

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 - UNAUDITED

	Quarter ended 30 September		Period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	88,470	71,852	275,819	193,784
Cost of sales	(68,574)	(50,931)	(213,878)	(135,564)
Gross profit	19,896	20,921	61,941	58,220
Other income	1,123	1,474	3,871	3,211
Selling and marketing expenses	(504)	(1,182)	(1,768)	(3,437)
Administrative expenses	(13,772)	(7,776)	(38,703)	(23,095)
Other expenses	(295)	(863)	(955)	(1,635)
Interest income	957	802	2,785	2,318
Finance costs	(715)	(762)	(2,214)	(1,982)
Share of profit of associates, net of tax	-	1,161	-	3,175
Share of profit of a joint venture, net of tax	79	140	138	330
Profit before tax	6,769	13,915	25,095	37,105
Tax expense	(2,296)	(3,569)	(8,298)	(9,446)
Profit for the financial period	4,473	10,346	16,797	27,659
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translations	(1,095)	686	2,888	1,993
Realisation of reserves from disposal of subsidiaries	(1,151)	-	(1,151)	-
Share of other comprehensive income of associates	-	199	-	129
Share of other comprehensive (loss)/income of a joint venture	(27)	33	28	66
Total comprehensive income for the financial period	2,200	11,264	18,562	29,847

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 - UNAUDITED

	Quarter ended 30 September		Period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit attributable to:				
Owners of the parent	1,513	4,951	7,045	12,916
Non-controlling interests	2,960	5,395	9,752	14,743
	<u>4,473</u>	<u>10,346</u>	<u>16,797</u>	<u>27,659</u>
Total comprehensive income attributable to:				
Owners of the parent	342	5,448	7,935	14,085
Non-controlling interests	1,858	5,816	10,627	15,762
	<u>2,200</u>	<u>11,264</u>	<u>18,562</u>	<u>29,847</u>
Basic earnings per ordinary share attributable to owners of the parent (sen)	<u>0.35</u>	<u>1.15</u>	<u>1.64</u>	<u>3.01</u>
Diluted earnings per ordinary share attributable to owners of the parent (sen)	<u>0.35</u>	<u>1.15</u>	<u>1.62</u>	<u>3.01</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 - UNAUDITED

		As at 30 September 2023 RM'000	(Audited) As at 31 December 2022 RM'000
	Notes		
Non-current assets			
Property, plant and equipment		29,720	25,272
Right-of-use assets		21,500	22,144
Intangible assets		15,893	15,617
Investments in associates		-	-
Investment in a joint venture		1,142	1,411
Contract assets		1,363	61,378
Trade and other receivables		63,051	1,405
Deferred tax assets		25	20
Total non-current assets		132,694	127,247
Current assets			
Inventories		20,765	36,495
Biological assets		79,027	80,168
Trade and other receivables		75,567	75,833
Contract assets		86,790	92,604
Current tax assets		4,205	2,267
Cash and bank balances		61,329	71,469
Total current assets		327,683	358,836
Total assets		460,377	486,083
Equity			
Share capital		144,693	144,530
Treasury shares		(87)	(87)
Exchange translation differences		537	(353)
Share option reserve		780	-
Fair value reserve		(28,327)	(28,327)
Retained earnings		60,766	53,721
Total attributable to owners of the parent		178,362	169,484
Non-controlling interests		93,238	82,611
Total equity		271,600	252,095
Non-current liabilities			
Borrowings	B7	40,114	42,127
Trade and other payables		-	15,569
Lease liabilities		5,114	5,802
Deferred tax liabilities		2,256	2,338
Total non-current liabilities		47,484	65,836

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 SEPTEMBER 2023 - UNAUDITED

	Notes	As at 30 September 2023 RM'000	(Audited) As at 31 December 2022 RM'000
Current liabilities			
Borrowings	B7	9,171	23,375
Trade and other payables		127,697	129,631
Contract liabilities		15	7,325
Lease liabilities		1,888	1,492
Current tax liabilities		2,522	6,329
Total current liabilities		<u>141,293</u>	<u>168,152</u>
Total liabilities		<u>188,777</u>	<u>233,988</u>
Total equity and liabilities		<u>460,377</u>	<u>486,083</u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.4146</u>	<u>0.3947</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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(Registration No: 200101005950 (541706-V))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2023

