

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

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

	Quarter ended 30 June		Period ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	62,404	38,141	121,932	96,216
Cost of sales	(43,700)	(27,081)	(84,633)	(56,545)
Gross profit	18,704	11,060	37,299	39,671
Other income	1,301	12,930	1,737	13,880
Selling and marketing expenses	(753)	(1,390)	(2,255)	(5,357)
Administrative expenses	(7,863)	(6,762)	(15,319)	(16,350)
Other expenses	(538)	(276)	(772)	(5,635)
Interest income	780	1,147	1,516	2,265
Finance costs	(787)	(894)	(1,220)	(1,939)
Share of profit of associates (net of tax)	724	-	2,014	-
Share of profit of a joint venture (net of tax)	144	95	190	176
Profit before tax	11,712	15,910	23,190	26,711
Tax expense	(3,059)	(2,112)	(5,877)	(2,926)
Profit for the financial period	8,653	13,798	17,313	23,785
Other comprehensive income/(loss)				
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	-	2	-	63
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	987	757	1,307	3,007
Realisation of reserves from disposal of subsidiaries	-	7,292	-	(187)
Share of other comprehensive loss of associates	(94)	-	(70)	-
Share of other comprehensive income of a joint venture	28	1	33	46
Total comprehensive income for the financial period	9,574	21,850	18,583	26,714

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

	Quarter ended 30 June		Period ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit attributable to:				
Owners of the parent	3,871	6,792	7,965	7,729
Non-controlling interests	4,782	7,006	9,348	16,056
	<u>8,653</u>	<u>13,798</u>	<u>17,313</u>	<u>23,785</u>
Total comprehensive income attributable to:				
Owners of the parent	4,370	7,283	8,637	9,457
Non-controlling interests	5,204	14,567	9,946	17,257
	<u>9,574</u>	<u>21,850</u>	<u>18,583</u>	<u>26,714</u>
Basic/Diluted earnings per ordinary share attributable to owners of the parent (sen):	<u>0.90</u>	<u>1.58</u>	<u>1.85</u>	<u>1.80</u>

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

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

		As at 30 June 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Non-current assets			
Property, plant and equipment		23,993	25,191
Right-of-use assets		19,851	18,248
Intangible assets		1,245	1,240
Investments in associates		8,574	6,383
Investment in a joint venture		1,153	931
Trade and other receivables		62,097	61,156
Contract assets		4,082	4,082
Deferred tax assets		224	224
Total non-current assets		121,219	117,455
Current assets			
Inventories		50,969	61,919
Biological assets		80,283	81,048
Trade and other receivables		48,760	48,525
Contract assets		38,880	17,946
Current tax assets		2,372	596
Cash and bank balances		41,283	37,741
Total current assets		262,547	247,775
Total assets		383,766	365,230
Equity			
Share capital		144,530	144,530
Treasury shares		(87)	(87)
Exchange translation differences		(653)	(1,325)
Fair value reserve		(28,327)	(28,327)
Retained earnings		43,734	35,769
Total attributable to owners of the parent		159,197	150,560
Non-controlling interests		61,091	51,145
Total equity		220,288	201,705
Non-current liabilities			
Borrowings	B7	47,821	48,067
Trade and other payables		50	49
Lease liabilities		4,634	1,875
Deferred tax liabilities		1,260	1,260
Total non-current liabilities		53,765	51,251

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

		As at 30 June 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Current liabilities			
Borrowings	B7	4,273	9,301
Trade and other payables		93,759	94,526
Contract liabilities		2,393	2,270
Lease liabilities		675	1,653
Current tax liabilities		8,613	4,524
Total current liabilities		<u>109,713</u>	<u>112,274</u>
Total liabilities		<u>163,478</u>	<u>163,525</u>
Total equity and liabilities		<u>383,766</u>	<u>365,230</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.3707</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 SECOND QUARTER OF 2022

