

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 - UNAUDITED

	Quarter ended 30 September		Period ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	71,852	33,720	193,784	129,936
Cost of sales	(50,931)	(22,322)	(135,564)	(78,867)
Gross profit	20,921	11,398	58,220	51,069
Other income	1,474	726	3,211	14,606
Selling and marketing expenses	(1,182)	(1,149)	(3,437)	(6,506)
Administrative expenses	(7,776)	(6,377)	(23,095)	(22,727)
Other expenses	(863)	(251)	(1,635)	(5,886)
Interest income	802	1,261	2,318	3,526
Finance costs	(762)	(835)	(1,982)	(2,774)
Share of profit of associates (net of tax)	1,161	-	3,175	-
Share of profit of a joint venture (net of tax)	140	141	330	317
Profit before tax	13,915	4,914	37,105	31,625
Tax expense	(3,569)	428	(9,446)	(2,498)
Profit for the financial period	10,346	5,342	27,659	29,127
Other comprehensive income				
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)	-	50
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	686	986	1,993	3,993
Realisation of reserves from disposal of subsidiaries	-	-	-	(187)
Share of other comprehensive income of associates	199	-	129	-
Share of other comprehensive income of a joint venture	33	33	66	79
Total comprehensive income for the financial period	11,264	6,348	29,847	33,062

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 - UNAUDITED

	Quarter ended 30 September		Period ended 30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the parent	4,951	4,281	12,916	12,010
Non-controlling interests	5,395	1,061	14,743	17,117
	10,346	5,342	27,659	29,127
Total comprehensive income attributable to:				
Owners of the parent	5,448	4,830	14,085	14,287
Non-controlling interests	5,816	1,518	15,762	18,775
	11,264	6,348	29,847	33,062
Basic/Diluted earnings per ordinary share attributable to owners of the parent (sen):				
	1.15	1.00	3.01	2.80

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022 - UNAUDITED

	Notes	As at 30 September 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Non-current assets			
Property, plant and equipment		23,858	25,191
Right-of-use assets		21,111	18,248
Intangible assets		15,067	1,240
Investments in associates		-	6,383
Investment in a joint venture		1,326	931
Contract assets		4,082	4,082
Trade and other receivables		60,792	61,156
Deferred tax assets		224	224
Total non-current assets		<u>126,460</u>	<u>117,455</u>
Current assets			
Inventories		45,057	61,919
Biological assets		80,168	81,048
Trade and other receivables		53,311	48,525
Contract assets		66,123	17,946
Current tax assets		3,172	596
Cash and bank balances		82,007	37,741
Total current assets		<u>329,838</u>	<u>247,775</u>
Total assets		<u><u>456,298</u></u>	<u><u>365,230</u></u>
Equity			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		(156)	(1,325)
Fair value reserve		(28,327)	(28,327)
Retained earnings		47,152	35,769
Total attributable to owners of the parent		<u>163,112</u>	<u>150,560</u>
Non-controlling interests		73,906	51,145
Total equity		<u>237,018</u>	<u>201,705</u>
Non-current liabilities			
Borrowings	B7	51,591	48,067
Trade and other payables		50	49
Lease liabilities		5,120	1,875
Deferred tax liabilities		1,260	1,260
Total non-current liabilities		<u>58,021</u>	<u>51,251</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 SEPTEMBER 2022 - UNAUDITED

		As at 30 September 2022 RM'000	(Audited) As at 31 December 2021 RM'000
	Notes		
Current liabilities			
Borrowings	B7	14,355	9,301
Trade and other payables		129,107	94,526
Contract liabilities		2,419	2,270
Lease liabilities		1,022	1,653
Current tax liabilities		14,356	4,524
Total current liabilities		<u>161,259</u>	<u>112,274</u>
Total liabilities		<u>219,280</u>	<u>163,525</u>
Total equity and liabilities		<u>456,298</u>	<u>365,230</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.3798</u>	<u>0.3506</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 2021 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 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 - UNAUDITED

