

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

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

	Quarter ended 30 September		Period ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Continuing operations</u>				
Revenue	33,720	112,041	129,936	160,711
Cost of sales	(22,322)	(99,150)	(78,867)	(133,615)
Gross profit	11,398	12,891	51,069	27,096
Other income	726	5,919	14,606	10,890
Selling and marketing expenses	(1,149)	(1,413)	(6,506)	(6,375)
Administrative expenses	(6,377)	(7,666)	(22,727)	(22,076)
Other expenses	(251)	(741)	(5,886)	(1,673)
Interest income	1,261	13,589	3,526	13,918
Finance costs	(835)	(770)	(2,774)	(2,510)
Share of loss of an associate (net of tax)	-	(76)	-	(345)
Share of profit of a joint venture (net of tax)	141	76	317	170
Profit before tax	4,914	21,809	31,625	19,095
Tax expense	428	(1,405)	(2,498)	(2,064)
Profit from continuing operations	5,342	20,404	29,127	17,031
<u>Discontinued operations</u>				
Loss from discontinued operations	-	-	-	(1,618)
Profit for the financial period	5,342	20,404	29,127	15,413
Other comprehensive 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	(13)	(45)	50	(2,429)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	986	(1,029)	3,993	2,527
Realisation of reserves from disposal of subsidiaries	-	-	(187)	(1,382)
Share of other comprehensive income of an associate	-	-	-	11
Share of other comprehensive income of a joint venture	33	(35)	79	10
Total comprehensive income for the financial period	6,348	19,295	33,062	14,150

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

	Quarter ended 30 September		Period ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) attributable to:				
Owners of the parent				
- from continuing operations	4,281	19,407	12,010	15,339
- from discontinued operations	-	-	-	(545)
Non-controlling interests				
- from continuing operations	1,061	997	17,117	1,692
- from discontinued operations	-	-	-	(1,073)
	5,342	20,404	29,127	15,413
Total comprehensive income/(loss) attributable to:				
Owners of the parent				
- from continuing operations	4,830	18,785	14,287	13,541
- from discontinued operations	-	-	-	(545)
Non-controlling interests				
- from continuing operations	1,518	510	18,775	2,227
- from discontinued operations	-	-	-	(1,073)
	6,348	19,295	33,062	14,150
Basic/Diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen):				
- from continuing operations	1.00	4.56	2.80	3.69
- from discontinued operations	-	-	-	(0.13)
	1.00	4.56	2.80	3.56

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 THIRD QUARTER OF 2021

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

		As at 30 September 2021 RM'000	(Audited) As at 31 December 2020 RM'000
	Notes		
Non-current assets			
Property, plant and equipment		25,480	24,808
Right-of-use assets		18,518	21,187
Intangible assets		17,280	19,415
Investments in associates		1,894	1,894
Investment in a joint venture		1,608	1,414
Other investments		4,080	4,030
Trade and other receivables		62,852	58,113
Deferred tax assets		1,438	1,466
Total non-current assets		133,150	132,327
Current assets			
Inventories		68,075	61,576
Biological assets		81,048	82,060
Trade and other receivables		47,912	54,199
Contract assets		10,797	7,841
Current tax assets		627	476
Cash and bank balances		42,369	34,874
Bank balances held on behalf of clients		-	24,516
Total current assets		250,828	265,542
Assets classified as held for sale		-	-
Total assets		383,978	397,869
Equity			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		(551)	(2,778)
Fair value reserve		(24,247)	(24,297)
Retained earnings		48,611	36,601
Total attributable to owners of the parent		168,256	153,969
Non-controlling interests		58,171	46,688
Total equity		226,427	200,657
Non-current liabilities			
Borrowings	B7	55,540	57,863
Trade and other payables		11,682	12,040
Lease liabilities		3,181	12,477
Deferred tax liabilities		1,742	1,854
Total non-current liabilities		72,145	84,234

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

	Notes	As at 30 September 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Current liabilities			
Borrowings	B7	3,695	3,355
Trade and other payables		75,817	99,368
Contract liabilities		332	3,169
Lease liabilities		472	4,605
Current tax liabilities		5,090	2,481
Total current liabilities		<u>85,406</u>	<u>112,978</u>
Total liabilities		<u>157,551</u>	<u>197,212</u>
Total equity and liabilities		<u>383,978</u>	<u>397,869</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.3918</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 THIRD QUARTER OF 2021

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

<----- Attributable to owners of the parent ----->
<-----Non-distributable-----> Distributable