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 - UNAUDITED**

	<----- Attributable to owners of the parent ----->						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation differences RM'000	Share option reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000			
<u>9 months ended 30 September 2022</u>									
Balance as at 1 January 2022	144,530	(87)	(1,325)	-	(28,327)	35,769	150,560	51,145	201,705
Profit for the financial period	-	-	-	-	-	12,916	12,916	14,743	27,659
Foreign currency translations	-	-	974	-	-	-	974	1,019	1,993
Share of other comprehensive income of associates, net of tax	-	-	129	-	-	-	129	-	129
Share of other comprehensive income of a joint venture, net of tax	-	-	66	-	-	-	66	-	66
Total comprehensive income	-	-	1,169	-	-	12,916	14,085	15,762	29,847
Issuance of shares by a non-wholly owned subsidiary to non-controlling interests	-	-	-	-	-	(1,533)	(1,533)	6,999	5,466
Balance as at 30 September 2022	<u>144,530</u>	<u>(87)</u>	<u>(156)</u>	<u>-</u>	<u>(28,327)</u>	<u>47,152</u>	<u>163,112</u>	<u>73,906</u>	<u>237,018</u>
<u>9 months ended 30 September 2023</u>									
Balance as at 1 January 2023	144,530	(87)	(353)	-	(28,327)	53,721	169,484	82,611	252,095
Profit for the financial period	-	-	-	-	-	7,045	7,045	9,752	16,797
Foreign currency translations	-	-	1,457	-	-	-	1,457	1,431	2,888
Realisation of reserves from disposal of subsidiaries	-	-	(581)	-	-	-	(581)	(570)	(1,151)
Share of other comprehensive income of a joint venture, net of tax	-	-	14	-	-	-	14	14	28
Total comprehensive income	-	-	890	-	-	7,045	7,935	10,627	18,562
Share options granted under Share Option Plan ("SOP")	-	-	-	821	-	-	821	-	821
Issuance of ordinary shares pursuant to SOP option exercised	163	-	-	(41)	-	-	122	-	122
Balance as at 30 September 2023	<u>144,693</u>	<u>(87)</u>	<u>537</u>	<u>780</u>	<u>(28,327)</u>	<u>60,766</u>	<u>178,362</u>	<u>93,238</u>	<u>271,600</u>

Note:

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 - UNAUDITED

	Period ended 30 September	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit before tax	25,095	37,105
Adjustments for:		
Non-cash items	8,400	1,862
Finance costs	2,214	1,982
Interest income	(2,785)	(2,318)
Share of profit of associates	-	(3,175)
Share of profit of a joint venture	(138)	(330)
Share options granted under SOP	821	-
Operating profit before changes in working capital	<u>33,607</u>	35,126
Change in inventories	11,634	19,419
Change in trade and other receivables	(3,492)	7,496
Change in contract assets	6,926	(21,908)
Change in trade and other payables	(17,940)	(409)
Change in contract liabilities	<u>(6,313)</u>	153
Cash generated from operations	24,422	39,877
Tax paid (net)	<u>(12,679)</u>	<u>(4,860)</u>
Net cash generated from operating activities	<u>11,743</u>	<u>35,017</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(11,022)	(1,697)
Acquisition of right-of-use assets	(20)	-
Advances to/(Repayments from) a joint venture	(3)	8
Dividends received from a joint venture	435	-
Interest received	887	390
Acquisition of a subsidiary	-	24,111
Proceeds from disposals of property, plant and equipment	5,379	37
Net cash flows from disposal of subsidiaries	(2,721)	-
Deposits placed with financial institutions with original maturity of more than three (3) months	(5,934)	(3,862)
Withdrawal of restricted cash	-	527
Net cash (used in)/generated from investing activities	<u>(12,999)</u>	<u>19,514</u>
Cash flows from financing activities		
Interest paid	(1,896)	(1,608)
Proceeds from issuance of ordinary shares pursuant to SOP exercised	122	-
Drawdown of borrowings	9,217	1,830
Addition of lease liabilities	-	1,896
Repayments of borrowings	(26,199)	(7,774)
Repayments of lease liabilities	(1,285)	(466)
Advances from/(Repayments to) shareholders, net	890	(6,740)
Net cash used in financing activities	<u>(19,151)</u>	<u>(12,862)</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 - UNAUDITED

