

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018 - UNAUDITED

	Quarter ended 31 December		Year ended 31 December	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Revenue	44,203	9,058	148,626	158,577
Cost of sales	(38,090)	(7,102)	(116,668)	(115,024)
Gross profit	6,113	1,956	31,958	43,553
Other income	893	4,570	3,384	9,644
Selling and marketing expenses	(882)	(974)	(3,687)	(3,748)
Administrative expenses	(11,009)	(10,569)	(35,078)	(39,642)
Other expenses	17	(632)	(268)	(2,109)
Interest income	155	115	709	258
Finance costs	(355)	(319)	(1,250)	(1,420)
Share of loss of associates (net of tax)	(311)	(323)	(1,169)	(323)
Share of profit of a joint venture (net of tax)	(34)	56	160	282
(Loss)/Profit before tax	(5,413)	(6,120)	(5,241)	6,495
Tax expense	(1,294)	(434)	(3,167)	(1,558)
(Loss)/Profit for the financial year	(6,707)	(6,554)	(8,408)	4,937
Other comprehensive (loss)/income				
Foreign currency translations	620	(404)	392	(3,073)
Reclassification of exchange translation reserve to profit or loss upon partial disposal of a subsidiary	-	(305)	-	(305)
Share of other comprehensive (loss)/income of an associate	(48)	(45)	(32)	(45)
Share of other comprehensive income/(loss) of a joint venture	16	(88)	(4)	(88)
Total comprehensive loss for the financial year	(6,119)	(7,396)	(8,052)	1,426
(Loss)/Profit attributable to:				
Owners of the parent	(6,101)	(5,787)	(9,179)	780
Non-controlling interests	(606)	(767)	771	4,157
	(6,707)	(6,554)	(8,408)	4,937
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(5,730)	(6,216)	(8,982)	(2,323)
Non-controlling interests	(389)	(1,180)	930	3,749
	(6,119)	(7,396)	(8,052)	1,426
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):				
Basic	(1.97)	(1.92)	(3.00)	0.26
Diluted	(1.71)	(1.60)	(2.58)	0.22

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 FOURTH QUARTER 2018

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

	Notes	As at 31 December 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		43,789	44,495	50,166
Intangible assets		1,328	1,409	1,457
Investments in associates		7,883	5,447	-
Investment in a joint venture		5,099	1,109	1,355
Deferred tax assets		4,618	5,677	1,154
Trade receivables		12,573	-	-
Total non-current assets		75,290	58,137	54,132
Current assets				
Inventories		228,396	237,522	194,020
Trade and other receivables		89,163	93,279	31,386
Current tax assets		2,767	1,240	959
Cash and bank balances		34,922	42,023	20,504
Total current assets		355,248	374,064	246,869
Total assets		430,538	432,201	301,001
Equity				
Share capital		83,289	77,730	74,555
Share premium		-	-	1,404
Treasury shares		(87)	(87)	(87)
Exchange translation differences		(2,881)	(3,077)	26
Warrants reserve		3,713	3,851	4,022
Retained earnings		48,058	53,583	43,776
Total attributable to owners of the parent		132,092	132,000	123,696
Non-controlling interests		39,737	26,428	(1,114)
Total equity		171,829	158,428	122,582
Non-current liabilities				
Borrowings	B7	18,846	20,319	17,201
Trade and other payables		11,606	9,556	11,580
Deferred tax liabilities		747	857	1,089
Total non-current liabilities		31,199	30,732	29,870
Current liabilities				
Borrowings	B7	27,839	8,250	33,751
Trade and other payables		199,184	233,593	114,129
Current tax liabilities		487	1,198	669
Total current liabilities		227,510	243,041	148,549
Total liabilities		258,709	273,773	178,419
Total equity and liabilities		430,538	432,201	301,001
Net assets per share attributable to owners of the parent (RM)	B12	0.4256	0.4370	0.4148

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 FOURTH QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018 - UNAUDITED

