

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 - UNAUDITED

	Quarter ended 30 September		Cumulative period ended 30 September	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	54,183	32,673	147,594	96,933
Cost of sales	(38,070)	(20,526)	(103,359)	(67,257)
Gross profit	<u>16,113</u>	<u>12,147</u>	<u>44,235</u>	<u>29,676</u>
Other income	4,029	465	5,074	1,364
Administrative expenses	(12,385)	(6,737)	(29,073)	(17,324)
Selling and marketing expenses	(3,897)	(926)	(7,276)	(2,724)
Other expenses	(304)	(216)	(1,477)	(1,481)
Finance costs	(377)	(355)	(1,101)	(1,076)
Interest income	42	45	143	135
Share of profit of a joint venture (net of tax)	144	93	226	181
Profit before tax	<u>3,365</u>	<u>4,516</u>	<u>10,751</u>	<u>8,751</u>
Tax expense	(1,390)	(1,013)	(4,363)	(1,815)
Profit for the period	<u>1,975</u>	<u>3,503</u>	<u>6,388</u>	<u>6,936</u>
Other comprehensive income				
Foreign currency translations	(1,426)	(88)	(2,669)	(1,013)
Total comprehensive income for the period	<u>549</u>	<u>3,415</u>	<u>3,719</u>	<u>5,923</u>
Profit attributable to:				
Owners of the parent	1,201	3,172	3,506	6,358
Non-controlling interest	774	331	2,882	578
	<u>1,975</u>	<u>3,503</u>	<u>6,388</u>	<u>6,936</u>
Total comprehensive income attributable to:				
Owners of the parent	(227)	2,969	832	5,351
Non-controlling interest	776	446	2,887	572
	<u>549</u>	<u>3,415</u>	<u>3,719</u>	<u>5,923</u>
Earnings per ordinary share attributable to owners of the parent (sen):				
Basic	0.40	1.07	1.18	2.16
Diluted	<u>0.33</u>	<u>0.95</u>	<u>0.99</u>	<u>1.93</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017 - UNAUDITED

	Notes	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Non-current assets			
Property, plant and equipment		45,170	50,166
Intangible assets		1,407	1,457
Investment in a joint venture		1,088	1,355
Investments in associates		1,983	-
Deferred tax assets		564	564
Total non-current assets		<u>50,212</u>	<u>53,542</u>
Current assets			
Property development costs		143,496	156,923
Inventories		20,804	23,888
Trade and other receivables		73,492	31,641
Current tax assets		1,060	959
Cash and bank balances		19,473	20,504
Total current assets		<u>258,325</u>	<u>233,915</u>
Total assets		<u><u>308,537</u></u>	<u><u>287,457</u></u>
Equity			
Share capital		77,200	74,555
Share premium		-	1,404
Exchange translation differences		(1,837)	26
Treasury shares		(87)	(87)
Warrants reserve		3,902	4,022
Retained earnings	B13	<u>45,998</u>	<u>43,982</u>
Total attributable to owners of the parent		125,176	123,902
Non-controlling interests		<u>2,111</u>	<u>(977)</u>
Total equity		<u><u>127,287</u></u>	<u><u>122,925</u></u>
Non-current liabilities			
Borrowings	B7	20,728	17,201
Trade and other payables		11,580	11,580
Deferred tax liabilities		990	1,089
Total non-current liabilities		<u>33,298</u>	<u>29,870</u>
Current liabilities			
Borrowings	B7	15,030	33,751
Trade and other payables		129,780	100,242
Current tax liabilities		3,142	669
Total current liabilities		<u>147,952</u>	<u>134,662</u>
Total liabilities		<u><u>181,250</u></u>	<u><u>164,532</u></u>
Total equity and liabilities		<u><u>308,537</u></u>	<u><u>287,457</u></u>
Net assets per share attributable to owners of the parent (RM)	B12	<u><u>0.4162</u></u>	<u><u>0.4161</u></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 2016 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 - UNAUDITED

