

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

	Quarter ended 31 March		Period ended 31 March	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Revenue	47,224	34,540	47,224	34,540
Cost of sales	(35,210)	(24,595)	(35,210)	(24,595)
Gross profit	12,014	9,945	12,014	9,945
Other income	658	624	658	624
Selling and marketing expenses	(762)	(732)	(762)	(732)
Administrative expenses	(7,066)	(7,014)	(7,066)	(7,014)
Other expenses	(338)	(527)	(338)	(527)
Interest income	171	50	171	50
Finance costs	(287)	(359)	(287)	(359)
Share of loss of associates (net of tax)	(356)	-	(356)	-
Share of profit of a joint venture (net of tax)	19	54	19	54
Profit before tax	4,053	2,041	4,053	2,041
Tax expense	(1,334)	(599)	(1,334)	(599)
Profit for the period	2,719	1,442	2,719	1,442
Other comprehensive (loss) / income				
Foreign currency translations	(2,659)	50	(2,659)	50
Share of other comprehensive income of an associate	130	-	130	-
Share of other comprehensive loss of a joint venture	(51)	-	(51)	-
Total comprehensive (loss) / income for the period	139	1,492	139	1,492
Profit attributable to:				
Owners of the parent	814	1,129	814	1,129
Non-controlling interests	1,905	313	1,905	313
	2,719	1,442	2,719	1,442
Total comprehensive (loss) / income attributable to:				
Owners of the parent	(1,121)	1,179	(1,121)	1,179
Non-controlling interests	1,260	313	1,260	313
	139	1,492	139	1,492
Earnings per ordinary share attributable to owners of the parent (sen):				
Basic	0.27	0.38	0.27	0.38
Diluted	0.23	0.32	0.23	0.32

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 FIRST QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018 - UNAUDITED

	Notes	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000 (restated)	As at 1 January 2017 RM'000 (restated)
Non-current assets				
Property, plant and equipment		42,332	44,495	50,166
Intangible assets		1,386	1,409	1,457
Investments in associates		5,019	5,447	-
Investment in a joint venture		786	1,109	1,355
Deferred tax assets		6,682	6,186	3,141
Total non-current assets		56,205	58,646	56,119
Current assets				
Inventories		207,632	206,594	189,869
Trade and other receivables		130,975	93,982	31,641
Current tax assets		1,408	1,240	959
Cash and bank balances		36,249	42,023	20,504
Total current assets		376,264	343,839	242,973
Total assets		432,469	402,485	299,092
Equity				
Share capital		77,832	77,730	74,555
Share premium		-	-	1,404
Treasury shares		(87)	(87)	(87)
Exchange translation differences		(5,016)	(3,081)	26
Warrants reserve		3,841	3,851	4,022
Retained earnings	B13	61,904	61,090	45,860
Total attributable to owners of the parent		138,474	139,503	125,780
Non-controlling interests		32,632	31,372	275
Total equity		171,106	170,875	126,055
Non-current liabilities				
Borrowings	B7	19,911	20,319	17,201
Trade and other payables		9,556	9,556	11,580
Deferred tax liabilities		857	857	1,089
Total non-current liabilities		30,324	30,732	29,870
Current liabilities				
Borrowings	B7	6,375	8,250	33,751
Trade and other payables		223,864	191,430	108,747
Current tax liabilities		800	1,198	669
Total current liabilities		231,039	200,878	143,167
Total liabilities		261,363	231,610	173,037
Total equity and liabilities		432,469	402,485	299,092
Net assets per share attributable to owners of the parent (RM)	B12	0.4580	0.4618	0.4224

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 FIRST QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