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

	<----- Attributable to owners of the parent ----->						Non-controlling interests	Total equity
	<----- Non-distributable ----->			Distributable				
	Share capital	Treasury shares	Exchange translation differences	Fair value reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months ended 30 June 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	-	-	-	-	7,729	7,729	16,056	23,785
Change in the fair value of equity investments at fair value through other comprehensive income	-	-	-	63	-	63	-	63
Foreign currency translations	-	-	1,694	-	-	1,694	1,313	3,007
Realisation of reserves from disposal of a subsidiary	-	-	(75)	-	-	(75)	(112)	(187)
Share of other comprehensive income of a joint venture, net of tax	-	-	46	-	-	46	-	46
Total comprehensive income	-	-	1,665	63	7,729	9,457	17,257	26,714
Shares acquired by non-controlling interests	-	-	-	-	-	-	6,288	6,288
Disposal of non wholly-owned subsidiaries	-	-	-	-	-	-	(13,580)	(13,580)
Balance as at 30 June 2021	144,530	(87)	(1,113)	(24,234)	44,330	163,426	56,653	220,079
<u>6 months ended 30 June 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	-	-	-	-	7,965	7,965	9,348	17,313
Foreign currency translations	-	-	709	-	-	709	598	1,307
Share of other comprehensive loss of associates, net of tax	-	-	(70)	-	-	(70)	-	(70)
Share of other comprehensive income of a joint venture, net of tax	-	-	33	-	-	33	-	33
Total comprehensive income	-	-	672	-	7,965	8,637	9,946	18,583
Balance as at 30 June 2022	144,530	(87)	(653)	(28,327)	43,734	159,197	61,091	220,288

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 SECOND QUARTER OF 2022

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

	Period ended 30 June	
	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before tax	23,190	26,711
Adjustments for:		
Non-cash items	1,529	(5,338)
Finance costs	1,220	1,939
Interest income	(1,516)	(2,265)
Share of profit of associates	(2,014)	-
Share of profit of a joint venture	(190)	(176)
Operating profit before changes in working capital	22,219	20,871
Change in inventories	12,179	(1,957)
Change in bank balances held on behalf of clients	-	16,429
Change in trade and other receivables	(346)	(17,643)
Change in contract assets	(20,934)	(531)
Change in trade and other payables	2,449	(8,085)
Change in contract liabilities	110	1,298
Cash generated from operations	15,677	10,382
Tax paid (net)	(3,611)	(424)
Net cash generated from operating activities	12,066	9,958
Cash flows from investing activities		
Acquisition of property, plant and equipment, right-of-use and intangible assets	(1,616)	(3,378)
Repayments from/(Advances to) a joint venture	36	(15)
Repayment from associates	-	1,327
Dividends received from a joint venture	-	202
Interest received	246	252
Proceeds from disposals of property, plant and equipment	28	82
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	(5,604)	561
Withdrawal of restricted cash	527	-
Net cash used in investing activities	(6,383)	(2,999)
Cash flows from financing activities		
Interest paid	(935)	(1,289)
Drawdown of borrowings	-	7,785
Drawdown of lease	1,896	-
Repayments of borrowings	(5,287)	(12,073)
Repayments of lease liabilities	(253)	(781)
(Repayments to)/Advances from shareholders	(3,110)	2,106
Net cash used in financing activities	(7,689)	(4,252)

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

	Period ended 30 June	
	2022	2021
	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(2,006)	2,707
Effects of exchange rate changes	192	389
Cash and cash equivalents at beginning of financial period	30,487	21,021
Cash and cash equivalents at end of financial period	<u>28,673</u>	<u>24,117</u>
Cash and cash equivalents comprise:		
Cash and bank balances	41,283	38,048
Less: Bank overdraft	(446)	(496)
Deposits placed with financial institutions with original maturity of more than three (3) months	(11,964)	(12,708)
Restricted cash	(200)	(727)
	<u>28,673</u>	<u>24,117</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 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	Agriculture RM'000	Retail RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>For the period ended 30 June 2021 (restated)</u>							
Revenue							
Revenue from external customers	15,712	60,962	1,729	1,711	16,102	-	96,216
Inter-segment revenue	748	128	-	199	-	(1,075)	-
Total revenue	16,460	61,090	1,729	1,910	16,102	(1,075)	96,216
Segment results	2,632	8,787	(1,189)	9,788	6,517	-	26,535
Share of profit of a joint venture (net of tax)	-	176	-	-	-	-	176
Profit/(Loss) before tax	2,632	8,963	(1,189)	9,788	6,517	-	26,711
Tax expense							(2,926)
Profit for the financial period							23,785
 <u>For the period ended 30 June 2022</u>							
Revenue							
Revenue from external customers	63,265	57,719	810	-	138	-	121,932
Inter-segment revenue	706	53	-	-	-	(759)	-
Total revenue	63,971	57,772	810	-	138	(759)	121,932
Segment results	18,001	6,471	(1,122)	(24)	(2,340)	-	20,986
Share of profit of a joint venture (net of tax)	-	190	-	-	-	-	190
Share of profit of associates (net of tax)	-	-	-	-	2,014	-	2,014
Profit/(Loss) before tax	18,001	6,661	(1,122)	(24)	(326)	-	23,190
Tax expense							(5,877)
Profit for the financial period							17,313

A9 EVENTS AFTER BALANCE SHEET DATE

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

A10 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period.