	Share capital RM'000	Treasury shares RM'000	Exchange translation differences RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
9 months ended 30 September 2020								
Balance as at 1 January 2020	134,975	(87)	(4,080)	(21,875)	49,862	158,795	60,748	219,543
Profit for the financial period	-	-	-	-	14,794	14,794	619	15,413
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	(2,429)	-	(2,429)	-	(2,429)
Foreign currency translations	-	-	1,992	-	-	1,992	535	2,527
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	-	-	10	-	-	10	-	10
Total comprehensive income/(loss)	-	-	3,406	(2,429)	12,019	12,996	1,154	14,150
Ordinary shares issued pursuant to Private Placement exercise	9,555	-	-	-	-	9,555	-	9,555
Disposal of a non wholly-owned subsidiary	-	-	-	-	-	-	(836)	(836)
Non-controlling interests acquired in a subsidiary	-	-	-	-	-	-	123	123
Balance as at 30 September 2020	144,530	(87)	(674)	(24,304)	61,881	181,346	61,189	242,535
9 months ended 30 September 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	-	-	-	-	12,010	12,010	17,117	29,127
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	50	-	50	-	50
Foreign currency translations	-	-	2,223	-	-	2,223	1,770	3,993
Realisation of reserves from disposal of subsidiaries	-	-	(75)	-	-	(75)	(112)	(187)
Share of other comprehensive income of a joint venture, net of tax	-	-	79	-	-	79	-	79
Total comprehensive income	-	-	2,227	50	12,010	14,287	18,775	33,062
Shares acquired by non-controlling interests	-	-	-	-	-	-	6,288	6,288
Disposal of non wholly-owned subsidiaries	-	-	-	-	-	-	(13,580)	(13,580)
Balance as at 30 September 2021	144,530	(87)	(551)	(24,247)	48,611	168,256	58,171	226,427

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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2021

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

	Period ended 30 September	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit/(loss) before tax from:		
Continuing operations	31,625	19,095
Discontinued operations	-	(1,618)
Adjustments for:		
Non-cash items	(5,574)	(6,791)
Finance costs	2,755	2,742
Interest income	(3,288)	(13,920)
Share of loss of an associate	-	345
Share of profit of a joint venture	(317)	(170)
Operating profit/(loss) before changes in working capital	25,201	(317)
Change in inventories	(2,657)	(2,176)
Change in bank balances held on behalf of clients	16,429	-
Change in trade and other receivables	(20,158)	16,810
Change in contract assets	(2,956)	1,163
Change in trade and other payables	(4,555)	(23,190)
Change in contract liabilities	(2,929)	3,833
Cash generated from/(used in) operations	8,375	(3,877)
Tax (paid)/refunded (net)	(320)	277
Net cash generated from/(used in) operating activities	8,055	(3,600)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(3,969)	(4,374)
Repayments from a joint venture	9	14
Repayment from/(Advances to) associates	5,105	(511)
Dividends received from a joint venture	202	-
Interest received	336	361
Proceeds from disposals of property, plant and equipment	182	61
Proceeds from shares acquired by non-controlling interests	6,288	-
Net cash flows from disposal of subsidiaries	(8,318)	7,067
Deposits uplift from financial institutions with original maturity of more than three (3) months	4,296	(3,725)
Net cash generated from/(used in) investing activities	4,131	(1,107)
Cash flows from financing activities		
Interest paid	(1,446)	(2,423)
Drawdown of borrowings	13,348	7,497
Repayments of borrowings	(15,269)	(19,402)
Repayments of lease liabilities	(872)	(1,325)
Proceeds from issuance of ordinary shares pursuant to Private Placement exercise	-	9,678
Advances from shareholders	2,247	20,084
Net cash (used in)/generated from financing activities	(1,992)	14,109

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

	Period ended	
	30 September	
	2021	2020
	RM'000	RM'000
Net increase in cash and cash equivalents	10,194	9,402
Effects of exchange rate changes	1,092	234
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 at end of financial period	<u>32,307</u>	<u>18,763</u>
Cash and cash equivalents comprise:		
Cash and bank balances	42,369	31,468
Less: Bank overdraft	(172)	(275)
Deposits placed with financial institutions with original maturity of more than three (3) months	(9,163)	(11,703)
Restricted cash	(727)	(727)
	<u>32,307</u>	<u>18,763</u>