	<----- Attributable to owners of the parent ----->					<-----Non-distributable-----> Distributable		
	Share capital	Treasury shares	Exchange translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>9 months ended 30 September 2021</u>								
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
Non-controlling interests acquired in a subsidiary	-	-	-	-	-	-	6,288	6,288
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	-	(13,580)	(13,580)
Balance as at 30 September 2021	144,530	(87)	(551)	(24,247)	48,611	168,256	58,171	226,427
<u>9 months ended 30 September 2022</u>								
Balance as at 1 January 2022	144,530	(87)	(1,325)	(28,327)	35,769	150,560	51,145	201,705
Profit for the financial period	-	-	-	-	12,916	12,916	14,743	27,659
Foreign currency translations	-	-	974	-	-	974	1,019	1,993
Share of other comprehensive income of associates, net of tax	-	-	129	-	-	129	-	129
Share of other comprehensive income of a joint venture, net of tax	-	-	66	-	-	66	-	66
Total comprehensive income	-	-	1,169	-	12,916	14,085	15,762	29,847
Issuance of shares by a non-wholly owned subsidiary to non-controlling interests	-	-	-	-	(1,533)	(1,533)	6,999	5,466
Balance as at 30 September 2022	144,530	(87)	(156)	(28,327)	47,152	163,112	73,906	237,018

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 2021 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 THIRD QUARTER OF 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 - UNAUDITED

	Period ended 30 September	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	37,105	31,625
Adjustments for:		
Non-cash items	1,829	(5,574)
Finance costs	1,985	2,755
Interest income	(2,288)	(3,288)
Share of profit of associates	(3,175)	-
Share of profit of a joint venture	(330)	(317)
Operating profit before changes in working capital	35,126	25,201
Change in inventories	19,419	(2,657)
Change in bank balances held on behalf of clients	-	16,429
Change in trade and other receivables	7,496	(20,158)
Change in contract assets	(21,908)	(2,956)
Change in trade and other payables	(409)	(4,555)
Change in contract liabilities	153	(2,929)
Cash generated from operations	39,877	8,375
Tax paid (net)	(4,860)	(320)
Net cash generated from operating activities	35,017	8,055
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(1,697)	(3,969)
Repayments from a joint venture	8	9
Repayment from associates	-	5,105
Dividends received from a joint venture	-	202
Interest received	390	336
Acquisition of a subsidiary	24,111	-
Proceeds from disposals of property, plant and equipment	37	182
Proceeds from shares acquired by non-controlling interests	-	6,288
Net cash flows from disposal of subsidiaries	-	(8,318)
Deposits (placed with)/uplift from financial institutions with original maturity of more than three (3) months	(3,862)	4,296
Withdrawal of restricted cash	527	-
Net cash generated from investing activities	19,514	4,131
Cash flows from financing activities		
Interest paid	(1,608)	(1,446)
Drawdown of borrowings	1,830	13,348
Drawdown of hire purchase	1,896	-
Repayments of borrowings	(7,774)	(15,269)
Repayments of lease liabilities	(466)	(872)
(Repayments to)/Advances from shareholders	(6,740)	2,247
Net cash used in financing activities	(12,862)	(1,992)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 - UNAUDITED

	Period ended 30 September	
	2022	2021
	RM'000	RM'000
Net increase in cash and cash equivalents	41,669	10,194
Effects of exchange rate changes	(1,422)	1,092
Cash and cash equivalents at beginning of financial period	30,487	21,021
Cash and cash equivalents at end of financial period	70,734	32,307
Cash and cash equivalents comprise:		
Cash and bank balances	82,007	42,369
Less: Bank overdraft	(98)	(172)
Deposits placed with financial institutions with original maturity of more than three (3) months	(10,975)	(9,163)
Restricted cash	(200)	(727)
	70,734	32,307

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2021. 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 2021.

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 2021 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 2022:

Title	Effective Date
Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i>)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i>)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2022

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 23 March 2022 on the audited financial statements for the financial year ended 31 December 2021 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:

	Property development & construction RM'000	Manufacturing RM'000	Energy Efficiency RM'000	Agriculture RM'000	Retail RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>For the period ended 30 September 2021</u>								
Revenue								
Revenue from external customers	26,530	83,519	-	1,955	1,750	16,182	-	129,936
Inter-segment revenue	1,747	146	-	-	200	-	(2,093)	-
Total revenue	<u>28,277</u>	<u>83,665</u>	<u>-</u>	<u>1,955</u>	<u>1,950</u>	<u>16,182</u>	<u>(2,093)</u>	<u>129,936</u>
Segment results	6,978	9,686	-	(2,079)	9,952	6,771	-	31,308
Share of profit of a joint venture (net of tax)	-	317	-	-	-	-	-	317
Profit/(Loss) before tax	<u>6,978</u>	<u>10,003</u>	<u>-</u>	<u>(2,079)</u>	<u>9,952</u>	<u>6,771</u>	<u>-</u>	<u>31,625</u>
Tax expense								<u>(2,498)</u>
Profit for the financial period								<u><u>29,127</u></u>
<u>For the period ended 30 September 2022</u>								
Revenue								
Revenue from external customers	102,538	84,116	6,039	897	-	194	-	193,784
Inter-segment revenue	1,060	61	52	-	-	-	(1,173)	-
Total revenue	<u>103,598</u>	<u>84,177</u>	<u>6,091</u>	<u>897</u>	<u>-</u>	<u>194</u>	<u>(1,173)</u>	<u>193,784</u>
Segment results	28,694	9,485	1,156	(2,278)	(24)	(3,433)	-	33,600
Share of profit of a joint venture (net of tax)	-	330	-	-	-	-	-	330
Share of profit of associates (net of tax)	-	-	3,175	-	-	-	-	3,175
Profit/(Loss) before tax	<u>28,694</u>	<u>9,815</u>	<u>4,331</u>	<u>(2,278)</u>	<u>(24)</u>	<u>(3,433)</u>	<u>-</u>	<u>37,105</u>
Tax expense								<u>(9,446)</u>
Profit for the financial period								<u><u>27,659</u></u>

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 composition of the Group since the last annual balance sheet as at 31 December 2021 except for the acquisition of remaining 62.75% interest in Energy Solution Global Limited as stated in Note B6(b).

A11 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2021.

A12 CAPITAL COMMITMENTS

	As at 30 September 2022 RM'000
Contracted but not provided for:	
- Acquisition of property, plant and equipment	<u>3,989</u>

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 30 September 2022 RM'000	2021 RM'000	Period ended 30 September 2022 RM'000	2021 RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	336	302	1,008	1,173
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	<u>-</u>	<u>199</u>	<u>-</u>	<u>1,280</u>

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 RM71.9 million for third quarter of 2022 was RM38.2 million higher than the RM33.7 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the 9 months ended 30 September 2022 was RM193.8 million, representing RM63.9 million increase as compared to revenue of RM129.9 million recorded in the corresponding period of preceding year.

The Group recorded a profit before tax of RM13.9 million in the third quarter of 2022, which was improved by RM9.0 million as compared to RM4.9 million reported in the corresponding quarter of preceding year. Profit before tax for the 9 months ended 30 September 2022 was RM37.1 million, representing an improvement of RM5.5 million as compared to RM31.6 million recorded in the corresponding period of preceding year.

Increase in the Group's revenue during the current quarter and period ended 30 September 2022 as compared to the corresponding quarter and period of preceding year was mainly due to higher revenue recognition from ongoing projects in current period of RM95.1 million (2021: RM24.7 million), and contribution of revenue from newly acquired energy efficiency business, of RM6.0 million.

a) Property development & construction

The property development & construction segment recorded RM39.2 million revenue for the third quarter of 2022, which was RM28.4 million higher than RM10.8 million recorded in the corresponding quarter of 2021. The segment's revenue for the 9 months ended 30 September 2022 of RM102.5 million was RM76.0 million higher than RM26.5 million recorded in the corresponding period of preceding year.

Profit before tax of RM10.7 million from property development & construction segment for the third quarter of 2022 was RM6.3 million higher than RM4.4 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 9 months ended 30 September 2022 of RM28.7 million was increased by RM21.7 million as compared to RM7.0 million recorded in the corresponding period of preceding year.

Both revenue and profit before tax of the current quarter and period ended 30 September 2022 were mainly contributed by higher sales and construction progress from ongoing projects.

b) Manufacturing

The revenue of RM26.4 million from manufacturing segment for the third quarter of 2022 was RM3.9 million higher than RM22.5 million recorded in the corresponding quarter of 2021. The segment's revenue for the 9 months ended 30 September 2022 of RM84.1 million was RM0.6 million higher than RM83.5 million recorded in the corresponding period of preceding year.

The profit before tax of RM3.1 million from manufacturing segment for the third quarter of 2022 was RM2.1 million higher than than RM1.0 million recorded in the corresponding quarter of 2021. The segment's profit before tax for the 9 months ended 30 September 2022 of RM9.8 million was RM0.2 million lower than RM10.0 million recorded in the corresponding period of preceding year.