	Period ended 30 September	
	2023	2022
	RM'000	RM'000
Net increase in cash and cash equivalents	(20,407)	41,669
Effects of exchange rate changes	3,822	(1,422)
Cash and cash equivalents at beginning of financial period	59,726	30,487
Cash and cash equivalents at end of financial period	<u>43,141</u>	<u>70,734</u>
Cash and cash equivalents comprise:		
Cash and bank balances	61,329	82,007
Less: Bank overdraft	(377)	(98)
Deposits placed with financial institutions with original maturity of more than three (3) months	(17,611)	(10,975)
Restricted cash	(200)	(200)
	<u>43,141</u>	<u>70,734</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD (Registration No: 200101005950 (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 statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2021 except for the new Malaysian Financial Reporting Standards ("MFRS"), interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2023:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

A2 AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS

The report of the auditors to members of the Company dated 28 March 2023 on the audited financial statements for the financial year ended 31 December 2022 did not contain any qualification.

A3 SEASONALITY OF OPERATIONS

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

A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period under review.

A5 CHANGES IN ACCOUNTING ESTIMATES

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

A6 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current financial period under review except for the exercise of 740,991 share options under SOP.

A7 DIVIDENDS PAID

No dividend was paid in current financial period under review.

A8 PRG's LONG TERM INCENTIVE PLAN ("LTIP SCHEME")

The Company has implemented LTIP scheme to recognise the contributions and services of the eligible persons and to attract and retain high-calibre eligible persons. The LTIP scheme comprised of grant of Share Grant Plan ("SGP") Award(s) and Share Option Plan ("SOP") Award(s) to any eligible person in accordance with the provisions of By-Laws. The LTIP scheme was approved by the shareholders at the Extraordinary General Meeting held on 8 August 2022 and came into effect on 1 November 2022. The LTIP scheme shall be in force for a period of five (5) years until 30 October 2027.

PRG HOLDINGS BERHAD (Registration No: 200101005950 (541706-V))
PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

A8 OPERATING SEGMENTS

Information on reportable segments is presented as follows:

	Property development & construction RM'000	Manufacturing RM'000	Energy Efficiency RM'000	Agriculture RM'000	Others RM'000	Eliminations RM'000	Total RM'000
For the period ended 30 September 2022							
Revenue							
Revenue from external customers	102,538	84,116	6,039	897	194	-	193,784
Inter-segment revenue	1,060	61	52	-	-	(1,173)	-
Total revenue	103,598	84,177	6,091	897	194	(1,173)	193,784
Segment results	28,694	9,485	1,156	(2,278)	(3,457)	-	33,600
Share of profit of a joint venture (net of tax)	-	330	-	-	-	-	330
Share of profit of associates (net of tax)	-	-	3,175	-	-	-	3,175
Profit/(Loss) before tax	28,694	9,815	4,331	(2,278)	(3,457)	-	37,105
Tax expense							(9,446)
Profit for the financial period							27,659
For the period ended 30 September 2023							
Revenue							
Revenue from external customers	121,209	74,900	78,876	659	175	-	275,819
Inter-segment revenue	1,239	7,588	12,709	-	19,836	(41,372)	-
Total revenue	122,448	82,488	91,585	659	20,011	(41,372)	275,819
Segment results	19,190	1,746	9,759	(3,392)	(2,346)	-	24,957
Share of profit of a joint venture (net of tax)	-	138	-	-	-	-	138
Profit/(Loss) before tax	19,190	1,884	9,759	(3,392)	(2,346)	-	25,095
Tax expense							(8,298)
Profit for the financial period							16,797

A9 EVENTS AFTER BALANCE SHEET DATE

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

A10 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group since the last annual balance sheet as at 31 December 2022 except for the disposal of entire issued share capital of Meinaide Holdings Group Limited ("Meinaide") as stated in Note B6(e).