	<----- Attributable to owners of the parent ----->								
	<-----Non-distributable----->			Distributable					
	Share capital	Share premiu m	Treasury shares	Exchange translation differences	Warrants reserve	Retained earnings	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 31 March 2017</u>									
Balance at 1 January 2017	74,555	1,404	(87)	26	4,022	43,982	123,902	(977)	122,925
Effect of adoption of MFRS	-	-	-	-	-	1,878	1,878	1,252	3,130
Balance at 1 January 2017 (Restated)	74,555	1,404	(87)	26	4,022	45,860	125,780	275	126,055
Transfer pursuant to Companies Act 2016 (Note 1)	1,404	(1,404)	-	-	-	-	-	-	-
Profit for the period (Restated)	-	-	-	-	-	1,129	1,129	313	1,442
Foreign currency translations	-	-	-	50	-	-	50	-	50
Balance at 31 March 2017 (Restated)	<u>75,959</u>	<u>-</u>	<u>(87)</u>	<u>76</u>	<u>4,022</u>	<u>46,989</u>	<u>126,959</u>	<u>588</u>	<u>127,547</u>

3 months ended 31 March 2018

Balance at 1 January 2018 (Restated)	77,730	-	(87)	(3,081)	3,851	61,090	139,503	31,372	170,875
Profit for the period	-	-	-	-	-	814	814	1,905	2,719
Foreign currency translations	-	-	-	(2,014)	-	-	(2,014)	(645)	(2,659)
Share of other comprehensive income of an associate, net of tax	-	-	-	130	-	-	130	-	130
Share of other comprehensive loss of a joint venture, net of tax	-	-	-	(51)	-	-	(51)	-	(51)
Total comprehensive (loss) / income	-	-	-	(1,935)	-	814	(1,121)	1,260	139
Ordinary shares issued pursuant to exercise of Warrants	102	-	-	-	(10)	-	92	-	92
Balance at 31 March 2018	<u>77,832</u>	<u>-</u>	<u>(87)</u>	<u>(5,016)</u>	<u>3,841</u>	<u>61,904</u>	<u>138,474</u>	<u>32,632</u>	<u>171,106</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 period ended 31 December 2017 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 FIRST QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

	Period ended 31 March	
	2018 RM'000	2017 RM'000 (restated)
Cash flows from operating activities		
Profit before tax	4,053	2,041
Adjustments for:		
Non-cash items	1,255	1,587
Finance costs	287	359
Interest income	(171)	(50)
Share of losses of associates	356	-
Share of profit of a joint venture	(19)	(54)
Operating profit before changes in working capital	5,761	3,883
Increase in inventories	(1,595)	(2,894)
Increase in trade and other receivables	(37,591)	(3,893)
Increase in trade and other payables	31,973	9,752
Cash (used in) / generated from operations	(1,452)	6,848
Tax paid (net with tax refunded)	(2,384)	(753)
Net cash (used in) / generated from operating activities	(3,836)	6,095
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(377)	(1,341)
Repayments to a joint venture	(12)	-
Repayment from associates	565	-
Dividends received from a joint venture	291	440
Interest received	171	50
Proceeds from disposals of property, plant and equipment	927	-
Deposits uplift from financial institutions with original maturity of more than three (3) months	331	61
Placement of restricted cash	(40)	(17)
Net cash generated from / (used in) investing activities	1,856	(807)
Cash flows from financing activities		
Interest paid	(368)	(359)
Drawdown of borrowings	1,674	6,925
Repayments of borrowings	(1,262)	(10,723)
Repayments of hire purchase creditors	(288)	(237)
Proceeds from issuance of ordinary shares pursuant to exercise of Warrants	92	-
Net cash used in financing activities	(152)	(4,394)
Net (decrease) / increase in cash and cash equivalents	(2,132)	894
Effects of exchange rate changes	(1,100)	341
Cash and cash equivalents at beginning of period	37,422	17,003
Cash and cash equivalents at end of period	34,190	18,238
Cash and cash equivalents comprise:		
Cash and bank balances	36,249	21,208
Less: Bank overdraft	-	(209)
Deposits placed with financial institutions with original maturity of more than three (3) months	(1,432)	(29)
Restricted cash	(627)	(2,732)
	34,190	18,238