The increase in revenue for current quarter ended 30 September 2022 was due to higher sales from elastic textile products whereas the profit before tax for current period ended 30 September 2022 was still lower than corresponding period of 2021 despite slightly increase in revenue, mainly due to increase in operating costs, in particular, labour cost and overhead cost.

B1 ANALYSIS OF PERFORMANCE (continued)

c) Energy efficiency

The energy efficiency segment recorded a revenue of RM6.0 million (2021: RM Nil) and profit before tax of RM4.3 million (2021: RM Nil) in current period ended 30 September 2022, generated from energy solution contracts and maintenance service contracts.

d) Agriculture

The agriculture segment recorded RM0.1 million revenue for the third quarter of 2022, which was RM0.1 million lower than RM0.2 million recorded in the corresponding quarter of 2021. The segment's revenue for the 9 months ended 30 September 2022 of RM0.9 million was RM1.0 million lower than RM1.9 million recorded in the corresponding period of preceding year.

The agriculture segment's loss before tax of RM1.2 million for the third quarter of 2022, which was RM0.3 million higher than loss before tax of RM 0.9 million recorded in corresponding quarter of 2021. The segment's loss before tax for the 9 months ended 30 September 2022 of RM2.3 million was RM0.2 million higher than RM2.1 million recorded in the corresponding period of preceding year.

Decrease in revenue, and higher loss before tax for the current quarter and period ended 30 September 2022 for agriculture segment was mainly due to the logging operations affected by periodic rainfall since the beginning of year 2022.

e) Retail

No revenue generated from retail segment since the second quarter of 2021 when the Group closed the retail store in Singapore due to the difficulties in operations given the prolonged COVID-19 pandemic and closure of borders. Disclosure in relation to retail segment was remained for comparative purpose.

f) Others

The revenue from others segment for current period ended 30 September 2022 was RM16.0 million lower than the corresponding period of 2021 mainly due to the non-recurring revenue of RM16.0 million for the corresponding period of 2021 from the security brokerage business disposed by the Group in March 2021 (2022: RM Nil). The disposed security brokerage business had contributed a non-recurring profit of RM7.2 million for the corresponding period of 2021.

Included in others segment is mainly corporate expenses and professional fee incurred by investment holding companies.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM71.9 million and profit before tax of RM13.9 million for the current quarter ended 30 September 2022 as compared to revenue of RM62.4 million and profit before tax of RM11.7 million for the immediate preceding quarter. The increase in revenue and profit before tax as compared to the immediate preceding quarter is mainly due to recognition of higher percentage of sales and construction progress from ongoing projects, and contribution from new energy efficiency business.

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR

The property market in Malaysia remains challenging. The recent increases in overnight policy rate in year 2022 will have a significant impact on the property market. Further, the shortage of skilled manpower, increase in construction material prices and labour cost will affect the progress and performance of property development and construction segment. The Group will continue to monitor and implement appropriate business strategies and cost rationalisation strategies in order to address the challenges and risks.

The supply chain disruption coupled with the rising costs of material remain the major challenges that affect manufacturing operations. Material and labour shortages, lingering shipping issues also have made our manufacturing operating environment extremely challenging. In view of the uncertainty of the global economy, the Group will continue to operate within the constraints, revisit the market demand, pricing strategies as well as rationalise the cost structure in order to stay competitive in the market.

The agriculture segment will continue facing challenges from the operating costs escalation and labour shortages issues. As such, the Group will continue to manage its risks and improve its operating processes as the Group believes agriculture segment will contribute positively to the Group with the anticipation of increasing demand and teak wood prices.

Global energy consumption is expected to continue growing in 2023 amid a slowing economy. The energy prices remaining high and possible contraction in gas and oil supplies from Russia have driven the needs and urgency to reduce energy consumption globally. The Group is of the view that governments will move towards the direction of reducing greenhouse gas emissions, establishing climate change mitigation policies and promoting energy efficiency initiatives. With the support from governments, rising energy costs and the global push for environmental, social and governance initiatives, the Group believes the newly ventured energy efficiency business will contribute positively to the Group's results.

The global economy is facing an increasingly gloomy and uncertain outlook, the Group will remain resilient and vigilant to manage the associated risks in order to maintain the sustainability of the businesses.