A11 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2022.

A12 CAPITAL COMMITMENTS

	As at 30 September 2023 RM'000
Contracted but not provided for:	
- Acquisition of property, plant and equipment	2,446

A13 MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 30 September		Period ended 30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Transaction with joint venture partner</u>				
Sale of goods	87	336	536	1,008
<u>Transactions with a corporation in which a Director has interest</u>				
Rental expenses	(20)	-	(20)	-
<u>Transactions with corporations in which a Director of a subsidiary has interest</u>				
Rental expenses	(486)	-	(486)	-

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

B1 ANALYSIS OF PERFORMANCE

The Group's revenue of RM88.5 million for third quarter of 2023 was RM16.6 million higher than RM71.9 million revenue reported in the corresponding quarter of preceding year. The Group's revenue for the 9 months ended 30 September 2023 was RM275.8 million, representing RM82.0 million increase as compared to revenue of RM193.8 million recorded in the corresponding period of preceding year.

The Group recorded a profit before tax of RM6.8 million in the third quarter of 2023, which was decreased by RM7.1 million as compared to profit before tax of RM13.9 million reported in the corresponding quarter of preceding year. Profit before tax for the 9 months ended 30 September 2023 was RM25.1 million, representing a decrease of RM12.0 million as compared to profit before tax of RM37.1 million recorded in the corresponding period of preceding year.

Increase in the Group's revenue during the current quarter and period ended 30 September 2023 as compared to the corresponding quarter and period of preceding year was mainly due to higher revenue contributed from the energy efficiency business and higher progress recognition for construction projects.

Lower profit before tax recorded in current quarter and period ended 30 September 2023 as compared to corresponding quarter and period of preceding year was due to lower profit recognition from property development project as the project was towards completion stage and higher loss recorded by agriculture segment, offset with profit contributed by energy efficiency business. Further, the Group recognised an one-off impairment loss on trade and other receivables and provision for slow moving stock of total RM6.0 million from manufacturing segment.

Setting aside the one-off and non-recurring loss of RM6.0 million recognised in current quarter and period ended 30 September 2023, the profits before tax of the Group would be RM12.8 million and RM31.1 million respectively, which were RM1.1 million and RM6.0 million lower than corresponding quarter and period of preceding year respectively.

a) Property development & construction

The property development & construction segment recorded RM40.9 million revenue for the third quarter of 2023, which was RM1.7 million higher than RM39.2 million recorded in the corresponding quarter of 2022. The segment's revenue for the 9 months ended 30 September 2023 of RM121.2 million was RM18.7 million higher than RM102.5 million revenue recorded in the corresponding period of preceding year.

Profit before tax of RM4.0 million from property development & construction segment for the third quarter of 2023 was RM6.7 million lower than RM10.7 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 9 months ended 30 September 2023 of RM19.2 million was decreased by RM9.5 million as compared to profit before tax of RM28.7 million recorded in the corresponding period of preceding year.

The increase in revenue for the current quarter and period ended 30 September 2023 for property development & construction segment was mainly contributed by higher construction progress from ongoing projects. Lower profit before tax for the current quarter and period ended 30 September 2023 resulted from lower profit margin of construction projects.

B1 ANALYSIS OF PERFORMANCE (continued)

b) Manufacturing

The revenue of RM24.9 million from manufacturing segment for the third quarter of 2023 was RM1.5 million lower than RM26.4 million recorded in the corresponding quarter of 2022. The segment's revenue for the 9 months ended 30 September 2023 of RM74.9 million was RM9.2 million lower than RM84.1 million recorded in the corresponding period of preceding year.

The profit before tax of RM2.8 million from manufacturing segment for the third quarter of 2023 was RM0.3 million lower than than RM3.1 million recorded in the corresponding quarter of 2022. The segment's profit before tax for the 9 months ended 30 September 2023 of RM1.9 million was RM7.9 million lower than RM9.8 million recorded in the corresponding period of preceding year.