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

Reconciliation of liabilities arising from financing activities

	Period ended	
	2018	2017
	RM'000	RM'000
Borrowings at 1 January **	28,569	50,293
Cash flows	124	(4,035)
Non-cash flows:		
- Settlement of term loan through restricted cash	(2,198)	-
- Effect of foreign exchange	(209)	230
Borrowings at 31 March **	<u>26,286</u>	<u>46,488</u>

** Borrowings exclude bank overdraft

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 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 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 report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017. The consolidated financial statements of the Group as at and for the year ended 31 December 2017 were prepared under Financial Reporting Standards ("FRSs"). The explanatory notes attached to the interim financial report 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 2017.

Malaysian Financial Reporting Standard ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be 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 Construction of Real Estate*, including its parent, significant investor and venture (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, would be required to prepare financial statements using the MFRS Framework in its MFRS financial statements for the financial year ending 31 December 2018. In presenting its MFRS financial statements, the Group would be required to adjust the comparative financial statements prepared under the FRSs to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition would be made, retrospectively, against opening retained earnings.

This is the Group's condensed consolidated interim financial report for the period covered by the Group's MFRS framework and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in Note A2.

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

A2 Explanations of transition to MFRSs

The financial impacts to the condensed interim financial report of the Group arising from the adoption of MFRSs are disclosed in the following tables.

Reconciliation of statement of comprehensive income

	3 months ended 31/03/2017			Period ended 31/03/2017		
	As previously reported RM'000	Effects of transition to MFRSs RM'000	Restated RM'000	As previously reported RM'000	Effects of transition to MFRSs RM'000	Restated RM'000
Revenue	34,366	174	34,540	34,366	174	34,540
Cost of sales	(24,160)	(435)	(24,595)	(24,160)	(435)	(24,595)
Gross profit	10,206	(261)	9,945	10,206	(261)	9,945
Other income	624	-	624	624	-	624
Selling and marketing expenses	(1,079)	347	(732)	(1,079)	347	(732)
Administrative expenses	(7,014)	-	(7,014)	(7,014)	-	(7,014)
Other expenses	(527)	-	(527)	(527)	-	(527)
Interest income	50	-	50	50	-	50
Finance costs	(359)	-	(359)	(359)	-	(359)
Share of loss of associates	-	-	-	-	-	-
Share of profit of a joint	54	-	54	54	-	54
Profit before tax	1,955	86	2,041	1,955	86	2,041
Tax expense	(909)	310	(599)	(909)	310	(599)
Profit for the period	1,046	396	1,442	1,046	396	1,442
Other comprehensive income						
Foreign currency translations	50	-	50	50	-	50
Share of other comprehensive (loss)/income of a joint venture	-	-	-	-	-	-
Share of other comprehensive loss of an associate	-	-	-	-	-	-
Total comprehensive income for the period	1,096	396	1,492	1,096	396	1,492
Profit attributable to:						
Owners of the parent	891	238	1,129	891	238	1,129
Non-controlling interests	155	158	313	155	158	313
	1,046	396	1,442	1,046	396	1,442
Total comprehensive income attributable to:						
Owners of the parent	941	238	1,179	941	238	1,179
Non-controlling interests	155	158	313	155	158	313
	1,096	396	1,492	1,096	396	1,492

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

A2 Explanations of transition to MFRSs (continued)

The financial impacts to the condensed interim financial report of the Group arising from the adoption of MFRSs are disclosed in the following tables (continued).

