

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024 - UNAUDITED

	Quarter ended 30 June		Period ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	57,382	94,616	119,219	187,349
Cost of sales	(44,208)	(73,960)	(92,911)	(145,304)
Gross profit	13,174	20,656	26,308	42,045
Other income	856	1,571	2,941	2,748
Selling and marketing expenses	(642)	(653)	(1,113)	(1,264)
Administrative expenses	(12,611)	(14,341)	(23,023)	(24,931)
Other expenses	(200)	(268)	(1,072)	(660)
Interest income	1,092	1,065	2,184	1,828
Finance costs	(978)	(765)	(1,864)	(1,499)
Share of profit of a joint venture, net of tax	72	81	190	59
Profit before tax	763	7,346	4,551	18,326
Tax expense	(1,494)	(3,494)	(2,610)	(6,002)
(Loss)/ Profit for the quarter/ financial period	(731)	3,852	1,941	12,324
Other comprehensive (loss)/ income				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translations	(1,264)	3,036	35	3,983
Share of other comprehensive (loss)/ income of a joint venture	(36)	55	(22)	55
Total comprehensive (loss)/ income for the quarter/ financial period	(2,031)	6,943	1,954	16,362
(Loss)/ Profit attributable to:				
Owners of the parent	(1,198)	1,363	269	5,532
Non-controlling interests	467	2,489	1,672	6,792
	(731)	3,852	1,941	12,324
Total comprehensive (loss)/ income attributable to:				
Owners of the parent	(1,854)	2,923	276	7,567
Non-controlling interests	(177)	4,020	1,678	8,795
	(2,031)	6,943	1,954	16,362
(Loss)/ Earnings per ordinary share attributable to owners of the parent (sen):				
Basic and Diluted	(0.28)	0.32	0.06	1.29

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 - UNAUDITED

	Notes	As at 30 June 2024 RM'000	(Audited) As at 31 December 2023 RM'000
Non-current assets			
Property, plant and equipment		37,340	31,773
Right-of-use assets		21,048	22,099
Intangible assets		15,446	15,423
Investment in a joint venture		1,202	1,270
Trade and other receivables		7,224	7,224
Deferred tax assets		9	9
Total non-current assets		82,269	77,798
Current assets			
Inventories		32,266	30,583
Biological assets		57,288	58,367
Trade and other receivables		151,496	173,476
Contract assets		25,468	20,604
Current tax assets		4,030	4,261
Cash and bank balances		60,076	101,108
Total current assets		330,624	388,399
Total assets		412,893	466,197
Equity			
Share capital		145,169	144,800
Treasury shares		(87)	(87)
Exchange translation differences		246	239
Share options reserve		814	724
Fair value reserve		(28,327)	(28,327)
Retained earnings		42,615	42,346
Total attributable to owners of the parent		160,430	159,695
Non-controlling interests		88,615	96,737
Total equity		249,045	256,432
Non-current liabilities			
Borrowings	B7	41,970	36,736
Lease liabilities		4,262	5,216
Deferred tax liabilities		2,932	2,940
Total non-current liabilities		49,164	44,892

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 - UNAUDITED (continued)

	Notes	As at 30 June 2024 RM'000	(Audited) As at 31 December 2023 RM'000
Current liabilities			
Borrowings	B7	5,303	8,825
Trade and other payables		88,590	135,768
Contract liabilities		16,038	14,219
Lease liabilities		2,610	2,515
Current tax liabilities		2,143	3,546
Total current liabilities		<u>114,684</u>	<u>164,873</u>
Total liabilities		<u>163,848</u>	<u>209,765</u>
Total equity and liabilities		<u>412,893</u>	<u>466,197</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.3713</u>	<u>0.3708</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024 - UNAUDITED

