

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017 - UNAUDITED

	Quarter ended 31 December		Year ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	45,369	35,129	192,963	132,062
Cost of sales	(31,150)	(26,241)	(134,509)	(93,498)
Gross profit	14,219	8,888	58,454	38,564
Other income	4,570	(167)	9,644	1,197
Administrative expenses	(10,116)	(9,791)	(39,189)	(27,115)
Selling and marketing expenses	(2,544)	(2,824)	(9,820)	(5,548)
Other expenses	(632)	1,347	(2,109)	(134)
Finance costs	(319)	(344)	(1,420)	(1,420)
Interest income	115	38	258	173
Share of profit of a joint venture (net of tax)	56	34	282	215
Share of loss of associates (net of tax)	(323)	-	(323)	-
Profit / (Loss) before tax	5,026	(2,819)	15,777	5,932
Tax expense	(572)	930	(4,935)	(885)
Profit / (Loss) for the year	4,454	(1,889)	10,842	5,047
Other comprehensive (loss) / income				
Foreign currency translations	(409)	2,208	(3,078)	1,195
Share of other comprehensive (loss) / income of a joint venture	(87)	46	(87)	46
Share of other comprehensive loss of an associate	(45)	-	(45)	-
Total comprehensive income for the year	3,913	365	7,632	6,288
Profit / (Loss) attributable to:				
Owners of the parent	852	(2,095)	4,358	4,263
Non-controlling interests	3,602	206	6,484	784
	4,454	(1,889)	10,842	5,047
Total comprehensive income attributable to:				
Owners of the parent	725	156	1,557	5,507
Non-controlling interests	3,188	209	6,075	781
	3,913	365	7,632	6,288
Earnings per ordinary share attributable to owners of the parent (sen):				
Basic	0.28	(0.71)	1.46	1.44
Diluted	0.24	(0.71)	1.22	1.44

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 FOURTH QUARTER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 - UNAUDITED

	Notes	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Non-current assets			
Property, plant and equipment		44,495	50,166
Intangible assets		1,409	1,457
Investment in a joint venture		1,109	1,355
Investments in associates		5,447	-
Deferred tax assets		1,710	564
Total non-current assets		54,170	53,542
Current assets			
Property development costs		157,390	156,923
Inventories		21,481	23,888
Trade and other receivables		93,982	31,641
Current tax assets		1,240	959
Cash and bank balances		42,023	20,504
Total current assets		316,116	233,915
Total assets		370,286	287,457
Equity			
Share capital		77,730	74,555
Share premium		-	1,404
Treasury shares		(87)	(87)
Exchange translation differences		(3,081)	26
Warrants reserve		3,851	4,022
Retained earnings	B13	57,367	43,982
Total attributable to owners of the parent		135,780	123,902
Non-controlling interests		28,891	(977)
Total equity		164,671	122,925
Non-current liabilities			
Borrowings	B7	20,319	17,201
Trade and other payables		9,556	11,580
Deferred tax liabilities		857	1,089
Total non-current liabilities		30,732	29,870
Current liabilities			
Borrowings	B7	8,250	33,751
Trade and other payables		165,435	100,242
Current tax liabilities		1,198	669
Total current liabilities		174,883	134,662
Total liabilities		205,615	164,532
Total equity and liabilities		370,286	287,457
Net assets per share attributable to owners of the parent (RM)	B12	0.4495	0.4161