Reconciliation of statement of financial position

	Audited As at 31/12/2017 RM'000	Effects of transition to MFRSs RM'000	Restated As at 31/12/2017 RM'000	Audited As at 01/01/2017 RM'000	Effects of transition to MFRSs RM'000	Restated As at 01/01/2017 RM'000
Non-current assets						
Property, plant and equipment	44,495	-	44,495	50,166	-	50,166
Intangible assets	1,409	-	1,409	1,457	-	1,457
Investments in associates	5,447	-	5,447	-	-	-
Investment in a joint venture	1,109	-	1,109	1,355	-	1,355
Deferred tax assets	1,710	4,476	6,186	564	2,577	3,141
Total non-current assets	54,170	4,476	58,646	53,542	2,577	56,119
Current assets						
Property development costs	167,959	(167,959)	-	156,923	(156,923)	-
Inventories	21,481	185,113	206,594	23,888	165,981	189,869
Trade and other receivables	93,982	-	93,982	31,641	-	31,641
Current tax assets	1,240	-	1,240	959	-	959
Cash and bank balances	42,023	-	42,023	20,504	-	20,504
Total current assets	326,685	17,154	343,839	233,915	9,058	242,973
Total assets	380,855	21,630	402,485	287,457	11,635	299,092
Equity						
Share capital	77,730	-	77,730	74,555	-	74,555
Share premium	-	-	-	1,404	-	1,404
Treasury shares	(87)	-	(87)	(87)	-	(87)
Exchange translation differences	(3,081)	-	(3,081)	26	-	26
Warrants reserve	3,851	-	3,851	4,022	-	4,022
Retained earnings	57,367	3,723	61,090	43,982	1,878	45,860
Total attributable to	135,780	3,723	139,503	123,902	1,878	125,780
Non-controlling interests	28,891	2,481	31,372	(977)	1,252	275
Total equity	164,671	6,204	170,875	122,925	3,130	126,055
Non-current liabilities						
Borrowings	20,319	-	20,319	17,201	-	17,201
Trade and other payables	9,556	-	9,556	11,580	-	11,580
Deferred tax liabilities	857	-	857	1,089	-	1,089
Total non-current liabilities	30,732	-	30,732	29,870	-	29,870
Current liabilities						
Borrowings	8,250	-	8,250	33,751	-	33,751
Trade and other payables	176,004	15,426	191,430	100,242	8,505	108,747
Current tax liabilities	1,198	-	1,198	669	-	669
Total current liabilities	185,452	15,426	200,878	134,662	8,505	143,167
Total liabilities	216,184	15,426	231,610	164,532	8,505	173,037
Total equity and liabilities	380,855	21,630	402,485	287,457	11,635	299,092

Reconciliation of statement of cash flows

There are no material differences between the statement of cash flows presented under MFRS Framework and statement of cash flows presented under FRSS

A3 AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS

The report of the auditors to members of the Company dated 15 March 2018 on the audited financial statements for the financial year ended 31 December 2017 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.

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 period under review.

A7 DEBT AND EQUITY SECURITIES

During the financial period ended 31 March 2018, the Company increased its issued and paid up share capital from 302,070,374 to 302,315,374 by way of issuance of 245,000 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

No dividend was paid in current financial period under review

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
<u>For the period ended 31 March 2017 (restated)</u>					
Revenue					
Revenue from external customers	28,554	5,986	-	-	34,540
Inter-segment revenue	157	4,914	8,462	(13,533)	-
Total revenue	<u>28,711</u>	<u>10,900</u>	<u>8,462</u>	<u>(13,533)</u>	<u>34,540</u>
Segment results	3,367	(883)	(497)	-	1,987
Share of profit of a joint venture (net of tax)	54	-	-	-	54
Profit / (loss) before tax	<u>3,421</u>	<u>(883)</u>	<u>(497)</u>	<u>-</u>	<u>2,041</u>
Tax expense					(599)
Profit for the period					<u><u>1,442</u></u>
 <u>For the period ended 31 March 2018</u>					
Revenue					
Revenue from external customers	20,960	26,264	-	-	47,224
Inter-segment revenue	66	10,062	-	(10,128)	-
Total revenue	<u>21,026</u>	<u>36,326</u>	<u>-</u>	<u>(10,128)</u>	<u>47,224</u>
Segment results	676	3,879	(165)	-	4,390
Share of profit of a joint venture (net of tax)	19	-	-	-	19
Share of loss of associates (net of tax)	(320)	(36)	-	-	(356)
Profit / (loss) before tax	<u>375</u>	<u>3,843</u>	<u>(165)</u>	<u>-</u>	<u>4,053</u>
Tax expense					(1,334)
Profit for the period					<u><u>2,719</u></u>