B4 PROFIT FORECAST

Not applicable as the Group did not publish any profit forecast.

B5 INCOME TAX EXPENSE

	Quarter ended		Period ended	
	30 September		30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysia	3,095	28	8,366	2,497
- Overseas	474	(399)	1,080	170
- Under/(Over) provision in prior years	-	-	-	-
	3,569	(371)	9,446	2,667
Deferred tax	-	(57)	-	(169)
	3,569	(428)	9,446	2,498

The effective tax rates of the Group for the current quarter and period ended 30 September 2022 were higher than the statutory tax rate as certain expenses are not tax deductible.

B6 STATUS OF CORPORATE PROPOSALS

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

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

On 30 March 2021, PRG announced that PCSB has on 30 March 2021 entered into a Deed of Termination with SHSB whereby PCSB and SHSB have mutually agreed to terminate the SPA and the Proposed Disposal. On 30 March 2021, PCSB has entered into a Joint Venture Agreement with SHSB for the proposed development of Batu Gajah Land for residential developments scheme together with all the necessary infrastructure and public utilities.

Up to the date of this announcement, the first further sum of RM3.2 million was received from SHSB.

B6 STATUS OF CORPORATE PROPOSALS (continued)

- b) Proposed acquisition of remaining 62.75% interest in Energy Solution Global Limited ("ESGL") by the 54.19%-owned subsidiary of PRG, Furniweb Holdings Limited ("Furniweb")**
c) Proposed diversification of businesses of PRG and its subsidiaries ("PRG Group") to include the energy efficiency business

On 8 June 2022 and 13 June 2022, Furniweb conditionally entered into a share sale agreement (the "SSA") and supplemental SSA respectively, to acquire the remaining 62.75% equity interest in ESGL from Dato' Ng Yan Cheng for a total consideration of HK\$58,191,840.00 (equivalent to approximately RM31,423,594.00). The resolutions were duly passed by both the independent shareholders of PRG and Furniweb at the extraordinary general meetings of the companies held on 8 August 2022. The acquisition was completed on 29 August 2022.

- d) Proposed establishment of a long term incentive plan (the "Proposed LTIP") of up to 15% of the total number of issued shares in PRG (excluding treasury shares, if any)**

On 2 June 2022, the listing and quotation of new PRG shares pursuant to Proposed LTIP was approved by Bursa Securities subject to the conditions stated in the announcement dated 3 June 2022. The resolutions were duly passed by shareholders of the Company at the extraordinary general meeting on 8 August 2022. The LTIP was implemented on 1 November 2022.

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 September 2022	31 December 2022
	RM'000	RM'000
Current liabilities	14,355	9,301
Non-current liabilities	51,591	48,067
	65,946	57,368

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	49,911	57,368
- Singapore Dollar	16,035	-
	65,946	57,368

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 2022.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended		Period ended	
	30 September 2022	2021	30 September 2022	2021
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	777	505	2,210	4,935
Interest expense	765	216	1,985	2,155
Net (gain)/loss on foreign exchange	(197)	229	21	399
Property, plant and equipment written off	-	(49)	-	123
Intangible assets written off	-	1	-	22
Interest income	(772)	(1,023)	(2,288)	(3,288)
Gain on disposals of property, plant and equipment	(9)	(41)	(33)	(53)
Loss on disposal of subsidiaries	-	-	-	4,975
Lease modification - early termination	-	(3)	-	(11,114)
Reversal of inventories written down	(264)	(2)	(369)	(2,034)
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 PER ORDINARY SHARE

- a) Basic earnings per ordinary share

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

	Quarter ended 30 September		Period ended 30 September	
	2022	2021	2022	2021
Profit attributable to owners of the parent (RM'000)	4,951	4,281	12,916	12,010
Weighted average number of ordinary shares in issue ('000)	429,439	429,439	429,439	429,439
Basic earnings per ordinary share (sen)	1.15	1.00	3.01	2.80

- b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares in issue adjusted for the effects of dilutive potential ordinary shares.

The diluted earnings per share is same as the basic earnings per share because there were no dilutive potential ordinary shares outstanding as at the end of the financial periods ended 30 September 2022 and 30 September 2021.

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 September 2022	31 December 2022 (Audited)
Total equity attributable to owners of the parent (RM'000)	163,112	150,560
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)	0.3798	0.3506

B13 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 November 2022.