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 2021.

A12 CAPITAL COMMITMENTS

Contracted but not provided for:

- Acquisition of property, plant and equipment

**As at
30 June 2022
RM'000**

3,575

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 30 June		Period ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	384	416	672	871
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	-	298	-	1,081

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 RM62.4 million for second quarter of 2022 was RM24.3 million higher than the RM38.1 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the 6 months ended 30 June 2022 was RM121.9 million, representing RM25.7 million increase as compared to revenue of RM96.2 million recorded in the corresponding period of preceding year.

The Group recorded a profit before tax of RM11.7 million in the second quarter of 2022, which was decreased by RM4.2 million as compared to profit before tax of RM15.9 million reported in the corresponding quarter of preceding year. Profit before tax for the 6 months ended 30 June 2022 was RM23.2 million, representing a decrease of RM3.5 million as compared to profit before tax of RM26.7 million recorded in the corresponding period of preceding year.

Increase in the Group's revenue during the current quarter and period ended 30 June 2022 as compared to the corresponding quarter and period of preceding year was mainly due to increase in revenue recognition from ongoing projects.

Despite the increase in profit recognition from ongoing projects, the Group's profit before tax for the current quarter and period ended 30 June 2022 was lower than the corresponding quarter and period, mainly due to net impact of a non-recurring profit of RM7.2 million (being partially offset by the loss on disposal of the security brokerage subsidiaries of RM5.0 million) contributed by the security brokerage business which disposed by the Group in March 2021 and one-off reversal of expenses of RM9.8 million from retail segment after the closure of retail store in second quarter of year 2021.

Setting aside the one-off and non-recurring profit/gain recognised in preceding quarter and period ended 30 June 2021, the profit before tax of the Group were RM6.1 million and RM9.7 million respectively, which were RM5.6 million and RM13.5 million lower than current quarter and period respectively. During the period, property development & construction segment has delivered a positive result with better sales and higher work progress for ongoing projects. Further, the newly acquired associates which principally involved in energy efficiency business also contributed a profit of RM2.0 million during the period.

a) Property development & construction

The property development & construction segment recorded RM33.8 million revenue for the second quarter of 2022, which was RM26.6 million higher than RM7.2 million recorded in the corresponding quarter of 2021. The segment's revenue for the 6 months ended 30 June 2022 of RM63.3 million was RM47.6 million higher than RM15.7 million recorded in the corresponding period of preceding year.

Profit before tax of RM9.9 million from property development & construction segment for the second quarter of 2022 was improved by RM8.2 million as compared to RM1.7 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 6 months ended 30 June 2022 of RM18.0 million was improved by RM15.4 million as compared to RM2.6 million recorded in the corresponding period of preceding year.

The increase in revenue and profit before tax for the current quarter and period ended 30 June 2022 for property development & construction segment was mainly due to recognition of higher percentage of sales and construction progress from ongoing projects.

b) Manufacturing

The revenue of RM27.7 million from manufacturing segment for the second quarter of 2022 was RM0.6 million lower than RM28.3 million recorded in the corresponding quarter of 2021. The segment's revenue for the 6 months ended 30 June 2022 of RM57.7 million was RM3.3 million lower than RM61.0 million recorded in the corresponding period of preceding year.

The profit before tax of RM3.4 million from manufacturing segment for the second quarter of 2022 was consistent with RM3.4 million recorded in the corresponding quarter of 2021. The segment's profit before tax for the 6 months ended 30 June 2022 of RM6.7 million was RM2.3 million lower than RM9.0 million recorded in the corresponding period of preceding year.

The decrease in revenue and profit before tax for manufacturing segment for the current quarter and period ended 30 June 2022 was mainly due to lower sales orders for webbing and other manufacturing products.

B1 ANALYSIS OF PERFORMANCE (continued)

c) Agriculture

The agriculture segment recorded RM0.8 million revenue for the second quarter of 2022, which was RM0.5 million lower than RM1.3 million recorded in the corresponding quarter of 2021. The segment's revenue for the 6 months ended 30 June 2022 of RM0.8 million was RM0.9 million lower than RM1.7 million recorded in the corresponding period of preceding year.