	Period ended 30 June	
	2024 RM'000	2023 RM'000
Cash flows from operating activities		
Profit before tax	4,551	18,326
Adjustments for:		
Non-cash items	3,660	7,488
Finance costs	1,864	1,499
Interest income	(2,184)	(1,828)
Share of profit of a joint venture	(190)	(59)
Operating profit before changes in working capital	<u>7,701</u>	25,426
Change in inventories	(701)	10,137
Change in trade and other receivables	23,349	4,643
Change in contract assets	(4,940)	6,090
Change in trade and other payables	(22,685)	(15,526)
Change in contract liabilities	1,844	(6,088)
Cash generated from operations	<u>4,568</u>	24,682
Tax paid, net	(3,807)	(8,663)
Net cash from operating activities	<u>761</u>	16,019
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(6,882)	(2,445)
Repayments from a joint venture	49	-
Dividends received from a joint venture	236	-
Interest received	919	569
Payment of balance consideration on acquisition of subsidiaries	(17,620)	-
Proceeds from disposals of property, plant and equipment	10	886
Placement of restricted cash	(9,454)	-
Deposits lifted from/ (placed with) financial institutions with original maturity of more than three (3) months	<u>2,840</u>	(3,553)
Net cash used in investing activities	<u>(29,902)</u>	(4,543)
Cash flows from financing activities		
Interest paid	(1,677)	(1,283)
Proceeds from issuance of ordinary shares pursuant to SOP exercised	369	-
Drawdown of borrowings	6,095	6,125
Repayments of borrowings	(5,604)	(19,467)
Repayments of lease liabilities	(1,720)	(778)
Dividends paid to non-controlling interest	(6,347)	-
Repayments to shareholders	(9,800)	(850)
Net cash used in financing activities	<u>(18,684)</u>	(16,253)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024 - UNAUDITED (continued)

	Period ended	
	30 June	
	2024	2023
	RM'000	RM'000
Net decrease in cash and cash equivalents	(47,825)	(4,777)
Effects of exchange rate changes	172	1,109
Cash and cash equivalents at beginning of financial period	85,682	59,726
Cash and cash equivalents at end of financial period	<u>38,029</u>	<u>56,058</u>
Cash and cash equivalents comprise:		
Cash and bank balances	60,076	72,007
Less: Bank overdraft	(490)	(151)
Deposits placed with financial institutions with original maturity of more than three (3) months	(11,903)	(15,598)
Restricted cash	(9,654)	(200)
	<u>38,029</u>	<u>56,058</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2024

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024 - UNAUDITED**

	<----- Attributable to owners of the parent ----->						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	<-----Non-distributable----->			Distributable					
	Share capital RM'000	Treasury shares RM'000	Exchange translation differences RM'000	Share options reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000			
<u>6 months ended 30 June 2023</u>									
Balance as at 1 January 2023	144,530	(87)	(353)	-	(28,327)	53,721	169,484	82,611	252,095
Profit for the financial period	-	-	-	-	-	5,532	5,532	6,792	12,324
Foreign currency translations	-	-	2,007	-	-	-	2,007	1,976	3,983
Share of other comprehensive income of a joint venture, net of tax	-	-	28	-	-	-	28	27	55
Total comprehensive income	-	-	2,035	-	-	5,532	7,567	8,795	16,362
Balance as at 30 June 2023	144,530	(87)	1,682	-	(28,327)	59,253	177,051	91,406	268,457
<u>6 months ended 30 June 2024</u>									
Balance as at 1 January 2024	144,800	(87)	239	724	(28,327)	42,346	159,695	96,737	256,432
Profit for the financial period	-	-	-	-	-	269	269	1,672	1,941
Foreign currency translations	-	-	18	-	-	-	18	17	35
Share of other comprehensive loss of a joint venture, net of tax	-	-	(11)	-	-	-	(11)	(11)	(22)
Total comprehensive income	-	-	7	-	-	269	276	1,678	1,954
Transactions with owners									
Issuance of ordinary shares pursuant to Share Option Plan ("SOP") option exercised	369	-	-	(137)	-	-	232	-	232
Share Options granted under SOP	-	-	-	227	-	-	227	-	227
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(9,800)	(9,800)
	369	-	-	90	-	-	459	(9,800)	(9,341)
Balance as at 30 June 2024	145,169	(87)	246	814	(28,327)	42,615	160,430	88,615	249,045

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD (Registration No: 200101005950 (541706-V))
PART A: NOTES 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 2023. 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 2023.

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 2023 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 2024:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024

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 29 April 2024 on the audited financial statements for the financial year ended 31 December 2023 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.

PRG HOLDINGS BERHAD (Registration No: 200101005950 (541706-V))
PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

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 except for the exercise of 1,432,781 share options under SOP.

A7 DIVIDENDS PAID

No dividend was paid in current financial period under review.