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
Amendment to MFRS 16 <i>Leases Covid-19-Related Rent Concession beyond 30 June 2021</i>	1 April 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	Property development & construction RM'000	Agriculture RM'000	Retail RM'000	Others RM'000	Eliminations RM'000	Total RM'000	RM'000	Total RM'000
For the period ended 30 September 2020									
Revenue									
Revenue from external customers	68,953	89,310	341	2,107	-	-	160,711	(783)	159,928
Inter-segment revenue	157	2,849	-	-	-	(3,006)	-	-	-
Total revenue	<u>69,110</u>	<u>92,159</u>	<u>341</u>	<u>2,107</u>	<u>-</u>	<u>(3,006)</u>	<u>160,711</u>	<u>(783)</u>	<u>159,928</u>
Segment results	9,674	4,566	(1,632)	(4,423)	11,085	-	19,270	(1,618)	17,652
Share of profit of a joint venture (net of tax)	170	-	-	-	-	-	170	-	170
Share of loss of an associate (net of tax)	(345)	-	-	-	-	-	(345)	-	(345)
Profit/(Loss) before tax	<u>9,499</u>	<u>4,566</u>	<u>(1,632)</u>	<u>(4,423)</u>	<u>11,085</u>	<u>-</u>	<u>19,095</u>	<u>(1,618)</u>	<u>17,477</u>
Tax expense							(2,064)	-	(2,064)
Profit/(Loss) for the financial period							<u>17,031</u>	<u>(1,618)</u>	<u>15,413</u>
For the period ended 30 September 2021									
Revenue									
Revenue from external customers	83,672	26,530	1,955	1,750	16,029	-	129,936	-	129,936
Inter-segment revenue	146	1,747	-	200	-	(2,093)	-	-	-
Total revenue	<u>83,818</u>	<u>28,277</u>	<u>1,955</u>	<u>1,950</u>	<u>16,029</u>	<u>(2,093)</u>	<u>129,936</u>	<u>-</u>	<u>129,936</u>
Segment results	7,870	6,978	(2,079)	9,952	8,587	-	31,308	-	31,308
Share of profit of a joint venture (net of tax)	317	-	-	-	-	-	317	-	317
Profit/(Loss) before tax	<u>8,187</u>	<u>6,978</u>	<u>(2,079)</u>	<u>9,952</u>	<u>8,587</u>	<u>-</u>	<u>31,625</u>	<u>-</u>	<u>31,625</u>
Tax expense							(2,498)	-	(2,498)
Profit for the financial period							<u>29,127</u>	<u>-</u>	<u>29,127</u>

A9 EVENTS AFTER BALANCE SHEET DATE

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

A10 CHANGES IN COMPOSITION OF THE GROUP

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

- a) On 23 March 2020, 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. The disposal was subsequently completed after full settlement of consideration by purchaser on 31 March 2021.
- b) In June 2021, the Group has completed the disposal of Furnitech Components (Vietnam) Co., Ltd, an associate of the Group which sells metal components for furniture.

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

	As at 30/9/2021 RM'000
Contracted but not provided for:	
- Acquisition of property, plant and equipment	5,693

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 30 September		Period ended 30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	302	211	1,173	1,301
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	199	250	1,280	738

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 RM33.7 million for third quarter of 2021 was RM78.3 million lower than the RM112.0 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the 9 months ended 30 September 2021 was RM129.9 million, representing RM30.8 million decrease as compared to revenue of RM160.7 million recorded in the corresponding period of preceding year.

The Group recorded a profit before tax of RM4.9 million in the third quarter of 2021, which was a decline by RM16.9 million as compared to RM21.8 million reported in the corresponding quarter of preceding year. Profit before tax for the 9 months ended 30 September 2021 was RM31.6 million, representing improvement of RM12.5 million as compared to RM19.1 million recorded in the corresponding period of preceding year.

Decrease in the Group's revenue and profit before tax during the current quarter ended 30 September 2021 as compared to the corresponding quarter of preceding year was mainly due to the one-off realisation of previously unrealised intercompany revenue, profits and interest income of RM80.5 million, RM3.6 million and RM11.1 million respectively upon the disposal of Premier De Muara Sdn. Bhd. ("PDMSB") to third party in third quarter of 2020.

The decrease of revenue of RM30.8 million for period ended 30 September 2021 was also due one-off realisation of previously unrealised intercompany revenue stated above, and was offset by 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 coronavirus disease 2019 ("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 period ended 30 September 2021 was due to one-off recognition of reversal of lease liabilities arising from early termination of store tenancy of RM11.1 million, 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 RM22.6 million from manufacturing segment for the third quarter of 2021 was RM3.2 million lower than RM25.8 million recorded in the corresponding quarter of 2020. The segment's revenue for the 9 months ended 30 September 2021 of RM83.7 million was RM14.7 million higher than RM69.0 million recorded in the corresponding period of preceding year.