Note	<----- Attributable to owners of the parent ----->					<-----Non-distributable-----> Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	translation differences RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance at 1 January 2016	72,531	68	(1,218)	(87)	4,346	41,197	116,837	(1,758)	115,079
Profit for the period	-	-	-	-	-	6,358	6,358	578	6,936
Foreign currency translations	-	-	(1,007)	-	-	-	(1,007)	(6)	(1,013)
Total comprehensive income	-	-	(1,007)	-	-	6,358	5,351	572	5,923
Issuance of shares pursuant to exercise of warrants	1,528	1,009	-	-	(245)	-	2,292	-	2,292
Dividend paid	-	-	-	-	-	(1,478)	(1,478)	-	(1,478)
Balance at 30 September 2016	74,059	1,077	(2,225)	(87)	4,101	46,077	123,002	(1,186)	121,816
Balance at 1 January 2017	74,555	1,404	26	(87)	4,022	43,982	123,902	(977)	122,925
Adjustment for effects of CA 2016	Note 1 1,404	(1,404)	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	3,506	3,506	2,882	6,388
Foreign currency translations	-	-	(2,674)	-	-	-	(2,674)	5	(2,669)
Total comprehensive income	-	-	(2,674)	-	-	3,506	832	2,887	3,719
Issuance of shares pursuant to exercise of warrants	1,241	-	-	-	(120)	-	1,121	-	1,121
Disposal of a subsidiary	-	-	811	-	-	-	811	201	1,012
Dividend paid	-	-	-	-	-	(1,490)	(1,490)	-	(1,490)
Balance at 30 September 2017	77,200	-	(1,837)	(87)	3,902	45,998	125,176	2,111	127,287

Note 1:

With the Companies Act 2016 ("CA 2016") coming into effect on 31 January 2017, the credit standing in the share premium account has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the CA 2016, the Company may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the CA 2016.

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 - UNAUDITED

	Year-to-date ended	
	30 September	
	2017	2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	10,751	8,751
Adjustments for:		
Non-cash items	147	3,818
Finance costs	1,101	1,076
Interest income	(143)	(135)
Share of profit of a joint venture	(226)	(181)
Operating profit before changes in working capital	11,630	13,329
Increase in inventories	(1,088)	(67)
Decrease/(increase) in property development costs	14,263	(7,581)
Increase in trade and other receivables	(38,925)	(6,108)
Increase in trade and other payables	30,791	21,129
Cash generated from operations	16,671	20,702
Tax paid (net with tax refunded)	(2,071)	(787)
Net cash from operating activities	14,600	19,915
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(5,375)	(3,316)
Consideration from disposal of a subsidiary	39	-
Repayment from a joint venture	49	-
Repayment from associates	230	-
Dividends received from a joint venture	440	319
Interest received	143	135
Proceeds from disposals of property, plant and equipment	2,884	618
Deposits uplift from financial institutions with original maturity of more than three (3) months	125	-
Placement of restricted cash	(52)	-
Net cash used in investing activities	(1,517)	(2,244)
Cash flows from financing activities		
Dividends paid to owners of the parent	(1,490)	(1,478)
Interest paid	(1,938)	(1,076)
Drawdown of borrowings	17,776	17,193
Repayments of borrowings	(28,160)	(40,898)
Repayments of hire purchase creditors	(708)	(798)
Proceeds from issuance of shares pursuant to exercise of warrants	1,121	2,292
Net cash used in financing activities	(13,399)	(24,765)
Net decrease in cash and cash equivalents	(316)	(7,094)
Effects of exchange rate changes	(491)	516
Cash and cash equivalents at beginning of period	17,003	20,743
Cash and cash equivalents at end of period	16,196	14,165
Cash and cash equivalents comprise:		
Cash and bank balances	19,473	17,027
Less: Bank overdraft	(510)	(137)
Deposits placed with financial institutions with original maturity of more than three (3) months	-	(28)
Restricted cash	(2,767)	(2,697)
	16,196	14,165

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD (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 *FRS 134 Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2016 except for those disclosed in Note A2.

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 financial position and performance of the Group since the financial year ended 31 December 2016 and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2016.

A2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning on or after 1 January 2017.

Amendments to FRSs' Annual Improvements to FRSs 2014-2016 Cycle
FRS 107 : Disclosures Initiatives
FRS 112 : Recognition of Deferred Tax for Unrealised Losses

Adoption of the above pronouncements does not have any significant impact to the Group.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The financial statements could be different if prepared under the MFRS Framework.

A3 AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS

The report of the auditors to members of the Company dated 4 April 2017 on the audited financial statements for the financial year ended 31 December 2016 did not contain any qualification.

A4 SEASONALITY OF OPERATIONS

The Group's results were not materially affected by any major seasonal or cyclical factors.

A5 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.

PRG HOLDINGS BERHAD (541706-V)

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

A6 CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates that have had a material effect in the current quarter and financial period results.