	<----- Attributable to owners of the parent ----->						Total	Non-controlling interests	Total equity
	<----- Non-distributable ----->			Distributable					
	Share capital	Share premium	Treasury shares	Exchange translation differences	Warrants reserve	Retained earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months ended 31 December 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	-	-	-	-	-	(206)	(206)	(137)	(343)
Balance at 1 January 2017 (Restated)	74,555	1,404	(87)	26	4,022	43,776	123,696	(1,114)	122,582
Transfer pursuant to Companies Act 2016 (Note 1)	1,404	(1,404)	-	-	-	-	-	-	-
Profit for the financial year (Restated)	-	-	-	-	-	780	780	4,157	4,937
Foreign currency translations, net of tax	-	-	-	(2,665)	-	-	(2,665)	(408)	(3,073)
Reclassification of exchange translation reserve to profit or loss upon partial disposal of a subsidiary	-	-	-	(305)	-	-	(305)	-	(305)
Share of other comprehensive income of an associate, net of tax	-	-	-	(45)	-	-	(45)	-	(45)
Share of other comprehensive loss of a joint venture, net of tax	-	-	-	(88)	-	-	(88)	-	(88)
Total comprehensive (loss)/income	-	-	-	(3,103)	-	780	(2,323)	3,749	1,426
Ordinary shares issued pursuant to exercise of Warrants	1,771	-	-	-	(171)	-	1,600	-	1,600
Shares acquired by non-controlling interests	-	-	-	-	-	10,517	10,517	23,592	34,109
Partial disposal of a subsidiary	-	-	-	-	-	-	-	201	201
Dividend paid	-	-	-	-	-	(1,490)	(1,490)	-	(1,490)
Balance at 31 December 2017 (Restated)	<u>77,730</u>	<u>-</u>	<u>(87)</u>	<u>(3,077)</u>	<u>3,851</u>	<u>53,583</u>	<u>132,000</u>	<u>26,428</u>	<u>158,428</u>
<u>12 months ended 31 December 2018</u>									
Balance at 1 January 2018 (Restated)	77,730	-	(87)	(3,077)	3,851	53,583	132,000	26,428	158,428
Loss for the financial year	-	-	-	-	-	(9,179)	(9,179)	771	(8,408)
Foreign currency translations	-	-	-	232	-	-	232	160	392
Share of other comprehensive income of an associate, net of tax	-	-	-	(32)	-	-	(32)	-	(32)
Share of other comprehensive loss of a joint venture, net of tax	-	-	-	(4)	-	-	(4)	-	(4)
Total comprehensive (loss)/income	-	-	-	196	-	(9,179)	(8,983)	931	(8,052)
Ordinary shares issued pursuant to acquisition of a new joint venture	4,125	-	-	-	-	-	4,125	-	4,125
Shares acquired by non-controlling interests	-	-	-	-	-	3,654	3,654	12,378	16,032
Ordinary shares issued pursuant to exercise of Warrants	1,434	-	-	-	(138)	-	1,296	-	1,296
Balance at 31 December 2018	<u>83,289</u>	<u>-</u>	<u>(87)</u>	<u>(2,881)</u>	<u>3,713</u>	<u>48,058</u>	<u>132,092</u>	<u>39,737</u>	<u>171,829</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 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 FOURTH QUARTER 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 - UNAUDITED

	Year ended	
	31 December	
	2018	2017
	RM'000	RM'000
		(restated)
Cash flows from operating activities		
(Loss)/Profit before tax	(5,241)	6,495
Adjustments for:		
Non-cash items	4,701	(2,000)
Finance costs	1,250	1,420
Interest income	(709)	(258)
Share of losses of associates	1,169	323
Share of profit of a joint venture	(160)	(282)
Operating profit before changes in working capital	1,010	5,698
Decrease/(Increase) in inventories	9,011	(46,386)
Increase in trade and other receivables	(6,996)	(60,064)
(Decrease)/Increase in trade and other payables	(33,877)	125,531
Cash (used in)/generated from operations	(30,852)	24,779
Tax paid (net with tax refunded)	(4,455)	(6,036)
Net cash (used in)/generated from operating activities	(35,307)	18,743
Cash flows from investing activities		
Acquisition of an associate	(3,750)	(250)
Acquisition of property, plant and equipment and intangible assets	(5,145)	(7,015)
Consideration from shares acquired by non-controlling interests	15,910	-
Net cash outflow from partial disposal of a subsidiary	-	(4,668)
Repayments to a joint venture	-	(34)
Advances to associates	-	(212)
Dividends received from a joint venture	291	440
Interest received	709	258
Proceeds from disposals of property, plant and equipment	1,519	4,292
Deposits uplift/(placed) from financial institutions with original maturity of more than three (3) months	1,139	(1,822)
Placement of restricted cash	(637)	(70)
Net cash from/(used in) investing activities	10,036	(9,081)
Cash flows from financing activities		
Dividends paid to owners of the parent	-	(1,490)
Interest paid	(1,250)	(3,095)
Drawdown of borrowings	21,421	24,798
Repayments of borrowings	(7,998)	(42,693)
Repayments of hire purchase creditors	(1,527)	(1,447)
Proceeds from issuance of ordinary shares pursuant to exercise of Warrants	1,296	1,600
Proceeds from issuance of ordinary shares to non-controlling interests	123	34,109
Net cash from financing activities	12,065	11,782
Net (decrease)/increase in cash and cash equivalents	(13,206)	21,444
Effects of exchange rate changes	254	(1,026)
Cash and cash equivalents at beginning of financial year	37,421	17,003
Cash and cash equivalents at end of financial year	24,469	37,421
Cash and cash equivalents comprise:		
Cash and bank balances	34,922	42,023
Less: Bank overdraft	(8,582)	-
Deposits placed with financial institutions with original maturity of more than three (3) months	(647)	(1,817)
Restricted cash	(1,224)	(2,785)
	24,469	37,421