The decrease in revenue from manufacturing segment for the current quarter and period ended 30 September 2023 was mainly due to slowdown in global demand and rising inflation. Lower profit before tax for the period ended 30 September 2023 was due to lower sales and one-off impairment loss on trade and other receivables and provision of slow moving stock with a total of RM6.0 million.

c) Energy efficiency

The energy efficiency segment recorded RM22.1 million revenue for the third quarter of 2023, which was RM16.1 million higher than RM6.0 million recorded in the corresponding quarter of 2022. The segment's revenue for the 9 months ended 30 September 2023 of RM78.9 million was RM72.9 million higher than RM6.0 million recorded in the corresponding period of 2023.

Profit before tax of RM1.9 million from energy efficiency segment for the third quarter of 2023 was RM0.4 million lower than RM2.3 million recorded in the corresponding quarter of preceding year. The segment's profit before tax for the 9 months ended 30 September 2023 of RM9.7 million was increased by RM5.4 million as compared to profit before tax of RM4.3 million recorded in the corresponding period of preceding year.

Higher revenue and profit before tax for the current quarter and period ended 30 September 2023 for energy efficiency segment was mainly due to Energy Solution Global Limited and its subsidiaries became wholly-owned subsidiaries of the Group on 29 August 2023, hence, there was only 1 month results being consolidated into the Group for the corresponding period of 2022. There was a share of profit of RM3.2 million for the first 8 months of the corresponding period of 2022. During the period ended 30 September 2023, the energy efficiency segment recorded a strong revenue by recognising progress completion and delivery of projects.

d) Agriculture

The agriculture segment recorded RM0.5 million revenue for the third quarter of 2023, which was RM0.4 million higher than RM0.1 million recorded in the corresponding quarter of 2022. The segment's revenue for the 9 months ended 30 September 2023 of RM0.7 million was RM0.2 million lower than RM0.9 million recorded in the corresponding period of preceding year.

The agriculture segment's loss before tax of RM1.2 million for the third quarter of 2023, which was RM0.1 million higher than loss before tax of RM1.1 million recorded in corresponding quarter of 2022. The segment's loss before tax for the 9 months ended 30 September 2023 of RM3.4 million was RM1.1 million higher than RM2.3 million recorded in the corresponding period of preceding year.

B1 ANALYSIS OF PERFORMANCE (continued)

d) Agriculture (continued)

Lower revenue and higher loss before tax reported in 9 months period ended 30 September 2023 was mainly due to seasonal rainfall occurred in beginning of every year in Kelantan affected the logging activities. Higher loss mainly due to higher operating costs.

e) Others

The revenue from others segment for current quarter and period ended 30 September 2023 was fairly consistent with corresponding quarter and period of preceding year respectively.

The loss before tax of RM0.7 million recorded in current quarter ended 30 September 2023 was RM0.4 million lower than the loss before tax of RM1.1 million recorded in corresponding quarter of preceding year. The segment's loss before tax of RM2.3 million for 9 months period ended 30 September 2023 was RM1.2 million lower than the loss before tax of RM3.5 million recorded in corresponding period of preceding year. This was mainly due to lower administrative expenses incurred in others segment and one-off gain on disposal of subsidiaries of RM0.3 million.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM88.4 million and profit before tax of RM6.8 million for the current quarter ended 30 September 2023 as compared to revenue of RM94.6 million and profit before tax of RM7.3 million for the immediate preceding quarter. The decrease in revenue as compared to the immediate preceding quarter was mainly due to lower construction progress recognised from ongoing projects and lower revenue from manufacturing segment. The decrease in profit before tax as compared to the immediate preceding quarter was in line with the decrease in revenue.

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR

The property market in Malaysia remains challenging. The recent increases in overnight policy rate in year 2023 will have a significant impact on the property market. Further, the shortage of skilled manpower, increase in construction material prices and labour cost will affect the progress and performance of property development and construction segment. The Group will continue to monitor and implement appropriate business strategies and cost rationalisation strategies in order to address the challenges and risks.