The profit before tax of RM0.4 million from manufacturing segment for the third quarter of 2021 was RM2.7 million lower than RM3.1 million recorded in the corresponding quarter of 2020. The segment's profit before tax for the 9 months ended 30 September 2021 of RM8.2 million was RM1.3 million lower than RM9.5 million recorded in the corresponding period of preceding year.

The lower revenue in current quarter, and decrease in profit before tax for manufacturing segment for the current quarter and period ended 30 September 2021 was mainly due to minimal or limited operations in certain factories as Malaysia and Vietnam has implemented movement order control and lockdown from June to October 2021 resulted from the resurgence in inflection of COVID-19.

Nonetheless, the increase in revenue in period ended 30 September 2021 was mainly due to rebound in sales orders for webbing and rubber tape products as the sales in corresponding period of 2020 was affected by the lockdown implemented by various countries under the COVID-19 pandemic.

b) Property development & construction

The property development & construction segment recorded RM10.8 million revenue for the third quarter of 2021, which was RM74.4 million lower than RM85.2 million recorded in the corresponding quarter of 2020. The segment's revenue for the 9 months ended 30 September 2021 of RM26.5 million was RM62.8 million lower than RM89.3 million recorded in the corresponding period of preceding year.

Profit before tax of RM4.4 million from property development & construction segment for the third quarter of 2021 was RM3.5 million lower than RM7.9 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 9 months ended 30 September 2021 of RM7.0 million was improved by RM2.4 million as compared to RM4.6 million recorded in the corresponding period of preceding year.

B1 ANALYSIS OF PERFORMANCE (continued)

b) Property development & construction (continued)

Excluded the one-off realisation of previously unrealised revenue and profits of RM80.5 million and RM3.6 million respectively on intercompany construction works for Picasso Residence upon the disposal of PDMSB to third party in in the corresponding quarter and period of preceding year, the property development & construction segment has recorded a higher revenue and profit before tax in quarter and period ended 30 September 2021, which was due to increase in revenue from Embayu project which in line with the recognition of higher construction and sales progress of Embayu project.

c) Agriculture

The agriculture segment recorded RM0.2 million revenue for the third quarter of 2021, which was consistent with the corresponding quarter of 2020. The segment's revenue for the 9 months ended 30 September 2021 of RM1.9 million was RM1.6 million higher than RM0.3 million recorded in the corresponding period of preceding year.

The agriculture segment's loss before tax of RM0.9 million for the third quarter of 2021 was RM0.3 million lower than RM1.2 million recorded in the corresponding quarter of 2020. The segment's loss before tax for the 9 months ended 30 September 2021 of RM2.1 million was RM0.5 million higher than RM1.6 million recorded in the corresponding period of preceding year.

Increase in revenue in current period ended 30 September 2021 for agriculture segment was mainly due to higher sales of teak logs, while increase in loss before tax in period ended 30 September 2021 as compared to corresponding period in 2020 was due to higher finance cost incurred in current period resulted from drawdown of a term loan on October 2020.

d) Retail

The retail segment recorded RM0.1 million revenue for the third quarter of 2021, which was RM0.7 million lower than RM0.8 million recorded in the corresponding quarter of 2020. The segment's revenue for the 9 months ended 30 September 2021 of RM1.8 million was RM0.3 million lower than RM2.1 million recorded in the corresponding period of preceding year.

The retail segment's profit before tax of RM0.1 million for the third quarter of 2021 was improved by RM0.7 million as compared to loss before tax of RM0.6 million recorded in the corresponding quarter of 2020. The segment's profit before tax for the 9 months ended 30 September 2021 of RM9.9 million was improved by RM14.3 million as compared to loss before tax of RM4.4 million recorded in the corresponding period of preceding year.

The decrease in revenue for retail segment for current quarter and period ended 30 September 2021 was mainly due to closure of retail store in the second quarter of 2021. The increase in profit before tax for retail segment for current period ended 30 September 2021 was mainly due to one-off recognition of reversal of lease liabilities arising from early termination of store tenancy and decrease in operational expenses upon closure of retail store in view of the business will not be recovered in short term resulted from pandemic.