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

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

Reconciliation of liabilities arising from financing activities

	Year ended	
	2018	2017
	RM'000	RM'000
Borrowings at 1 January **	28,569	50,293
Cash flows	11,896	(19,342)
Non-cash flows:		
- Settlement of term loan through restricted cash	(2,198)	-
- Acquisition of property, plant and equipment	-	793
- Partial disposal of a subsidiary	-	(2,568)
- Effect of foreign exchange	(164)	(607)
Borrowings at 31 December **	<u>38,103</u>	<u>28,569</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 year 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 31/12/2017			Year ended 31/12/2017		
	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	45,369	(36,311)	9,058	192,963	(34,386)	158,577
Cost of sales	(31,150)	24,048	(7,102)	(134,509)	19,485	(115,024)
Gross profit	14,219	(12,263)	1,956	58,454	(14,901)	43,553
Other income	4,570	-	4,570	9,644	-	9,644
Selling and marketing expenses	(2,544)	1,570	(974)	(9,820)	6,072	(3,748)
Administrative expenses	(10,116)	(453)	(10,569)	(39,189)	(453)	(39,642)
Other expenses	(632)	-	(632)	(2,109)	-	(2,109)
Interest income	115	-	115	258	-	258
Finance costs	(319)	-	(319)	(1,420)	-	(1,420)
Share of profit of a joint venture (net of tax)	56	-	56	282	-	282
Share of loss of associates (net of tax)	(323)	-	(323)	(323)	-	(323)
Profit/(Loss) before tax	5,026	(11,146)	(6,120)	15,777	(9,282)	6,495
Tax expense	(572)	138	(434)	(4,935)	3,377	(1,558)
(Loss)/Profit for the period	4,454	(11,008)	(6,554)	10,842	(5,905)	4,937
Other comprehensive income/(loss)						
Foreign currency translations	(409)	5	(404)	(3,078)	5	(3,073)
Reclassification of exchange translation reserve to profit or loss upon partial disposal of a subsidiary	(305)	-	(305)	(305)	-	(305)
Share of other comprehensive income of an associate	(45)	-	(45)	(45)	-	(45)
Share of other comprehensive income of a joint venture	(88)	-	(88)	(88)	-	(88)
Total comprehensive income/(loss) for the period	3,607	(11,003)	(7,396)	7,326	(5,900)	1,426
(Loss)/Profit attributable to:						
Owners of the parent	852	(6,639)	(5,787)	4,358	(3,578)	780
Non-controlling interests	3,602	(4,369)	(767)	6,484	(2,327)	4,157
	4,454	(11,008)	(6,554)	10,842	(5,905)	4,937
Total comprehensive income/(loss) attributable to:						
Owners of the parent	419	(6,635)	(6,216)	1,251	(3,574)	(2,323)
Non-controlling interests	3,188	(4,368)	(1,180)	6,075	(2,326)	3,749
	3,607	(11,003)	(7,396)	7,326	(5,900)	1,426