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 FOURTH QUARTER 2017

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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	Exchange			
Balance at 1 January 2016	72,531	68	(1,218)	(87)	4,346	41,197	116,837		(1,758)	115,079	
Profit for the financial year	-	-	-	-	-	4,263	4,263		784	5,047	
Foreign currency translations	-	-	1,198	-	-	-	1,198		(3)	1,195	
Share of other comprehensive income of a joint venture	-	-	46	-	-	-	46		-	46	
Total comprehensive income	-	-	1,244	-	-	4,263	5,507		781	6,288	
Ordinary shares issued pursuant to exercise of warrants	2,024	1,336	-	-	(324)	-	3,036		-	3,036	
Dividend paid	-	-	-	-	-	(1,478)	(1,478)		-	(1,478)	
Balance at 31 December 2016	<u>74,555</u>	<u>1,404</u>	<u>26</u>	<u>(87)</u>	<u>4,022</u>	<u>43,982</u>	<u>123,902</u>		<u>(977)</u>	<u>122,925</u>	
Balance at 1 January 2017	74,555	1,404	26	(87)	4,022	43,982	123,902		(977)	122,925	
Transfer pursuant to Companies Act 2016	Note 1	1,404	(1,404)	-	-	-	-		-	-	
Profit for the year	-	-	-	-	-	4,358	4,358		6,484	10,842	
Foreign currency translations	-	-	(2,669)	-	-	-	(2,669)		(409)	(3,078)	
Share of other comprehensive loss of a joint venture	-	-	(87)	-	-	-	(87)		-	(87)	
Share of other comprehensive loss of associates	-	-	(45)	-	-	-	(45)		-	(45)	
Total comprehensive (loss) / income	-	-	(2,801)	-	-	4,358	1,557		6,075	7,632	
Ordinary shares issued pursuant to exercise of warrants	1,771	-	-	-	(171)	-	1,600		-	1,600	
Changes in ownership interests in a subsidiary	-	-	-	-	-	10,517	10,517		23,592	34,109	
Disposal of a subsidiary	-	-	(306)	-	-	-	(306)		201	(105)	
Dividend paid	-	-	-	-	-	(1,490)	(1,490)		-	(1,490)	
Balance at 31 December 2017	<u>77,730</u>	<u>-</u>	<u>(3,081)</u>	<u>(87)</u>	<u>3,851</u>	<u>57,367</u>	<u>135,780</u>		<u>28,891</u>	<u>164,671</u>	

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 FOURTH QUARTER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 - UNAUDITED

	Year ended	
	31 December	
	2017	2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	15,777	5,932
Adjustments for:		
Non-cash items	(1,949)	4,790
Finance costs	1,420	1,420
Interest income	(258)	(173)
Share of profit of a joint venture	(282)	(215)
Share of losses of associates	323	-
Operating profit before changes in working capital	15,031	11,754
Increase in inventories	(2,172)	(1,846)
Decrease/(increase) in property development costs	1,518	(8,073)
Increase in trade and other receivables	(60,228)	(6,588)
Increase in trade and other payables	64,592	39,695
Cash generated from operations	18,741	34,942
Tax paid (net with tax refunded)	(6,036)	(1,725)
Net cash from operating activities	12,705	33,217
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(7,015)	(4,523)
Acquisition of investment in associates	(250)	-
Net cash flow from disposal of subsidiaries	843	-
Repayments (to) / from a joint venture	(32)	30
Repayment from associates	12	-
Dividends received from a joint venture	440	319
Interest received	258	173
Proceeds from disposals of property, plant and equipment	4,292	627
Deposits placed with financial institutions with original maturity of more than three (3) months	(1,721)	(99)
Placement of restricted cash	(70)	(77)
Net cash used in investing activities	(3,243)	(3,550)
Cash flows from financing activities		
Dividends paid to owners of the parent	(1,490)	(1,478)
Interest paid	(3,406)	(3,973)
Drawdown of borrowings	24,797	21,250
Repayments of borrowings	(42,693)	(51,530)
Repayments of hire purchase creditors	(1,447)	(1,028)
Proceeds from issuance of shares pursuant to exercise of warrants	1,600	3,036
Proceeds from issuance of shares to non-controlling interest	34,109	-
Net cash generated from / (used in) financing activities	11,470	(33,723)
Net increase / (decrease) in cash and cash equivalents	20,932	(4,056)
Effects of exchange rate changes	(514)	316
Cash and cash equivalents at beginning of year	17,003	20,743
Cash and cash equivalents at end of year	37,421	17,003
Cash and cash equivalents comprise:		
Cash and bank balances	42,023	20,504
Less: Bank overdraft	-	(659)
Deposits placed with financial institutions with original maturity of more than three (3) months	(1,817)	(127)
Restricted cash	(2,785)	(2,715)
	37,421	17,003

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 year 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 Malaysian Accounting Standards Board (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 years 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 years 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.

At the date of this report, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the Group. The impact of the adoption of MFRS cannot be determined and estimated reliably until this process is completed.

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.