PRG HOLDINGS BERHAD (541706-V)

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

A11 EVENTS AFTER BALANCE SHEET DATE

- a) The Company's subsidiary, Furniweb Holdings Limited ("FHL") had on:
- i) 9 April 2018 acquired one (1) ordinary share representing 100% equity interest in Premier Management International Limited, a limited liability company incorporated in Hong Kong on 25 November 2016 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), from Liew Ching Hoong for a cash consideration of HKD1.00;
 - ii) 11 April 2018 incorporated PP Retail Pte Ltd, a private company limited by shares in Singapore under the Companies Act (Chapter 50 of the Laws of Singapore); and
 - iii) 25 April 2018 entered into a letter of intent, which is legally binding, with Philipp Plein International AG and Plein Sport AG to record the parties' intention to start a business collaboration, initially in Singapore, Malaysia and Thailand.
- b) On 4 May 2018, PRG Healthcare Sdn. Bhd. (formerly known as PRG Ventures Sdn. Bhd.), a wholly-owned subsidiary of the Company had entered into a shares sale agreement for the proposed acquisition of 55% of the enlarged share capital of S P Chin Healthcare Sdn. Bhd. for a purchase consideration of approximately RM4.125 million.

Save for the above, there were no 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 year under review except for the followings:

a) Internal reorganisation

On 4 January 2018, the Group undertook an internal reorganisation for the property division. PRG Property Sdn. Bhd. disposed its entire equity interest in Premier Construction (International) Sdn. Bhd. to PRG Construction Sdn. Bhd..

b) Incorporation of new subsidiaries

- i) On 9 March 2018, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Asset Holdings Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.
- ii) On 16 March 2018, a wholly-owned subsidiary of the Company, PRG Asset Holdings Sdn. Bhd. incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Land Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.

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 2017.

A14 CAPITAL COMMITMENTS

Commitment for acquisition of healthcare business
- Approved and contracted for

31/03/2018
RM'000

16,467

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

A15 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		Period ended	
	31 March		31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Sale of goods	-	230	-	230

The above sales transactions are with a company in which director of an associate (previously 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 the 3 months ended 31 March 2018 was RM47.2 million. This represented RM12.7 million improvement in revenue as compared to RM34.5 million of revenue recorded in same quarter last year.

The Group's profit before tax for the first quarter of 2018 of RM4.1 million was RM2.1 million higher than profit before tax of RM2.0 million for same quarter of last year.

Increase in the Group's revenue and profit before tax for the period ended 31 March 2018 mainly contributed by higher revenue and profit recognition from Picasso Residence project.

a) Manufacturing

Revenue of RM21.0 million from manufacturing segment for first quarter of 2018 was RM7.6 million lower than RM28.6 million recorded in the corresponding quarter of 2017.

Profit before tax recorded by manufacturing segment during the quarter under review was RM0.4 million, RM3.0 million lower than RM3.4 million reported in the same quarter of last year.

The decrease in revenue was mainly due to reduced sales for certain existing products as those customers were developing new specifications for their products, depreciation of USD against RM which lowered the revenue reported in RM for the sales denominated in USD, variation in quarterly procurement plans of certain customers, and the revenue from sales of metal components for furniture (the subsidiary became an associate of the Company since 14 September 2017) was excluded in the first quarter of 2018. Lower profit before tax was in line with lower revenue.

b) Property development & construction

Property development & construction segment recorded revenue of RM26.3 million for the first quarter of year 2018, RM20.3 million higher than RM6.0 million recorded in the same quarter last year.