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 31-12-17 RM'000	Effects of transition to MFRSs RM'000	Restated As at 31-12-17 RM'000	Audited As at 01-01-17 RM'000	Effects of transition to MFRSs RM'000	Restated As at 01-01-17 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	3,967	5,677	564	590	1,154
Total non-current assets	54,170	3,967	58,137	53,542	590	54,132
Current assets						
Property development costs	167,959	(167,959)	-	156,923	(156,923)	-
Inventories	21,481	216,041	237,522	23,888	170,132	194,020
Trade and other receivables	93,982	(703)	93,279	31,641	(255)	31,386
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	47,379	374,064	233,915	12,954	246,869
Total assets	380,855	51,346	432,201	287,457	13,544	301,001
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)	4	(3,077)	26	-	26
Warrants reserve	3,851	-	3,851	4,022	-	4,022
Retained earnings	57,367	(3,784)	53,583	43,982	(206)	43,776
Total attributable to owners of the parent	135,780	(3,780)	132,000	123,902	(206)	123,696
Non-controlling interests	28,891	(2,463)	26,428	(977)	(137)	(1,114)
Total equity	164,671	(6,243)	158,428	122,925	(343)	122,582
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	57,589	233,593	100,242	13,887	114,129
Current tax liabilities	1,198	-	1,198	669	-	669
Total current liabilities	185,452	57,589	243,041	134,662	13,887	148,549
Total liabilities	216,184	57,589	273,773	164,532	13,887	178,419
Total equity and liabilities	380,855	51,346	432,201	287,457	13,544	301,001

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.

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

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 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 2018, the Company increased its issued and paid up share capital from 302,070,374 to 310,333,474 by way of:

- (a) Issuance of 3,457,100 new ordinary shares pursuant to the exercise of Warrants 2014/2019 at an issue price of RM0.375 per ordinary share; and
- (b) Issuance of 4,806,000 new ordinary shares as Consideration Shares for acquisition of 55% of the enlarged share capital of PRG Active Sdn. Bhd. (formerly known as SP Chin Healthcare Sdn. Bhd.).

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 year 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	Healthcare RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>For the year ended 31 December 2017 (restated)</u>						
Revenue						
Revenue from external customers	109,745	48,832	-	-	-	158,577
Inter-segment revenue	6,005	45,275	-	26,594	(77,874)	-
Total revenue	<u>115,750</u>	<u>94,107</u>	<u>-</u>	<u>26,594</u>	<u>(77,874)</u>	<u>158,577</u>
Listing expenses	10,792	-	-	-	-	10,792
Segment results	6,433	902	(191)	(608)	-	6,536
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>6,425</u>	<u>869</u>	<u>(191)</u>	<u>(608)</u>	<u>-</u>	<u>6,495</u>
Tax expense						(1,558)
Profit for the financial year						<u><u>4,937</u></u>
<u>For the year ended 31 December 2018</u>						
Revenue						
Revenue from external customers	92,565	56,061	-	-	-	148,626
Inter-segment revenue	252	33,406	-	-	(33,658)	-
Total revenue	<u>92,817</u>	<u>89,467</u>	<u>-</u>	<u>-</u>	<u>(33,658)</u>	<u>148,626</u>
Segment results	2,387	(2,311)	(679)	(3,629)	-	(4,232)
Share of profit of a joint venture (net of tax)	332	-	(172)	-	-	160
Share of loss of associates (net of tax)	(1,029)	(84)	(56)	-	-	(1,169)
Profit/(Loss) before tax	<u>1,690</u>	<u>(2,395)</u>	<u>(907)</u>	<u>(3,629)</u>	<u>-</u>	<u>(5,241)</u>
Tax expense						(3,167)
Loss for the financial year						<u><u>(8,408)</u></u>

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

A11 EVENTS AFTER BALANCE SHEET DATE

There were no 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

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.

iii) The Company's subsidiary, Furniweb Holdings Limited ("FHL") had on:

- 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; and
- 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).

c) Acquisition of new joint venture

On 4 May 2018, PRG Healthcare Sdn. Bhd. (formerly known as PRG Ventures Sdn. Bhd.) ("PRGH"), a wholly-owned subsidiary of the Company entered into a shares sale agreement for the proposed acquisition of 55% of the enlarged share capital of PRG Active Sdn. Bhd. (formerly known as SP Chin Healthcare Sdn. Bhd.) for a purchase consideration of approximately RM4.125 million ("SSA"). The Proposed SP Chin Acquisition was completed on 16 July 2018 following the fulfilment of all the conditions precedent of the SSA and the issuance of 4,806,000 Consideration Shares to the Vendors.