PRG HOLDINGS BERHAD (541706-V)

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

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 year under review.

A6 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 year under review.

A7 DEBT AND EQUITY SECURITIES

During the financial year ended 31 December 2017, the Company increased its issued and paid up share capital from 297,802,574 to 302,070,374 by way of issuance of 4,267,800 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 year under review.

A8 DIVIDENDS PAID

On 28 July 2017, a final single-tier dividend of 0.5 sen per ordinary share amounted to RM1,490,113 was paid in respect of 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 year under review.

(b) Impairment losses

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

(c) Valuation

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

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

A10 OPERATING SEGMENTS

Information on reportable segments is presented as follows:

	Manufacturing RM'000	Property development & construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
For the year ended 31 December 2016					
Revenue					
Revenue from external customers	97,938	34,124	-	-	132,062
Inter-segment revenue	828	20,204	10,505	(31,537)	-
Total revenue	<u>98,766</u>	<u>54,328</u>	<u>10,505</u>	<u>(31,537)</u>	<u>132,062</u>
Segment results	9,966	(286)	(3,963)	-	5,717
Share of profit of a joint venture (net of tax)	215	-	-	-	215
Profit / (loss) before tax	<u>10,181</u>	<u>(286)</u>	<u>(3,963)</u>	<u>-</u>	<u>5,932</u>
Tax expense					(885)
Profit for the financial year					<u>5,047</u>

	Manufacturing RM'000	Property development & construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
For the year ended 31 December 2017					
Revenue					
Revenue from external customers	109,745	83,218	-	-	192,963
Inter-segment revenue	6,005	45,275	26,595	(77,875)	-
Total revenue	<u>115,750</u>	<u>128,493</u>	<u>26,595</u>	<u>(77,875)</u>	<u>192,963</u>
Segment results	6,662	9,764	(608)	-	15,818
Share of profit of a joint venture (net of tax)	282	-	-	-	282
Share of loss of associates (net of tax)	(290)	(33)	-	-	(323)
Profit / (loss) before tax	<u>6,654</u>	<u>9,731</u>	<u>(608)</u>	<u>-</u>	<u>15,777</u>
Tax expense					(4,935)
Profit for the financial year					<u>10,842</u>

A11 EVENTS AFTER BALANCE SHEET DATE

On 4 January 2018, Jiangsu Provincial Construction (M) Sdn. Bhd. ("JPC"), Mingfa Group (Global) Investments Holdings Limited ("Mingfa"), Premier JPC Sdn. Bhd. ("Premier JPC") and the Company have entered into a collaboration agreement ("CA") to formalise their commitments and to regulate their rights and obligations as shareholders of Premier JPC and in respect of the management of Premier JPC.

On the same day, the Group has undertaken internal reorganisation which involved the disposal of the entire equity interest in Premier Construction (International) Sdn Bhd from PRG Property Sdn Bhd to PRG Construction Sdn Bhd.

Save for the above and Proposed Acquisitions disclosed in Note B6, there were no other material events subsequent to the end of the financial year.

A12 CHANGES IN COMPOSITION OF THE GROUP

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

a) Internal reorganisation

- i) During the financial year, the Group has undertaken internal reorganisations for manufacturing division 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.
- ii) On 22 December 2017, the Group undertook internal reorganisation for property division. PRG Healthcare Sdn Bhd (formerly known as PRG Ventures Sdn Bhd) disposed its entire equity interest in Premier Electrify Sdn Bhd to PRG Agro Sdn Bhd (formerly known as PRG Global Sdn Bhd).

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.
- 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 Agro Sdn Bhd (formerly known as 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 14 September 2017 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%. On 16 October 2017, the Group has disposed its entire equity interest in PABG to PAD.
- v) On 16 October 2017, Furniweb had completed the listing of and quotation for 504,000,000 ordinary shares of HKD0.10 each on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. Consequently, Furniweb became a 75% owned subsidiary of the Group.

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 financial year under review.

A15 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		Year ended	
	31 December	2016	31 December	2016
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sale of goods	710	396	1,496	1,665

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

Apart from the above, there were no other material related party transactions entered into during the current quarter and financial year under review.