The supply chain disruption coupled with the rising costs of material and slow demand remain the major challenges that affect manufacturing operations. In view of the uncertainty of the global economy, the Group will continue to operate within the constraints, reassess the market demand, pricing strategies as well as rationalise the cost structure in order to stay competitive in the market.

The agriculture segment will continue facing challenges from the weather uncertainty, operating costs escalation and labour shortages issues. As such, the Group will continue to manage its risks and improve its operating processes as the Group believes agriculture segment will contribute positively to the Group with the anticipation of increasing demand and teak wood prices.

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SECURITIES BERHAD (continued)

B3 PROSPECTS FOR CURRENT FINANCIAL YEAR (continued)

Global energy consumption continues to rise in 2023. The energy prices remain high. There is also a growing urgency to reduce energy consumption globally, especially with the potential disruptions in gas and oil supplies. Governments are increasingly emphasizing climate change mitigation policies, greenhouse gas emission reduction, and energy efficiency initiatives. Amidst those global trends, the Group believes that the energy efficiency business presents a positive growth opportunity. Governments' support for environmental initiatives and the increasing focus on environment, social, and governance issues are expected to bolster the Group's result in the energy efficiency segment.

The global economy is facing an increasingly gloomy and uncertain outlook, the Group will remain resilient and vigilant to manage the associated risks in order to maintain the sustainability of the businesses.

B4 PROFIT FORECAST

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

B5 INCOME TAX EXPENSE

	Quarter ended 30 September		Period ended 30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysia	1,567	3,095	5,664	8,366
- Overseas	679	474	2,645	1,080
- Under provision in prior years	82	-	82	-
	2,328	3,569	8,391	9,446
Deferred tax	(32)	-	(93)	-
	2,296	3,569	8,298	9,446

The effective tax rates of the Group for the current quarter and period ended 30 September 2023 were higher than the statutory tax rate as certain expenses are not tax deductible.

B6 STATUS OF CORPORATE PROPOSALS

a) Proposed disposal and joint venture in relation to a piece of land located in Taman Gading, Batu Gajah, Perak ("Batu Gajah Land")

On 26 August 2020, PRG announced that Premier Construction Sdn Bhd ("PCSB"), a wholly-owned subsidiary of PRG Property which in turn is a wholly-owned subsidiary of PRG, had on even date entered into a sale & purchase agreement ("SPA") with Semangat Hikmat Sdn Bhd ("SHSB") for the disposal of Batu Gajah Land for a total consideration of RM7,200,000. ("Proposed Disposal")

On 30 March 2021, PRG announced that PCSB has on 30 March 2021 entered into a Deed of Termination with SHSB whereby PCSB and SHSB have mutually agreed to terminate the SPA and the Proposed Disposal. On 30 March 2021, PCSB has entered into a Joint Venture Agreement with SHSB for the proposed development of Batu Gajah Land for residential developments scheme together with all the necessary infrastructure and public utilities.

Up to the date of this announcement, the first and second consideration sum of RM6.4 million was received from SHSB.

B6 STATUS OF CORPORATE PROPOSALS (continued)

- b) Proposed disposal by PRG of 50 Units Of Picasso Residence Condominium ("Subject Properties") to PRG Land Sdn Bhd ("PLSB"), a wholly-owned subsidiary of Furniweb Holdings Limited ("Furniweb") which in turn is a 50.45%-owned subsidiary of PRG, for a total consideration of RM61,982,000 ("Proposed Disposal of Properties")**
- c) Proposed diversification of the business of PRG and its subsidiaries ("PRG Group") to include the property investment business**

PRG had on 27 April 2023 entered into a Master Agreement as supplemented by a supplemental master agreement dated 7 June 2023 with Furniweb and PLSB in respect of the Proposed Disposal for a total consideration of RM61,982,000 which is partly in cash and partly satisfied by the allotment and issue of new shares of Furniweb to PRG. The shareholding of PRG in Furniweb would be increased from 50.45% to 67.97% upon the completion of the Proposed Disposal.