Accordingly, PRG Active Sdn. Bhd. (formerly known as SP Chin Healthcare Sdn. Bhd.) has become an indirect 55%-owned joint venture of the Company.

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

A12 CHANGES IN COMPOSITION OF THE GROUP (CONT'D)

There were no changes in the composition of the Group during the financial year under review except for the followings: (cont'd)

d) Acquisition of new associate

On 13 July 2018, PRG Healthcare Sdn. Bhd. (formerly known as PRG Ventures Sdn. Bhd.) ("PRGH"), a wholly-owned subsidiary of the Company entered into a shares sale agreement ("SSA") with Lin, Shen-Yi ("LSY") and Loh Pui San ("LPS") (LSY & LPS shall collectively be referred to as the "Vendors"), Tee Swee Guan ("TSG"), ZA 28 Group Sdn. Bhd. ("ZA") and Goldbest Venture Sdn. Bhd. ("GV") (PRGH, TSG, ZA & GV shall collectively be referred to as the "Purchasers") in respect of the sale and purchase of 1,152,349 ordinary shares equivalent to 41.2% of the issued and paid-up capital of Esther Postpartum Care Sdn. Bhd. ("EPC"), upon the terms and conditions stipulated in the SSA. In conjunction with the SSA, PRGH has on 13 July 2018 entered into a shareholders agreement ("SA") with the Vendors, TSG, ZA and GV to amongst others, set out the terms governing their relationships as shareholders in EPC and in respect of the management of EPC. Simultaneously with the SSA, the Purchasers have on 13 July 2018 entered into a call option agreement ("COA") with EPC for the option to subscribe 430,785 new EPC shares equivalent to 13.33% of the enlarged issued and paid up share capital of EPC. The SSA, SA and COA shall collectively be referred to as the "Proposals".

The Proposals are completed on 11 October 2018 following the fulfilment of all the completion obligation of the SSA, SA and COA by respective Parties.

The effective shareholding of PRGH in EPC shall be 26.21% following the completion of the SSA and COA.

e) Disposal of 12% equity interest in Furniwel Holdings Limited ("FHL")

On 3 October 2018, the Company has disposed 60,480,000 ordinary shares of Hong Kong Dollar (HK\$) 0.10 each ("Sale Shares") to independent third parties, representing 12% equity interest in FHL for a total cash consideration of HK\$ 0.50 (equivalent to RM0.26) per Sale Share. Upon completion of the Proposed Disposal, PRG's shareholdings in FHL will be reduced from 378,000,000 ordinary shares representing 75% to 317,520,000 ordinary shares representing 63%.

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

	31-12-18
	RM'000
Commitment for proposed subscription of shares in Capital World Limited	13,298
Commitment for proposed acquisition of agriculture lands	85,500
Capital expenditure in respect of purchase of property, plant and equipment	
- Contracted but not provided for	1,707
	<u><u>100,505</u></u>

A15 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		Year ended	
	31 December		31 December	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<u>Transaction with corporations in which spouse of a Director and shareholder of a joint venture has interest</u>				
- Agent fee	839	-	1,266	-
- Purchase of goods	(1,098)	-	(1,214)	-
<u>Transaction with joint venture partner</u>				
Sale of goods	709	2,111	2,366	4,547
<u>Transaction with corporation in which Director of an associate has interest</u>				
Sale of goods	51	710	785	1,496

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

The Group's revenue of RM44.2 million for fourth quarter of 2018 was RM35.1 million lower than the RM9.1 million revenue reported in the corresponding quarter of the preceding year. The Group's revenue for the financial year ended 31 December 2018 was RM148.6 million, representing RM10.0 million decrease as compared to revenue of RM158.6 million recorded in the same period of the preceding year.

The Group recorded a loss before tax of RM5.4 million in the fourth quarter of 2018, which was RM0.7 million lower than loss before tax of RM6.1 million reported in the corresponding quarter of the preceding year. Loss before tax for the financial year ended 31 December 2018 was RM5.2 million, representing RM11.7 million decrease as compared to profit before tax of RM6.5 million recorded in the same period of the preceding year.