e) Others

The others segment recorded a revenue of RM16.0 million for current period (corresponding period of 2020: Nil) generated by the security brokerage business which being acquired in fourth quarter of 2020 and was subsequently disposed off in March 2021. The others segment recorded profit before tax of RM0.8 million and RM8.6 million for quarter and period ended 30 September 2021 respectively, which were decreased by RM11.8 million and RM2.5 million respectively as compared to profit before tax of RM12.6 million and RM11.1 million recorded in the corresponding quarter and period of 2020 respectively, mainly due to realisation of one-off previously unrealised interest income of RM11.1 million on intercompany advances upon disposal of PDMSB to third party and interest income on advances in third quarter of 2020.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM33.7 million and profit before tax of RM4.9 million for the current quarter ended 30 September 2021 as compared to revenue of RM38.1 million and profit before tax of RM15.9 million for the immediate preceding quarter. The decrease in revenue mainly due to lower revenue recognition in third quarter resulted from lockdown in Malaysia and Vietnam which disrupted the operations. Lower profit before tax mainly arising from one-off recognition of reversal of lease liabilities by retail segment due to early termination of store tenancy which was 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, global surge in shipping cost and the intensifying regional business competition have made our operating environment extremely challenging and difficult to predict. The lockdown and movement restrictions order ("MCO") in Malaysia and Vietnam from June to October 2021 due to the resurgence in infection of COVID-19, which disrupted the operations.

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 September		Period ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations:				
Current tax expense				
- Malaysia	28	1,066	2,497	1,252
- Overseas	(399)	372	170	916
	(371)	1,438	2,667	2,168
Deferred tax	(57)	(33)	(169)	(104)
	(428)	1,405	2,498	2,064

The effective tax rates of the Group for the current quarter and period ended 30 September 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). ("Proposed subscription")

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")

B6 STATUS OF CORPORATE PROPOSALS (continued)

- b) Proposed disposal and joint venture in relation to a piece of land located in Taman Gading, Batu Gajah, Perak ("Batu Gajah Land") (continued)

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.

- c) Proposed acquisition of 37.25% equity interest in Energy Solution Global Limited

On 1 November 2021, PRG announced that FHL as purchaser and Ms. Pua Lay Cheng and Mr. Lee Eng Lock as vendors (the "Vendors") entered into the Share Sale Agreement ("SSA"), pursuant to which the Vendors have conditionally agreed to sell and FHL has conditionally agreed to acquire the 37.25% of issued share capital of Energy Solution Global Limited, whose two wholly-owned operating subsidiaries are principally engaging in provision of smart energy solution business at the total consideration of HK\$9,564,496 (approximately RM5,142,202). ("Proposed acquisition")

FHL has on 17 November 2021 executed a supplemental letter with the Vendors to revise the payment terms of the Consideration stipulated under clause 5.2 of the SSA to be satisfied entirely by cash ("Revision"). Save for the Revision, all the terms and conditions of the SSA remain unchanged and in full force and effect.

As at the date of this report, the Proposed acquisition 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	
	30/09/2021	31/12/2020
	RM'000	RM'000
Current liabilities	3,695	3,355
Non-current liabilities	55,540	57,863
	<u>59,235</u>	<u>61,218</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	59,235	59,344
- Singapore Dollar	-	1,874
	<u>59,235</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		Period ended	
	30 September		30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	505	2,644	4,935	7,181
Interest expense	216	770	2,155	2,742
Impairment losses on trade and other receivables	-	70	-	70
Fair value adjustments on trade and other receivables	-	614	-	614
Net loss on foreign exchange	229	(118)	399	390
Property, plant and equipment written off	(49)	-	123	1
Intangible assets written off	1	-	22	-
Interest income	(1,023)	(13,589)	(3,288)	(13,920)
Gain on disposals of property, plant and equipment	(41)	(10)	(53)	(56)
Loss/(Gain) on disposal of subsidiaries	-	(5,658)	4,975	(8,907)
Lease modification - early termination	(3)	-	(11,114)	-
Reversal of inventories written down	(2)	(447)	(2,034)	(797)
Reversal of provision for restoration costs	(1)	-	(713)	-
Reversal of impairment losses on trade and other receivables	(359)	-	(493)	-

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)

- 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 September		Period ended 30 September	
	2021	2020	2021	2020
Profit/(Loss) attributable to owners of the parent: (RM'000)				
- from continuing operations	4,281	19,407	12,010	15,339
- from discontinued operations	-	-	-	(545)
	4,281	19,407	12,010	14,794
Weighted average number of ordinary shares in issue ('000)	429,439	425,526	429,439	416,054
Basic earnings/(loss) per ordinary share: (sen)				
- from continuing operations	1.00	4.56	2.80	3.69
- from discontinued operations	-	-	-	(0.13)
	1.00	4.56	2.80	3.56

- 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 September 2021 and 30 September 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	
	30/9/2021	31/12/2020 (Audited)
Total equity attributable to owners of the parent (RM'000)	168,256	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)	0.3918	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 24 November 2021.