A8 PRG's LONG TERM INCENTIVE PLAN ("LTIP SCHEME")

The Company has implemented LTIP scheme to recognise the contributions and services of the eligible persons and to attract and retain high-calibre eligible persons. The LTIP scheme comprised of grant of Share Grant Plan ("SGP") Award(s) and Share Option Plan ("SOP") Award(s) to any eligible person in accordance with the provisions of By-Laws. The LTIP scheme was approved by the shareholders at the Extraordinary General Meeting held on 8 August 2022 and came into effect on 1 November 2022. The LTIP scheme shall be in force for a period of five (5) years until 30 October 2027.

A9 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	Others RM'000	Eliminations RM'000	Total RM'000
<u>For the period ended 30 June 2023</u>							
Revenue							
Revenue from external customers	80,254	49,979	56,848	153	115	-	187,349
Inter-segment revenue	612	73	8,707	-	16,017	(25,409)	-
Total revenue	80,866	50,052	65,555	153	16,132	(25,409)	187,349
Segment results	15,192	(969)	7,814	(2,138)	(1,632)	-	18,267
Share of profit of a joint venture, net of tax	-	59	-	-	-	-	59
Profit/(Loss) before tax	15,192	(910)	7,814	(2,138)	(1,632)	-	18,326
Tax expense							(6,002)
Profit for the financial period							12,324
<u>For the period ended 30 June 2024</u>							
Revenue							
Revenue from external customers	33,529	44,569	40,734	215	172	-	119,219
Inter-segment revenue	30	6,586	10,969	-	17,191	(34,776)	-
Total revenue	33,559	51,155	51,703	215	17,363	(34,776)	119,219
Segment results	496	5,165	3,515	(2,245)	(2,570)	-	4,361
Share of profit of a joint venture, net of tax	-	190	-	-	-	-	190
Profit/(Loss) before tax	496	5,355	3,515	(2,245)	(2,570)	-	4,551
Tax expense							(2,610)
Profit for the financial period							1,941

A10 EVENTS AFTER BALANCE SHEET DATE

There were no material events subsequent to the end of the financial period.

A11 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 2023.

A12 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no significant changes in contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2023.

A13 CAPITAL COMMITMENTS

	As at 30 June 2024 RM'000
Contracted but not provided for:	
- Acquisition of property, plant and equipment	<u><u>1,289</u></u>

A14 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 30 June		Period ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	<u>1,236</u>	449	<u>1,465</u>	449
<u>Transaction with a corporation in which a Director has interest</u>				
Rental expenses	<u>(60)</u>	-	<u>(120)</u>	-
<u>Transaction with corporations in which a Director of a subsidiary has interest</u>				
Rental expenses	<u>(199)</u>	-	<u>(369)</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 RM57.4 million for second quarter of 2024 was RM37.2 million lower than the revenue of RM94.6 million reported in the corresponding quarter of preceding year. The Group's revenue of RM119.2 million for the 6 months ended 30 June 2024 was RM68.1 million lower than the revenue of RM187.3 million reported in the corresponding period of 2023.

The Group recorded a profit before tax of RM0.8 million in the second quarter of 2024, which decreased by RM6.5 million as compared to profit before tax of RM7.3 million reported in the corresponding quarter of preceding year. Profit before tax for the 6 months ended 30 June 2023 was RM4.6 million, representing a decrease of RM13.7 million as compared to profit before tax of RM18.3 million reported in the corresponding period of 2023.

The decrease of revenue and profit before tax during the current quarter and period as compared to corresponding quarter and period of 2023 was mainly due to the property development project being handed over in the fourth quarter of 2023. Additionally, project revenue from the energy efficiency segment was lower than the corresponding quarter and period, as several major projects were completed in year 2023 and there were delays in awarding new projects. However, a few new projects were commenced and are expected to generate more income in second half of 2024.

The detailed analysis by business segment as follows:

a) Property development & construction

The property development & construction segment recorded the revenue of RM14.1 million for the second quarter of 2024, which was RM33.8 million higher than the revenue of RM47.9 million recorded in the corresponding quarter of preceding year. The segment's revenue for the 6 months period ended 30 June 2024 of RM33.5 million was RM46.8 million lower than RM80.3 million recorded in the corresponding period of preceding year.

Loss before tax of RM0.1 million from property development & construction segment for the second quarter of 2024 decreased by RM8.4 million as compared to profit before tax of RM8.3 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 6 months period ended 30 June 2024 of RM0.5 million decreased by RM14.7 million as compared to RM15.2 million recorded in the corresponding period of preceding year.