Decrease in the Group's revenue and profit before tax during the financial year was mainly due to decrease in revenue from manufacturing segment resulted from decrease in sales volume of certain products and selling of more relatively lower margin products due to competitive market condition. The adoption of MFRS has also contributed to the decrease in the Group's profit before tax whereby the total Gross Development Value has been adjusted downward and total Gross Development Costs has been revised upward.

a) Manufacturing

The revenue of RM25.0 million from manufacturing segment for the current quarter of year 2018 was RM1.0 million higher than RM24.0 million recorded in the corresponding quarter of 2017. The segment's revenue for the financial year ended 31 December 2018 of RM92.6 million was RM17.1 million lower than RM109.7 million recorded in the same period of the preceding year.

Profit before tax of RM0.1 million from manufacturing segment for the current quarter of year 2018 was RM1.5 million lower than profit before tax of RM1.6 million recorded in the corresponding quarter of 2017. The segment's profit before tax for the financial year ended 31 December 2018 of RM1.7 million was RM4.7 million lower than profit before tax of RM6.4 million recorded in the same period of the preceding year.

The decrease in revenue was mainly due to reduced sales for certain existing products as certain customers became more prudent in their procurement plan in view of the uncertainty in the global trade market as a result of the on-going trade spat between the United States and China, some customers also delayed their procurement as they have delayed launching of some of the new specifications for their products, while some customers reduced orders as their local currencies depreciated against USD. Besides that, the higher proportion of lower margin products was sold during the year due to competitive business environment. The weakening in USD against RM in the financial year ended 31 December 2018 against the corresponding period in 2017 has lowered the revenue reported in RM for the sales denominated in USD. The exclusion of revenue from sales of metal components for furniture (from the subsidiary which has become an associate of the Company since 14 September 2017) from consolidation also contributed to the decrease in revenue during the financial year. Decrease in profit before tax was mainly due to lower revenue and an increase in raw material costs. The profit before tax was also further impacted by additional post-listing administrative and corporate expenses as well as expenses incurred by a newly set-up retail segment.

b) Property development & construction

Due to restatement of revenue post adoption of MFRS, the property development & construction segment registered an increase of revenue of RM35.3 million when compared between revenue of RM20.4 million for the current quarter of 2018 as against negative revenue of RM14.9 million recorded in the corresponding quarter of 2017.

Loss before tax of RM2.2 million from property development & construction segment for the current quarter of year 2018 was RM5.6 million lower than loss before tax of RM7.8 million recorded in the corresponding quarter of 2017. The segment's loss before tax for the financial year ended 31 December 2018 of RM2.4 million was RM3.3 million lower than profit before tax of RM0.9 million recorded in the same period of the preceding year.

Higher revenue for the financial year ended 31 December 2018 was mainly due to revenue contribution from a construction project in Batu Gajah as well as effects of restatement of revenue for financial year ended 31 December 2017 post adoption of MFRS. Loss before tax for the financial year ended 31 December 2018 was due to adoption of MFRS whereby the total Gross Development Value has been adjusted downward and total Gross Development Costs has been revised upward.

c) Healthcare

The healthcare segment recorded loss before tax of RM0.3 million in the current quarter. The loss before tax for the financial year ended 31 December 2018 were RM0.9million. The loss before tax position was mainly due to timing of certain initial expenses which are non-recurring in nature as well as corporate exercise fees incurred for acquisitions of healthcare business during the financial year ended 31 December 2018.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM44.2 million and loss before tax of RM5.4 million for the current quarter ended 31 December 2018 compared to revenue of RM30.6 million and loss before tax of RM1.5 million for the immediate preceding quarter. Increase in revenue is mainly due to revenue contribution from a construction project in Batu Gajah. Increase in loss before tax compared with immediate preceding quarter were mainly due to professional fees incurred for multiple business proposals during the current quarter.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR

The on-going trade spat between United States with China and other countries have raised uncertainty in the market which resulted to a lower global growth projections. The Group anticipates that the prospect of manufacturing business in the near future to remain challenging as customers remain cautious on purchases pending clearer settlements of the trade disputes. Apart from that, raw materials cost especially the crude-oil based yarn remains volatile in line with the crude oil price. Adverse movement either way will affect the gross profit margin of the manufacturing segment. Further, any significant movement in the exchange rate between RM and USD may also result in foreign exchange gains or losses, which may affect the Group's performance as the Group derives a significant amount of its revenue in USD.

