1,941	2,174	4,430	4,537
Interest expense	894	870	1,939	1,972
Inventories written down	-	(76)	-	-
Net loss on foreign exchange	53	6	170	508
Property, plant and equipment written off	172	1	172	1
Intangible assets written off	21	-	21	-
Interest income	(1,147)	(267)	(2,265)	(331)
Gain on disposals of property, plant and equipment	-	(34)	(12)	(46)
Loss/(Gain) on disposal of subsidiaries	-	(52)	4,975	(3,249)
Lease modification - early termination	(11,111)	-	(11,111)	-
Reversal of inventories written down	(417)	175	(2,032)	(350)
Reversal of provision for restoration costs	(712)	-	(712)	-
Reversal of impairment losses on trade and other receivables	(134)	174	(134)	-

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 30 June		Period ended 30 June	
	2021	2020	2021	2020
Profit/(Loss) attributable to owners of the parent: (RM'000)				
- from continuing operations	<b>6,792</b>	(2,336)	<b>7,729</b>	(4,068)
- from discontinued operations	-	(711)	-	(545)
	<b>6,792</b>	<b>(3,047)</b>	<b>7,729</b>	<b>(4,613)</b>
Weighted average number of ordinary shares in issue ('000)	<b>429,439</b>	415,701	<b>429,439</b>	411,265
Basic earnings/(loss) per ordinary share: (sen)				
- from continuing operations	<b>1.58</b>	(0.56)	<b>1.80</b>	(0.99)
- from discontinued operations	-	(0.17)	-	(0.13)
	<b>1.58</b>	<b>(0.73)</b>	<b>1.80</b>	<b>(1.12)</b>

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 30 June 2021 and 30 June 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	
	30/6/2021	31/12/2020 (Audited)
Total equity attributable to owners of the parent (RM'000)	<b>163,426</b>	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)	<b>429,439</b>	429,439
Net assets per share attributable to owners of the parent (RM)	<b>0.3806</b>	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 25 August 2021.