Decrease in revenue and profit before tax for the current quarter and period as compared to the corresponding quarter and period of 2023 were mainly due to a property development project that was handed over in December 2023, with most of the revenue and profit being recognised in year 2023. For the current quarter and period ended 30 June 2024, the revenue and profit before tax was mainly contributed by construction projects.

b) Manufacturing

The revenue of RM23.8 million from manufacturing segment for the second quarter of 2024 was RM3.4 million lower than RM27.2 million recorded in the corresponding quarter of 2023. The segment's revenue for the 6 months ended 30 June 2024 of RM44.6 million was RM5.4 million lower than RM50.0 million recorded in the corresponding period of preceding year.

The profit before tax of RM1.9 million from manufacturing segment for the second quarter of 2024 increased by RM3.9 million from loss before tax of RM2.0 million recorded in the corresponding quarter of 2023. The segment's profit before tax for the 6 months ended 30 June 2024 of RM5.4 million was RM6.3 million improved from loss before tax of RM0.9 million recorded in the corresponding period of preceding year.

The decrease in revenue for the manufacturing segment for the current quarter and period ended 30 June 2024 was mainly due to the disposal of a manufacturing plant in China in September 2023, which had contributed RM7.0 million revenue during the corresponding period of 2023. However, the impact of this disposal was mitigated by higher sales from elastic textile and seatbelt webbing products.

Despite the lower revenue, profit before tax for the current quarter and period ended 30 June 2024 was higher than the corresponding quarter and period, mainly due to increased sales of products with higher gross profit margins and lower production costs.

B1 ANALYSIS OF PERFORMANCE (continued)

c) Energy efficiency

The revenue of RM19.2 million from energy efficiency segment for the second quarter of 2024 was RM0.2 million lower than RM19.4 million recorded in the corresponding quarter of 2023. The energy efficiency segment recorded RM40.7 million revenue for the current period ended 30 June 2024, which was RM16.1 million lower than RM56.8 million recorded in the corresponding period of 2023.

The profit before tax of RM1.8 million from energy efficiency segment for the second quarter of 2024 was reduced by RM1.6 million from profit before tax of RM3.4 million recorded in the corresponding quarter of 2023. Profit before tax of RM3.5 million from energy efficiency segment for the current period ended 30 June 2024 was RM4.3 million lower than RM7.8 million recorded in the corresponding period of 2023.

The lower revenue and profit before tax for energy efficiency segment in the current quarter and period ended 30 June 2024 as compared to the corresponding quarter and period in 2023, were mainly due to the completion of several major projects in 2023 and delays in awarding new project. However, the decrease was mitigated by higher maintenance service income with a higher profit margin in 2024.

d) Agriculture

The revenue of RM0.2 million from agriculture segment for the second quarter of 2024 was RM0.2 million higher as there was no revenue recorded in the corresponding quarter of 2023. The agriculture segment recorded a consistent revenue of RM0.2 million in both the current period ended 30 June 2024 and the corresponding period of 2023.

The higher revenue reported for the current quarter and period ended 30 June 2024 was mainly due to the logging license renewal being obtained by the end of first quarter of 2024. Pineapple harvesting began in June 2024 and is expected to contribute more revenue in the third quarter of 2024. The agriculture segment continued to report losses for both the current quarter and period in 2024 and 2023, as the logging of teak wood remains on a smaller scale, depending on market demand and teak wood prices.

e) Others

The revenue of RM0.1 million from others segment for the second quarter of 2024 was fairly consistent with the corresponding quarter of 2023. The revenue from others segment for current period ended 30 June 2024 of RM0.2 million was consistent with the revenue of RM0.1 million recorded in the corresponding period of 2023.

The loss before tax of RM0.2 million from others segment for the second quarter of 2024 was higher by RM2.0 million from profit before tax of RM1.8 million recorded in the corresponding quarter of 2023. The loss before tax of RM2.6 million for the period ended 30 June 2024 was RM1.0 million higher than the loss before tax of RM1.6 million recorded in the corresponding period of 2023. This increase was primarily due to higher corporate expenses and unrealised foreign exchange losses.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM57.4 million and profit before tax of RM0.8 million for the current quarter ended 30 June 2024 as compared to revenue of RM61.8 million and profit before tax of RM3.8 million for the immediate preceding quarter. The revenue for the current quarter was lower due to new projects being in the start-up stage, resulting in less revenue being recognised. The decrease in profit before tax was also impacted by a RM1.0 million gratuity expense to a former executive director during the quarter.