The property market is anticipated to remain generally soft and flat. This is in consideration of the challenging global and domestic economy, rising cost of living, as well as supply-demand imbalances. Moving forward, the Group continues to focus on marketing and sales of the Picasso Residence units and is strengthening its presence in the property development market by venturing into affordable housing with strategic partners. We believe that the affordable housing scheme is still in demand and will contribute progressively to our bottom line for the coming years.

In addition, the Group's focus for next financial year is to expand the healthcare businesses that we had invested in the past, while the Group will continue to seek complimentary merger & acquisitions opportunities in healthcare business.

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	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Current tax expense				
- Malaysia	569	434	1,305	3,531
- Overseas	240	-	913	1,178
	809	434	2,218	4,709
Deferred tax	485	-	949	(3,151)
	1,294	434	3,167	1,558

The effective tax rates of the Group for the current quarter and for the year ended 31 December 2018 were higher than the statutory tax rate as certain subsidiaries were making losses and certain expenses were not deductible for tax purposes.

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

B6 STATUS OF CORPORATE PROPOSAL

a) Disposal of 12% equity interest in Furniweb Holdings Limited ("FHL")

On 3 October 2018, the Company announced that it had disposed an aggregate of 60,480,000 Furniweb Shares, representing a 12% equity interest in Furniweb to independent third parties via direct business transactions for a total cash consideration of RM15,909,102 at HKD0.50 each (equivalent to approximately RM0.2630 based on the actual transacted exchange rate of HKD100:RM52.6095 on 3 October 2018).

The status of the utilisation of the disposal proceeds as at 26 February 2019 is as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	%	Balance unutilised RM'000	Expected time frame
Defraying estimated expenses in relation to the Previous Disposal	800	800	-	-	-	
Balance purchase consideration in respect to the acquisition of Esther Postpartum Centre ("EPC")	3,477	3,477	-	-	-	
Payment to contractors relating to property development projects	8,000	6,359	-	-	1,641	Within 12 months
Working capital*	3,686	3,632	-	-	-	
	<u>15,963</u>	<u>14,268</u>	-	-	<u>1,641</u>	

* PRG received disposal proceeds of RM15.91 million (instead of RM15.96 million as announced on 3 October 2018) pursuant to the Previous Disposal due to the actual exchange rate used of HKD100:RM53.6095 for the repatriation of the disposal proceeds. The difference of approximately RM0.05 million was set off against the proceeds set aside for PRG Group's working capital.

b) Proposed shareholders' mandate for the disposal of up to 60,480,000 ordinary shares in FHL, representing up to 12% equity interest in FHL

On 26 November 2018, the Company announced that the Company proposes to obtain a mandate from its shareholders for the disposal of up to 60,480,000 ordinary shares in FHL ("Furniweb Shares") ("Disposal Shares"), representing up to 12% equity interest in Furniweb, to buyer(s) to be identified and at price(s) to be determined later in the open market and/or via direct business transactions, in cash ("Proposed Disposal Mandate").

The Proposed Disposal Mandate was duly approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") of the Company held on Wednesday, 16 January 2019.

PRG HOLDINGS BERHAD (541706-V)

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

B6 STATUS OF CORPORATE PROPOSAL (cont'd)

c) Subscription and Options Agreement with Capital World Limited

On 21 December 2018, the Company announced that it had entered into a conditional Subscription and Options Agreement with Capital World Limited in relation to the proposed subscription of 265,000,000 new Capital World shares and an option to further subscribe for up to 205,000,000 new Capital World shares by PRG.

On 31 January 2019, the Company announced that that the Company and Capital World have mutually agreed in writing to extend the completion date of the Subscription from 31 January 2019 to 12 February 2019, or such other date as may be mutually agreed between the Company and Capital World.

On 13 February 2019, the Company announced that the Company and Capital World have mutually agreed in writing to further extend the completion date of the Subscription from 12 February 2019 to 19 February 2019, or such other date as may be mutually agreed between the Company and Capital World.