A7 DEBT AND EQUITY SECURITIES

During the financial period ended 30 September 2017, the Company increased its issued and paid up share capital from 297,802,574 to 300,793,474 by way of issuance of 2,990,900 new ordinary shares pursuant to the exercise of Warrants 2014/2019 at an issue price of RM0.375 per ordinary share.

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during financial period-to-date under review.

A8 DIVIDENDS PAID

During the financial period ended 30 September 2017, RM1,490,113 was paid on 23 July 2017 as a final single tier dividend of 0.5 sen per share for the financial year ended 31 December 2016.

A9 PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

There were no material acquisitions and disposals during and financial period under review.

(b) Impairment losses

There were no impairment losses during the financial period under review.

(c) Valuation

The valuation of land and buildings has been brought forward without amendment from the previous year's financial statements.

A10 OPERATING SEGMENTS

As reported in the last audited financial statements, the Group has two reportable segments, as described below, which are the Group's strategic business units. These segments are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies.

(a) Manufacturing

The manufacturing and sale and marketing of covered elastic yarn, narrow elastic fabric, furniture webbing, seat belt webbing, rubber tape and metal components for furniture.

(b) Property development and construction

Development and construction of residential and commercial properties.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding.

During the financial period under review, the Group has changed its basis of segmentation for investment holding companies. The segmentation for the respective investment holding companies will be determined by the segment of its respective subsidiaries.

The above change is in line with the manner the operating results were reviewed by the Group's management to make decisions about the resources to be allocated to the segment and assess its performance.

Following the change in the basis of segmentation, the operating results reported during the financial period 2017 have been restated as followings. The financial results in financial period 2016 were not restated as the change in basis of segmentation does not have financial effect to the operating results in prior year.

PRG HOLDINGS BERHAD (541706-V)
PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

A10 OPERATING SEGMENTS (continued)

	Manufacturing		Property development & construction		Others		Eliminations		Consolidated	
	As reported RM'000	Restated RM'000	As reported RM'000	Restated RM'000	As reported RM'000	Restated RM'000	As reported RM'000	Restated RM'000	As reported RM'000	Restated RM'000
For the period ended 31 March 2017										
Revenue										
Revenue from external customers	28,554	28,554	5,812	5,812	-	-	-	-	34,366	34,366
Inter-segment revenue	157	157	4,914	4,914	8,462	8,462	(13,533)	(13,533)	-	-
Total revenue	<u>28,711</u>	<u>28,711</u>	<u>10,726</u>	<u>10,726</u>	<u>8,462</u>	<u>8,462</u>	<u>(13,533)</u>	<u>(13,533)</u>	<u>34,366</u>	<u>34,366</u>
Segment results	3,967	3,367	(969)	(969)	(1,097)	(497)	-	-	1,901	1,901
For the period ended 30 June 2017										
Revenue										
Revenue from external customers	58,446	58,446	34,965	34,965	-	-	-	-	93,411	93,411
Inter-segment revenue	242	242	12,807	12,807	21,594	21,594	(34,643)	(34,643)	-	-
Total revenue	<u>58,688</u>	<u>58,688</u>	<u>47,772</u>	<u>47,772</u>	<u>21,594</u>	<u>21,594</u>	<u>(34,643)</u>	<u>(34,643)</u>	<u>93,411</u>	<u>93,411</u>
Segment results	7,950	4,422	3,728	3,705	(4,374)	(823)	-	-	7,304	7,304

PRG HOLDINGS BERHAD (541706-V)
PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

A10 OPERATING SEGMENTS (cont')

Information on reportable segments is presented as follows:

For the period ended 30 September	Manufacturing		Property development & construction		Others		Eliminations		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue										
Revenue from external customers	85,791	70,923	61,803	26,010	-	-	-	-	147,594	96,933
Inter-segment revenue	5,930	629	22,333	11,550	26,594	3,189	(54,857)	(15,368)	-	-
Total revenue	<u>91,721</u>	<u>71,552</u>	<u>84,136</u>	<u>37,560</u>	<u>26,594</u>	<u>3,189</u>	<u>(54,857)</u>	<u>(15,368)</u>	<u>147,594</u>	<u>96,933</u>
Listing expenses	8,048	-	-	-	-	-	-	-	8,048	-
Segment results	4,594	6,084	6,824	3,523	(893)	(1,037)	-	-	10,525	8,570
Share of profit of a joint venture (net of tax)	226	181	-	-	-	-	-	-	226	181
Profit / (loss) before tax	<u>4,820</u>	<u>6,265</u>	<u>6,824</u>	<u>3,523</u>	<u>(893)</u>	<u>(1,037)</u>	-	-	<u>10,751</u>	<u>8,751</u>
Taxation									(4,363)	(1,815)
Profit for the financial period									<u>6,388</u>	<u>6,936</u>

A11 EVENTS AFTER BALANCE SHEET DATE

Save for the Proposed Listing disclosed in Note B6, there were no other material events subsequent to the end of the financial period.