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR

The property market in Malaysia remains challenging. The recent increases in overnight policy rate in year 2023 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 prevailing economic conditions, marked by higher-than-anticipated inflation rates and interest rate hikes have triggered a ripple effect across global household consumption patterns. The economic condition is further compounded by negative spillovers emanating from the conflict in Ukraine and the sluggish recovery trajectory of China, which collectively contribute to heightened uncertainty in the global economic landscape. For manufacturing sector, grappling with supply chain disruptions, escalating cost due to inflation, and subdued demand due to higher interest rates poses formidable challenges to sustaining operational efficacy and profitability. In response to this dynamic landscape, the Group has adopted a strategic approach, recalibrating market strategies, revisiting pricing frameworks, and streamline cost structures to maintain competitiveness.

The agriculture segment will continue facing challenges from the weather uncertainty, 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.

In parallel, the energy efficiency sector witnesses a surge in global energy consumption amidst higher energy prices and apprehensions surrounding potential disruptions in oil and gas supplies. Simultaneously, escalating concerns about climate change drives governments worldwide to enact stringent policies emphasizing energy efficiency, greenhouse gas reduction, and sustainability. Within this shifting paradigm, the growth prospects for businesses operating in the energy efficiency sector remain promising, buoyed by government support for environment initiative and increasing focus on environmental, social, and governance considerations.

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 30 June		Period ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense				
- Malaysia	177	2,605	1,117	4,097
- Overseas	1,112	920	1,112	1,966
- Under provision in prior years	201	-	409	-
	1,490	3,525	2,638	6,063
Deferred tax	4	(31)	(28)	(61)
	1,494	3,494	2,610	6,002

The effective tax rates of the Group for the current quarter and period ended 30 June 2024 were higher than the statutory tax rate as certain expenses were not deductible.

B6 STATUS OF CORPORATE PROPOSALS

a) Proposed disposal by PRG of 50 Units of Picasso Residence Condominium ("Subject Properties") to PRG Land Sdn Bhd ("PLSB"), a wholly-owned subsidiary of Furniweb, for a total consideration of RM61,982,000 ("Proposed Disposal of Properties"); and

Proposed diversification of the business of PRG and its subsidiaries ("PRG Group") to include the property investment business ("Proposed Diversification")

PRG had on 27 April 2023 entered into a Master Agreement as supplemented by a supplemental master agreement dated 7 June 2023 with Furniweb and PLSB in respect of the Proposed Disposal of Properties for a total consideration of RM61,982,000 which is partly payable in cash and partly satisfied by the allotment and issue of new shares of Furniweb to PRG. The shareholding of PRG in Furniweb would be increased from 50.45% to 67.97% upon the completion of the Proposed Disposal of Properties.

On the same date, PRG entered into a settlement letter with Premier De Muara Sdn Bhd ("PDMSB"), PRG Property Sdn Bhd ("PPSB") and Liveintent Sdn Bhd ("Liveintent") in respect of the share sale agreement dated 26 July 2019 which was completed in July 2020, to settle the shareholder's advances made by PRG Group (together with the agreed interests accrued or accruing thereon) to PDMSB prior to its disposal by exercising its option to accept the final settlement sum of RM61,982,000 for an entitlement of 50 units of condominium at Picasso Residence.

PRG had also on the even date entered into a non-competition undertakings Supplemental Deed with Furniweb to revise the deed of non-competition undertaking dated 28 September 2017 entered into between PRG and Furniweb to exclude property investment business as restricted activity in order to provide flexibility to PRG to involve or engage directly or indirectly the property investment business in the future (if any). The Supplemental Deed was subsequently terminated by both parties via the execution of a deed of termination on 7 June 2023.

On 29 June 2024, PRG entered into a supplemental agreement with Furniweb and PLSB, postponing the original conditional period from 30 June 2024 to 30 June 2025, or such longer period as PRG, Furniweb and PLSB may agree in writing. On the same date, PRG also entered into a letter of extension of time with PDMSB, PPSB and Liveintent, extending the date to obtain the Certificate of Completion and Compliance ("CCC") from 30 June 2024 to 31 December 2024. PDMSB shall deliver the vacant possession of the Properties to PRG within 30 days from the date of issuance of CCC and agrees to pay interest of 5% per annum, calculated daily until the CCC is issued. The Proposed Disposal of Properties and Proposed Diversification were approved by shareholders at the extraordinary general meeting on 16 August 2024.