Profit before tax of RM3.8 million in the current quarter was RM4.7 million higher than loss before tax of RM0.9 million recorded in the corresponding quarter of last year.

Increase in revenue and profit before tax for the current quarter and for the period ended 31 March 2018 was mainly due to higher sales and higher percentage of completion from Picasso Residence project.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM47.2 million and profit before tax of RM4.1 million for the current quarter ended 31 March 2018 as compared to revenue of RM45.9 million and profit before tax of RM4.4 million for the preceding quarter. Increase in revenue was mainly due to increase in revenue contribution from Picasso Residence project. Profit before tax was lower mainly due to gain on disposal of part of the interest in a subsidiary recognised in the preceding quarter. The impact is partially offset against lower administrative and other expenses incurred in the current quarter.

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR

The Group anticipates that the demand of the products remains positive and is pursuing its strategies to capture new business opportunities. However, we also foresee challenges from the recent crude oil price surge that will increase the price of certain crude-oil based raw materials which will impact on the gross profit margin if the Group is unable to pass on the increment in raw material prices entirely to its customers. 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 Dollar.

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 March		Period ended 31 March	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Current tax expense				
- Malaysia	1,201	189	1,201	189
- Overseas	133	410	133	410
	1,334	599	1,334	599

The effective tax rates of the Group for the current quarter and for the period ended 31 March 2018 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	
	31/03/2018	31/12/2017
	RM'000	RM'000
Current liabilities	6,375	8,250
Non-current liabilities	19,911	20,319
	26,286	28,569
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	21,657	24,076
- United States Dollar	234	478
- Vietnamese Dong	4,395	4,015
	26,286	28,569

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

B8 DIVIDENDS

No dividend has been proposed by the Board of Directors for the financial year ending 31 December 2018.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended		Period ended	
	31 March		31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	1,182	1,239	1,182	1,239
Interest expense	287	359	287	359
Interest income	(171)	(50)	(171)	(50)
Inventories written down	61	357	61	357
Gain on disposals of property, plant and equipment	(187)	(9)	(187)	(9)
Net loss on foreign exchange	368	72	368	72
Provision of allowance for doubtful debts	1	-	1	-

- Apart from the above, there were no impairment of other assets during the current quarter and financial period under review.
- There were no gain or loss on derivatives during the current quarter and financial period under review.
- 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.

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**

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 31 March		Period ended 31 March	
	2018	2017 (restated)	2018	2017 (restated)
Profit attributable to owners of the parent (RM'000)	814	1,129	814	1,129
Weighted average number of ordinary shares in issue ('000)	302,294	297,803	302,294	297,803
Basic earnings per ordinary share (sen)	0.27	0.38	0.27	0.38

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 period by the weighted average number of ordinary shares in issue adjusted for the effects of dilutive potential ordinary shares.

	Quarter ended 31 March		Period ended 31 March	
	2018	2017 (restated)	2018	2017 (restated)
Profit attributable to owners of the parent (RM'000)	814	1,129	814	1,129
Weighted average number of ordinary shares in issue ('000)	302,294	297,803	302,294	297,803
Effect of dilution ('000)	56,424	55,179	56,424	55,179
Adjusted weighted average number of ordinary shares in issue ('000)	358,718	352,982	358,718	352,982
Diluted earnings per ordinary share (sen)	0.23	0.32	0.23	0.32

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 period / year by the number of ordinary shares in issue at the end of the period / year (excluding treasury shares).

	As at	
	31/03/2018	31/12/2017 (restated)
Total equity attributable to owners of the parent (RM'000)	138,474	139,503
Number of ordinary shares in issue ('000)	302,733	302,488
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	302,315	302,070
Net assets per share attributable to owners of the parent (RM)	0.4580	0.4618

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 23 May 2018.