B1 ANALYSIS OF PERFORMANCE

Revenue of the Group for fourth quarter of 2017 was RM45.4 million. This represented RM10.3 million improvement in revenue as compared to RM35.1 million of revenue recorded in same quarter last year. Total revenue for the year ended 31 December 2017 was RM193.0 million, RM60.9 million higher than RM132.1 million posted last year.

The Group's fourth quarter of 2017 profit before tax of RM5.0 million was RM7.8 million higher than loss before tax of RM2.8 million for same quarter of last year. Profit before tax for the year ended 31 December 2017 of RM15.8 million was RM9.9 million higher than profit before tax of RM5.9 million reported in the corresponding year last year.

Increase in the Group's revenue and profit before tax for the current quarter and for the year ended 31 December 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 year ended 31 December 2017 was reduced by RM2.8 million and RM10.8 million corporate exercise expenses respectively in relation to the Proposed Listing.

a) Manufacturing

Revenue of RM24.0 million from manufacturing segment for fourth quarter of 2017 was RM3.0 million lower than RM27.0 million recorded in the corresponding quarter of 2016. The segment's revenue for the year ended 31 December 2017 of RM109.7 million was RM11.8 million higher than RM97.9 million recorded in the corresponding year last year.

Profit before tax recorded by manufacturing segment during the quarter under review was RM1.8 million, RM2.1 million lower than RM3.9 million reported in the same quarter of last year. The segment's profit before tax of RM6.7 million for the year ended 31 December 2017 was RM3.5 million lower than RM10.2 million for the corresponding year of last year.

Lower revenue for the current quarter was mainly due to change in procurement plans of certain customers. However, as more sales orders were received in the first 3 quarters, the total revenue for the year increased by RM11.8 million as compared to last year.

Lower profit before tax was in line with lower revenue as well as additional listing expenses of RM2.8 million recorded during the quarter under review. Should the total listing expenses of RM10.8 million and gain on disposal of part of the interest in a subsidiary of RM6.8 million be excluded, the manufacturing segment would record an adjusted profit before tax of RM10.7 million, representing an increase of RM0.5 million or 5% as compared to last year.

b) Property development & construction

Property development & construction segment recorded revenue of RM21.4 million for the fourth quarter of year 2017, RM13.3 million higher than RM8.1 million recorded in the same quarter last year. The revenue for the year ended 31 December 2017 of RM83.2 million was RM49.1 million higher than RM34.1 million recorded in last year.

Profit before tax of RM2.9 million in the current quarter, RM6.7 million higher than loss before tax of RM3.8 million recorded in the corresponding quarter of last year. The profit before tax for the year ended 31 December 2017 was RM9.7 million, RM10.0 million higher than loss before tax of RM0.3 million reported for the corresponding year last year.

Increase in revenue and profit before tax for the current quarter and for the year ended 31 December 2017 was mainly due to higher sales and higher percentage of completion from Picasso Residence development.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM45.4 million and profit before tax of RM5.0 million for the current quarter ended 31 December 2017 as compared to revenue of RM54.2 million and profit before tax of RM3.4 million for the preceding quarter. Lower in revenue was mainly due to lower revenue contribution from Picasso Residence and manufacturing segment. Profit before tax was higher mainly due to lower administrative and selling and marketing expenses incurred during the current quarter.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR

The Group anticipates the prospect of manufacturing business remains promising and is pursuing its strategies to capture new business opportunities. However, we also foresee challenges from the recent crude oil price surge that may increase the price of certain crude-oil based raw materials, such as polyester high tenacity filament yarn, polypropylene multifilament yarn and synthetic rubber, which may impact on the gross profit margin if the Group is unable to pass on the increment in raw material prices entirely to its customers. The Group will closely monitor the raw material prices on the regular basis and adjust the procurement plan and pricing strategy, if necessary. Further, any significant and abrupt movement in the exchange rate between the Ringgit and the US Dollar may result in foreign exchange gains or losses which may affect the Group's results as the Group derives a significant amount of its revenue in US Dollars. The manufacturing division will strive to enhance its market position, further its business development and actively consider new opportunities for growth.

In addition, the Group continues to focus on marketing and sale of the Picasso Residence units and is strengthening its presence in the property development market by venturing into affordable housing with strategic partners.