Please refer to the announcements dated 27 April 2023, 7 June 2023, 3 July 2023, 2 January 2024, 19 January 2024, 13 March 2024, 20 March 2024, 20 June 2024, 1 July 2024, 12 July 2024 and 16 August 2024 for details.

b) Proposed debt settlements of Dato' Lua Choon Hann and Dato' Ng Yan Cheng ("Proposed Debt Settlements")

On 25 August 2023, PRG announced that the Group is proposing to undertake the following:

- i) proposed partial settlement of debt owing by the Group to Dato' Lua Choon Hann, being the Group Executive Vice Chairman and a shareholder of the Company amounting to RM6,482,290.32 to be satisfied via issuance of 30,333,600 new ordinary shares of the Company; and
- ii) proposed partial settlement of debt owing by the Group to Dato' Ng Yan Cheng, being the Director of Energy Solution Global Limited, a wholly owned subsidiary of Furniweb and a substantial shareholder of the Company amounting to RM4,993,271.46 to be satisfied via issuance of 23,365,800 new ordinary shares of the Company.

On 16 August 2024, the Proposed Debt Settlements was approved by shareholders at the extraordinary general meeting.

Please refer to the announcements dated 25 August 2023, 22 September 2023, 1 July 2024, 22 July 2024 and 16 August 2024 for details.

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 June 2024	31 December 2023
	RM'000	RM'000
Current liabilities	5,303	8,825
Non-current liabilities	41,970	36,736
	<u>47,273</u>	<u>45,561</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	45,452	41,843
- Singapore Dollar	1,821	3,718
	<u>47,273</u>	<u>45,561</u>

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and a director of a subsidiary and corporate guarantees of the Company and personal guarantee of directors of a subsidiary.

B8 DIVIDENDS

No dividend has been proposed by the Board of Directors for the financial year ending 31 December 2024.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30 June		Period ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Operating (loss)/ profit is arrived at after charging/(crediting):				
Depreciation and amortisation	1,578	1,204	3,158	2,274
Interest expense	978	765	1,864	1,499
(Reversal of inventories written down)/Inventories written	(23)	2,465	(73)	2,590
Impairment losses on trade and other receivables	-	3,523	-	3,523
Gain on fair value adjustment on trade and other receivables	-	-	-	(26)
Net unrealised loss/(gain) on foreign exchange	234	(191)	492	(229)
Property, plant and equipment written off	3	-	3	-
Interest income	(1,092)	(1,065)	(2,184)	(1,828)
Gain on disposals of property, plant and equipment	(6)	(53)	(10)	(643)

- 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 (LOSS)/ EARNINGS PER ORDINARY SHARE

a) Basic (loss)/ earnings per ordinary share

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

	Quarter ended 30 June		Period ended 30 June	
	2024	2023	2024	2023
(Loss)/ Profit attributable to owners of the parent (RM'000)	(1,198)	1,363	269	5,532
Weighted average number of ordinary shares in issue ('000)	432,031	429,439	432,012	429,439
Basic (loss)/ earnings per ordinary share (sen)	(0.28)	0.32	0.06	1.29

b) Diluted (loss)/ earnings per ordinary share

Diluted (loss)/ earnings per ordinary share is calculated by dividing the (loss)/ profit attributable to equity holders of the parent for the quarter/ period by the weighted average number of ordinary shares in issue adjusted for the effects of dilutive potential ordinary shares.

The diluted (loss)/ earnings per share is the same as the basic (loss)/ earnings per share because there were no dilutive potential ordinary shares outstanding as at the end of the quarters/ financial periods ended 30 June 2024 and 30 June 2023.

	Quarter ended 30 June		Period ended 30 June	
	2024	2023	2024	2023
(Loss)/Profit attributable to owners of the parent (RM'000)	(1,198)	1,363	269	5,532
Weighted average number of ordinary shares in issue ('000)	432,031	429,439	432,012	429,439
Effect of dilution ('000)	(878)	-	(859)	-
Adjusted weighted average number of ordinary shares in issue ('000)	431,153	429,439	431,153	429,439
Diluted (loss)/profit per ordinary share (sen)	(0.28)	0.32	0.06	1.29

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 June 2024	31 December 2023 (Audited)
Total equity attributable to owners of the parent (RM'000)	160,430	159,695
Number of ordinary shares in issue ('000)	432,517	431,084
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	432,099	430,666
Net assets per share attributable to owners of the parent (RM)	0.3713	0.3708

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 26 August 2024.