A12 CHANGES IN COMPOSITION OF THE GROUP

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

a) Internal reorganisation

During the financial period, the Group has undertaken internal reorganisations to rationalise the Group's structure in contemplation of the proposed listing of the Group's manufacturing business on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. Details of the reorganisations are set out in the respective announcements dated 28 April 2017 and 21 September 2017.

b) Establishment of new companies

- i) Furniweb Holding Limited ("Furniweb"), a wholly-owned subsidiary company has been incorporated in the Cayman Islands as an exempted company with limited liability on 3 March 2017. Furniweb became a 75% owned subsidiary subsequent to the listing on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited as explained in Note B6.
- ii) Premier International Marketing Sdn Bhd, a wholly-owned subsidiary has been incorporated on 13 April 2017.
- iii) Premier Construction International Sdn Bhd, a wholly-owned subsidiary has been incorporated on 21 April 2017.
- iv) PRG Global Sdn Bhd, a wholly-owned subsidiary has been incorporated on 22 May 2017.
- v) PRG Asset Sdn Bhd, a wholly-owned subsidiary has been incorporated on 6 June 2017.
- vi) Premier Food Processing Sdn Bhd, a wholly-owned subsidiary has been incorporated on 14 June 2017.
- vii) PRG Construction Sdn Bhd, a wholly-owned subsidiary has been incorporated on 28 June 2017.
- viii) Premier Mirach Sdn Bhd ("PMSB"), a wholly-owned subsidiary has been incorporated on 7 July 2017.
- ix) Premier Aspirasi Development Sdn Bhd ("PADSB"), a wholly-owned subsidiary has been incorporated on 31 July 2017.
- x) Premier JPC Sdn Bhd, a wholly-owned subsidiary has been incorporated on 8 August 2017.
- xi) Premier Aspirasi (Batu Gajah) Sdn Bhd ("PABG"), a wholly-owned subsidiary has been incorporated on 10 August 2017.
- xii) PRG Management Services Sdn Bhd, a wholly-owned subsidiary has been incorporated on 22 August 2017.

PRG HOLDINGS BERHAD (541706-V)

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

A12 CHANGES IN COMPOSITION OF THE GROUP (cont'd)

c) Dilution of equity interest in subsidiaries

i) On 19 September 2017, CPHL (HK) Limited ("CPHL") has subscribed to 75% of the total shares in PMSB. By virtue of the subscription by CPHL, the Group's effective equity interest in PMSB has reduced to 25%.

ii) Furniweb (Vietnam) Shareholding Company ("FVSC"), a wholly-owned subsidiary of PRG, Scoot Filoot Pty Ltd ("Scoot") and Shann Australia Pty Ltd ("Shann") had on 26 July 2017 entered into a Share Purchase Agreement ("SPA") with Lubra Beteiligungsgesellschaft mbH ("Lubra") in relation to the disposal by FVSC, Scoot and Shann and acquisition by Lubra of part of the charter capital of Furnitech Components (Vietnam) Co., Ltd ("Furnitech"), upon the terms and conditions stipulated in the SPA; and

FVSC, Scoot, Shann and Lubra had also on even date entered into a members' agreement ("MA") to amongst others, set out the terms governing their relationship as shareholders in Furnitech and the capital contribution by Lubra into Furnitech, upon the terms and conditions stipulated in the MA.

By virtue of the above transactions, Furnitech becomes an associate in which the effective equity interest has reduced to 45.06%.

iii) On 27 September 2017, Premier JPC Sdn Bhd and SPNB Aspirasi Sdn Bhd had entered into Shareholders' Agreement to subscribe to 49% and 51% of the total shares in PADSB respectively. Consequently, PADSB becomes a 49% associate company of the Group.

iv) By virtue of dilution of interest in PADSB as per note (c)(iii) above on 27 September 2017, PRG Group's effective equity interest in PABG has reduced to 94.9%.

A13 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 2016.