B4 PROFIT FORECAST

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

B5 INCOME TAX EXPENSE

	Quarter ended 31 December		Year ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
- Malaysia	1,847	(537)	4,944	787
- Overseas	2	314	1,180	939
- Under/(Over) provision in prior years	102	(68)	190	(202)
	1,951	(291)	6,314	1,524
Deferred tax	(1,379)	(639)	(1,379)	(639)
	572	(930)	4,935	885

The effective tax rates of the Group for the current quarter and for the year ended 31 December 2017 were higher than the statutory tax rate due to certain expenses were not deductible for tax purposes.

B6 STATUS OF CORPORATE PROPOSAL

On 20 January 2018, PRG Healthcare Sdn. Bhd. (formerly known as PRG Ventures Sdn. Bhd.), a wholly-owned subsidiary of the Company, has entered into a conditional shares sale agreement for the proposed acquisition of the entire equity interest in Roopi Medical Centre Sdn. Bhd. from Dato' Dr. Shanti @ M.S. Roopi and Charanjeet Singh Dhillon for an indicative cash consideration of RM7,296,912.

On the same day, PRG Asset Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into 2 conditional sale and purchase agreements for the proposed acquisition of 2 properties from Linecom Corporation Sdn. Bhd. for a total cash consideration of RM11,000,000.

Save for the above, there were no corporate proposals announced but not completed as at the date of this report.

PRG HOLDINGS BERHAD (541706-V)**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD (cont'd)****B7 BORROWINGS**

The Group's borrowings are as follows:

	As at 31 December	
	2017	2016
	RM'000	RM'000
Current liabilities	8,250	33,751
Non-current liabilities	20,319	17,201
	28,569	50,952
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	24,076	40,106
- United States Dollar	478	5,025
- Vietnamese Dong	4,015	5,821
	28,569	50,952

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

B8 DIVIDENDS

Other than dividend paid as disclosed in Note A8, no dividend has been proposed by the Board of Directors for the financial year ended 31 December 2017.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended		Year ended	
	31 December		31 December	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging/(crediting):				
Interest expense	319	344	1,420	1,420
Provision / (Reversal) of allowance for doubtful debts	28	(49)	28	(49)
Depreciation and amortisation	1,226	1,280	5,028	4,835
Inventories written down	2	154	80	524
Interest income	(115)	(38)	(258)	(173)
Net loss / (gain) on foreign exchange	737	(1,020)	1,566	(442)
Gain on disposal of property, plant and equipment	(303)	(241)	(875)	(134)
Gain on disposal of subsidiaries	(3,586)	-	(6,796)	-

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

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

c) There were no exceptional items during the current quarter and financial year 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 year by the weighted average number of ordinary shares in issue during the year (excluding treasury shares).

The weighted average 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 required by FRS 133 Earnings Per Share.

	Quarter ended 31 December		Year ended 31 December	
	2017	2016 Restated	2017	2016 Restated
Profit attributable to owners of the parent (RM'000)	852	(2,095)	4,358	4,263
Weighted average number of ordinary shares in issue ('000)	301,742	297,044	299,146	295,404
Basic earnings per ordinary share (sen)	0.28	(0.71)	1.46	1.44

b) Diluted earnings per ordinary share

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

	Quarter ended 31 December		Year ended 31 December	
	2017	2016 Restated	2017	2016 Restated
Profit attributable to owners of the parent (RM'000)	852	(2,095)	4,358	4,263
Weighted average number of ordinary shares in issue ('000)	301,742	297,044	299,146	295,404
Effect of dilution ('000)	60,212	-	57,518	-
Adjusted weighted average number of ordinary shares in issue ('000)	361,954	297,044	356,664	295,404
Diluted earnings per ordinary share (sen)	0.24	(0.71)	1.22	1.44

PRG HOLDINGS BERHAD (541706-V)

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD (cont'd)**

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 year by the number of ordinary shares in issue at the end of the year (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 31 December	
	2017	2016
Total equity attributable to owners of the parent (RM'000)	135,780	123,902
Number of ordinary shares in issue ('000)	302,488	298,220
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	302,070	297,802
Net assets per share attributable to owners of the parent (RM)	0.4495	0.4161

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 28 February 2018.