On 19 February 2019, the Company announced that the Company and Capital World have mutually agreed in writing to further extend the completion date of the Subscription from 19 February 2019 to 28 February 2019, or such other date as may be mutually agreed between the Company and Capital World.

d) Proposed acquisition of two parcels of agriculture land planted with teak trees in Kelantan

On 28 December 2018, the Company announced that the Company and its wholly-owned subsidiary, PRG Agro Sdn. Bhd. had entered into conditional sale and purchase agreement with Alifya Forestry Sdn Bhd ("Alifya" or "Vendor") ("SPA") to acquire:

(i) a parcel of agriculture land planted with teak trees held under HSD 858, PT 4921, Mukim Ulu Nenggiri, Jajahan Gua Musang, Negeri Kelantan Darul Naim, measuring approximately 137.0 hectares for a purchase consideration of RM33,800,000 ("PT 4921"); and

(ii) a parcel of agriculture land planted with teak trees held under HSD 27062, PT 12, Mukim Blau, Jajahan Kecil Lojing, Negeri Kelantan Darul Naim, measuring approximately 227.79 hectares for a purchase consideration of RM56,200,000 ("PT 12").

The total purchase consideration of RM90,000,000 ("Purchase Consideration") will be satisfied via a combination of RM60,000,000 in cash ("Cash Consideration") and the issuance of 40,295,500 new ordinary shares in PRG ("PRG Shares") ("Consideration Shares") at an issue price of RM0.7445 each.

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

B7 BORROWINGS

The Group's borrowings are as follows:

	As at	
	31/12/2018	31/12/2017
	RM'000	RM'000
Current liabilities	27,839	8,250
Non-current liabilities	18,846	20,319
	46,685	28,569
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	43,588	24,076
- United States Dollar	-	478
- Vietnamese Dong	3,097	4,015
	46,685	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.

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

B8 DIVIDENDS

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

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 December		Year ended 31 December	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	1,146	1,226	4,761	5,028
Impairment losses on investment in an associate	118	-	118	-
Impairment losses on amount owing by associates	9	-	9	-
Impairment losses on trade receivables	456	38	458	38
Interest expense	355	319	1,250	1,420
Inventories written down	200	113	402	191
Loss on disposals of property, plant and equipment	9	-	9	-
Property, plant and equipment written off	-	6	2	6
Net (gain)/loss on foreign exchange	250	(268)	-	561
Fair value adjustment on other payables	(202)	-	(202)	-
Gain on disposal of a subsidiary	-	(3,617)	-	(6,827)
Gain on disposals of property, plant and equipment	199	(304)	-	(876)
Interest income	(155)	(115)	(709)	(258)
Reversal of inventories written down	210	-	(41)	-
Reversal of impairment losses on trade receivables	(249)	(10)	(249)	(10)

- 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 (LOSS)/EARNINGS PER ORDINARY SHARE

- a) Basic (loss)/earnings per ordinary share

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

	Quarter ended 31 December		Year ended 31 December	
	2018	2017 (restated)	2018	2017 (restated)
(Loss)/Profit attributable to owners of the parent (RM'000)	(6,101)	(5,787)	(9,179)	780
Weighted average number of ordinary shares in issue ('000)	309,600	301,742	305,499	299,146
Basic (loss)/earnings per ordinary share (sen)	(1.97)	(1.92)	(3.00)	0.26

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

B11 (LOSS)/EARNINGS PER ORDINARY SHARE (cont'd)

b) Diluted (loss)/earnings per ordinary share

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

	Quarter ended 31 December		Period ended 31 December	
	2018	2017 (restated)	2018	2017 (restated)
(Loss)/Profit attributable to owners of the parent (RM'000)	(6,101)	(5,787)	(9,179)	780
Weighted average number of ordinary shares in issue ('000)	309,600	301,742	305,499	299,146
Effect of dilution ('000)	47,221	60,212	50,854	57,518
Adjusted weighted average number of ordinary shares in issue ('000)	356,821	361,954	356,353	356,664
Diluted (loss)/earnings per ordinary share (sen)	(1.71)	(1.60)	(2.58)	0.22

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).

	As at	
	31/12/2018	31/12/2017 (restated)
Total equity attributable to owners of the parent (RM'000)	132,092	132,000
Number of ordinary shares in issue ('000)	310,751	302,488
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	310,333	302,070
Net assets per share attributable to owners of the parent (RM)	0.4256	0.4370

B13 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 February 2019.