A14 CAPITAL COMMITMENTS

There were no capital commitments outstanding not provided for in the financial statements as at the end of the quarter under review.

A15 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		Cumulative period	
	30 September		ended 30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sale of goods	339	340	786	1,269

The above sales transactions are with a company in which director of a subsidiary has an interest.

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

Revenue of the Group for third quarter of 2017 was RM54.2 million. This represented RM21.5 million improvement in revenue as compared to RM32.7 million of revenue recorded in same quarter of last year. Total revenue for the 9 months ended 30 September 2017 was RM147.6 million being RM50.7 million higher than RM96.9 million posted in the corresponding period of last year.

The Group's third quarter of 2017 profit before tax of RM3.4 million was RM1.1 million lower than profit before tax of RM4.5 million for same quarter of last year. Profit before tax for the 9 months ended 30 September 2017 of RM10.8 million was RM2.0 million higher than profit before tax of RM8.8 million reported in the corresponding period of last year.

Increase in the Group's revenue and profit before tax for the current quarter and for the 9 months ended 30 September 2017 mainly contributed by higher revenue and profit recognition from Picasso Residence development project as well as improved performance in manufacturing division. The profit before tax for the current quarter and for the 9 months ended 30 September 2017 was reduced by RM4.6 million and RM8.0 million corporate exercise expenses respectively in relation to the Proposed Listing.

a) Manufacturing

Revenue of RM27.3 million from manufacturing segment for third quarter of 2017 was RM2.2 million higher than RM25.1 million recorded in the corresponding quarter of 2016. The segment's revenue for the 9 months ended 30 September 2017 of RM85.8 million was RM14.9 million higher than RM70.9 million recorded in the corresponding period last year.

Profit before tax recorded by manufacturing segment during the quarter under review was RM0.4 million being RM3.2 million lower than RM3.6 million reported in the same quarter of last year. The segment's profit before tax of RM4.8 million for the 9 months ended 30 September 2017 was RM1.5 million lower than RM6.3 million for the corresponding period of last year.

Increase in revenue for the current quarter and for the 9 months ended 30 September 2017 was mainly due to increased sales volume and higher sales of high specification products with higher selling price. Lower profit before tax is mainly due to corporate exercise expenses in relation to the Proposed Listing. Excluding the abovementioned expenses, the profit before tax would have been RM5.0 million and RM12.9 million for the current quarter and for the 9 months ended 30 September 2017 respectively.

b) Property development & construction

Property development & construction segment recorded revenue of RM26.8 million for the third quarter of year 2017 being RM19.2 million higher than RM7.6 million recorded in the same quarter last year. The revenue for the 9 months ended 30 September 2017 of RM61.8 million was RM35.8 million higher than RM26.0 million recorded in the corresponding period of last year.

Profit before tax of RM3.1 million in the current quarter was RM1.9 million higher than profit before tax of RM1.2 million recorded in the corresponding quarter of last year. The profit before tax for the 9 months ended 30 September 2017 was RM6.8 million being RM3.3 million higher than profit before tax of RM3.5 million reported for the corresponding period of last year.

Increase in revenue and profit before tax for the current quarter and for the 9 months ended 30 September 2017 was mainly due to higher sales and higher percentage of completion from Picasso Residence development.

B2 COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX

The Group recorded a lower profit before tax of RM3.4 million for the current quarter ended 30 September 2017 as compared to profit before tax of RM5.4 million for the preceding quarter mainly due to higher corporate expenses incurred.

PRG HOLDINGS BERHAD (541706-V)**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)****B3 PROSPECTS**

The manufacturing division expects to achieve a satisfactory performance.

The Malaysian property and construction market is expected to remain challenging. The Group will focus on marketing and sale of the Picasso Residence units and timely construction of the development.

B4 PROFIT FORECAST

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

B5 INCOME TAX EXPENSE

	Quarter ended 30 September		Cumulative period ended 30 September	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current year:				
- Malaysia	1,005	856	3,097	1,324
- Overseas	297	291	1,178	625
	<u>1,302</u>	<u>1,147</u>	<u>4,275</u>	<u>1,949</u>
Under / (Over) provision in prior years:				
- Malaysia	88	(134)	88	(134)
	<u>1,390</u>	<u>1,013</u>	<u>4,363</u>	<u>1,815</u>

The effective tax rates of the Group for the current quarter and for the 9 months ended 30 September 2017 were higher than the statutory tax rate as certain subsidiaries experienced losses and the corporate exercise expenses are not deductible for tax purposes.