The agriculture segment's loss before tax of RM0.6 million for the second quarter of 2022 was RM0.1 higher than RM0.5 million recorded in the corresponding quarter of 2021. The segment's loss before tax for the 6 months ended 30 June 2022 of RM1.1 million was RM0.1 million lower than RM1.2 million recorded in the corresponding period of preceding year.

Decrease in revenue for the current quarter and period ended 30 June 2022 for agriculture segment was mainly due to the logging operations was resumed in second quarter of year 2022 after obtaining the logging license. Loss before tax for the current quarter and period ended 30 June 2022 was mainly due to operations and finance costs incurred during the period.

d) 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. The retail segment was remained for comparative purpose for the period ended 30 June 2021.

e) Others

The revenue from others segment for current and period ended 30 June 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 quarter and period of 2021 was contributed by the security brokerage business disposed by the Group in March 2021 (2022: RM Nil).

Loss before tax of RM0.9 million from others segment for the second quarter of 2022 was increased by RM0.5 million as compared to RM0.4 million recorded in the corresponding quarter of preceding year. The segment's loss before tax for the 6 months ended 30 June 2022 of RM0.3 million was decreased by RM6.8 million as compared to profit before tax of RM6.5 million recorded in the corresponding period of preceding year, mainly due to net impact of a non-recurring profit of RM7.2 million (being partially offset by the loss on disposal of the security brokerage subsidiaries of RM5.0 million) contributed by the security brokerage business disposed by the Group in March 2021.

By excluding the one-off impact, the profit before tax in current period was higher by RM0.4 million as compared to corresponding period of 2021, which was mainly contributed by share of profits of newly acquired associates amounted to RM2.0 million, offset by higher professional fee for corporate exercises.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM62.4 million and profit before tax of RM11.7 million for the current quarter ended 30 June 2022 as compared to revenue of RM59.5 million and profit before tax of RM11.5 million for the immediate preceding quarter. The increase in revenue as compared to the immediate preceding quarter is mainly due to recognition of higher percentage of sales and construction progress from ongoing projects.

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR

The property market in Malaysia remains challenging. The recent increase in overnight policy rate in May and July 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.

The Board takes cognisance that the unpredictable global environment and geopolitical conflicts, 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense				
- Malaysia	2,761	1,901	5,271	2,469
- Overseas	298	268	606	569
	3,059	2,169	5,877	3,038
Deferred tax	-	(57)	-	(112)
	3,059	2,112	5,877	2,926

The effective tax rates of the Group for the current quarter and period ended 30 June 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.

- 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.

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 2022	31 December 2021
	RM'000	RM'000
Current liabilities	4,273	9,301
Non-current liabilities	47,821	48,067
	52,094	57,368

The borrowings are denominated in Ringgit Malaysia.

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

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 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	692	1,941	1,433	4,430
Interest expense	787	894	1,220	1,939
Net loss on foreign exchange	101	53	218	170
Property, plant and equipment written off	-	172	-	172
Intangible assets written off	-	21	-	21
Interest income	(780)	(1,147)	(1,516)	(2,265)
Gain on disposals of property, plant and equipment	(19)	-	(24)	(12)
Loss on disposal of subsidiaries	-	-	-	4,975
Lease modification - early termination	-	(11,111)	-	(11,111)
Reversal of inventories written down (net)	(71)	(417)	(105)	(2,032)
Reversal of provision for restoration costs	-	(712)	-	(712)
Reversal of impairment losses on trade and other receivables	-	(134)	-	(134)

a) Apart from the above, there were no impairment of other assets during the current quarter and financial period under review.

b) There were no gain or loss on derivatives during the current quarter and financial period under review.

c) There were no exceptional items during the current quarter and financial period under review.

B10 MATERIAL LITIGATION

The Group is not involved in any claim or legal action that will have a material effect on the Group's financial position, results of operations or liquidity as at the date of this report.

B11 EARNINGS 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 June		Period ended 30 June	
	2022	2021	2022	2021
Profit attributable to owners of the parent (RM'000)	3,871	6,792	7,965	7,729
Weighted average number of ordinary shares in issue ('000)	429,439	429,439	429,439	429,439
Basic earnings per ordinary share (sen)	0.90	1.58	1.85	1.80

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 ordinary share because there were no dilutive potential ordinary shares outstanding as at the end of the financial periods ended 30 June 2022 and 30 June 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 June 2022	31 December 2021 (Audited)
Total equity attributable to owners of the parent (RM'000)	159,197	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)	0.3707	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 24 August 2022.