B6 STATUS OF CORPORATE PROPOSAL**Proposed Listing of the Group's Manufacturing Business on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("Proposed Listing")**

The Proposed Listing was completed on 16 October 2017 following the listing of and quotation for 504 million ordinary shares of HKD0.10 each in Furniweb Holdings Limited ("Furniweb") on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. 25% shares or 126 million shares in Furniweb were offered to public and by way of placement in aggregate on the even date. Consequently, Furniweb became a 75% owned subsidiary of the Group.

B7 BORROWINGS

The Group's borrowings as at the end of the current quarter are as follows:

	As at	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Current liabilities	15,030	33,751
Non-current liabilities	20,728	17,201
	<u>35,758</u>	<u>50,952</u>
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	29,216	40,106
- United States Dollar	1,235	5,025
- Vietnamese Dong	5,307	5,821
	<u>35,758</u>	<u>50,952</u>

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

PRG HOLDINGS BERHAD (541706-V)**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)****B8 DIVIDENDS**

Other than dividend paid as disclosed in Note A8, no dividend has been proposed by the Board of Directors for the financial period ended 30 September 2017.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30 September		Cumulative period ended 30 September	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating profit is arrived at after charging/(crediting):				
Interest expense	377	355	1,101	1,076
Depreciation and amortisation	1,314	1,219	3,802	3,555
Inventories written down	99	92	78	370
Interest income	(42)	(45)	(143)	(135)
Net (gain)/loss on foreign exchange	(50)	(55)	829	578
Gain on disposal of property, plant and equipment	(277)	(66)	(572)	(107)
Gain on disposal of a subsidiary	(3,210)	-	(3,210)	-

- a) There were no gain or loss on disposal of quoted investments or properties during the current quarter and financial period under review.
- b) Apart from the above, there were no impairment of other assets during the current quarter and financial period under review.
- c) There were no gain or loss on derivatives during the current quarter and financial period under review.
- d) 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 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).

The weighted average number of ordinary shares in issue for the previous financial period has been restated to reflect retrospective adjustments arising from the Share Split which was completed on 14 September 2016, as required by *FRS 133 Earnings Per Share*.

	Quarter ended 30 September		Cumulative period ended 30 September	
	2017	2016 Restated	2017	2016 Restated
Profit attributable to owners of the parent (RM'000)	1,201	3,172	3,506	6,358
Weighted average number of ordinary shares in issue ('000)	298,831	295,681	298,271	294,812
Basic earnings per ordinary share (sen)	0.40	1.07	1.18	2.16

PRG HOLDINGS BERHAD (541706-V)**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)****B11 EARNINGS PER ORDINARY SHARE (cont'd)**

b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing by profit attributable to equity holders 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.

	Quarter ended 30 September		Cumulative period ended 30 September	
	2017	2016 Restated	2017	2016 Restated
Profit attributable to owners of the parent (RM'000)	1,201	3,172	3,506	6,358
Weighted average number of ordinary shares in issue ('000)	298,831	295,681	298,271	294,812
Effect of dilution	59,853	38,642	57,245	34,523
Adjusted weighted average number of ordinary shares in issue ('000)	358,684	334,323	355,516	329,335
Diluted earnings per ordinary share (sen)	0.33	0.95	0.99	1.93

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).

The number of ordinary shares in issue for the previous financial year has been restated to reflect retrospective adjustments arising from the Share Split which was completed on 14 September 2016.

	As at	
	30 Sept 2017	31 Dec 2016
Total equity attributable to owners of the parent (RM'000)	125,176	123,902
Number of ordinary shares in issue ('000)	301,211	298,220
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	300,793	297,802
Net assets per share attributable to owners of the parent (RM)	0.4162	0.4161

PRG HOLDINGS BERHAD (541706-V)**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD (cont'd)****B13 REALISED AND UNREALISED PROFITS OR LOSSES**

	As at	
	30 Sept 2017	31 Dec 2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	89,283	68,756
- Unrealised	(474)	445
	<u>88,809</u>	<u>69,201</u>
Total share of retained earnings from a joint venture:		
- Realised	698	904
- Unrealised	-	8
	<u>698</u>	<u>912</u>
Total retained earnings of the Group	89,507	70,113
Less: Consolidation adjustments	(43,509)	(26,131)
Retained earnings as per Consolidated Statement of Financial Position	<u>45,998</u>	<u>43,982</u>

B14 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 2017.