On the same date, PRG entered into a settlement letter with Premier De Muara Sdn Bhd ("PDMSB"), PRG Property Sdn Bhd and Liveintent Sdn Bhd in respect of the share sale agreement dated 26 July 2019 which was completed in July 2020, to settle the shareholder's advances made by PRG Group (together with the agreed interests accrued or accruing thereon) to PDMSB prior to its disposal by exercising its option to accept the final settlement sum of RM61,982,000 for an entitlement of 50 units of condominium at Picasso Residence.

PRG had also on the even date entered into a non-competition undertakings Supplemental Deed with Furniweb to revise the deed of non-competition undertaking dated 28 September 2017 entered into between PRG and Furniweb to exclude property investment business as restricted activity in order to provide flexibility to PRG to involve or engage directly or indirectly the property investment business in the future (if any). The Supplemental Deed was subsequently terminated by both parties via the execution of a deed of termination on 7 June 2023.

Following the Proposed Disposal, it is anticipated that Furniweb intends to utilise the Subject Properties for property investment purposes, PRG proposes to seek shareholders' approval for the Proposed Disposal of Properties and Proposed Diversification at the forthcoming EGM pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements.

Please refer to the announcements dated 27 April 2023 and 7 June 2023 for details.

d) Proposed debt settlements of Dato' Lua Choon Hann and Dato' Ng Yan Cheng

On 25 August 2023, PRG announced that the Group is proposing to undertake the following:

- i) proposed partial settlement of debt owing by the Group to Dato' Lua Choon Hann ("Dato' Lua"), being the Group Executive Vice Chairman and a substantial shareholder of the Company amounting to RM6,482,290.32 to be satisfied via issuance of 30,333,600 new ordinary shares of the Company; and
- ii) proposed partial settlement of debt owing by the Group to Dato' Ng Yan Cheng ("Dato' Ng") being the director of Energy Solution Global Limited, an indirect wholly owned subsidiary of the Company and a substantial shareholder of the Company amounting to RM4,993,271.46 to be satisfied via issuance of 23,365,800 new ordinary shares of the Company.

The proposed debt settlements are subject to approval from shareholders of the Company at the forthcoming EGM pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements and approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation for the settlement shares on the Main Market of Bursa Securities.

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B6 STATUS OF CORPORATE PROPOSALS (continued)

e) Proposed disposal of 100% interest in Meinaide, a wholly-owned subsidiary of Furniweb ("Proposed Disposal of Meinaide")

On 20 September 2023, PRG announced that that Furniweb, a 50.45%-owned subsidiary of PRG, has on 19 September 2023 entered into a sale and purchase agreement with Omen Wealth Limited in respect of the disposal of 50,000 ordinary shares in Meinaide, representing the entire issued share capital of Meinaide, for a consideration of HK\$15,000,000 (equivalent to approximately RM8,878,500), subject to and upon the terms and conditions stipulated in the sale and purchase agreement.

The Proposed Disposal of Meinaide was completed on 30 September 2023. Upon completion of the Proposed Disposal of Meinaide, Meinaide ceased to be a subsidiary of the Group and the financial results of Meinaide and its subsidiaries will no longer be consolidated into the financial statements of the Group.

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

B7 BORROWINGS

The Group's borrowings are as follows:

	As at	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Current liabilities	9,171	23,375
Non-current liabilities	40,114	42,127
	49,285	65,502
	40,705	44,507
	8,580	20,995
	49,285	65,502

The borrowings are denominated in the following currencies:

- Ringgit Malaysia
- Singapore Dollar

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 2023.

B9 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30 September		Period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating profit is arrived at after charging/(crediting):				
Depreciation and amortisation	1,156	777	3,430	2,210
Gain on disposals of property, plant and equipment	(2)	(9)	(645)	(33)
Gain on disposal of subsidiaries	(347)	-	(347)	-
Gain on fair value adjustment on trade and other receivables	-	-	(26)	-
(Reversal)/Impairment loss on trade and other receivables, net	(48)	-	3,475	-
Interest expense	715	762	2,214	1,982
Interest income	(957)	(802)	(2,785)	(2,318)
Inventories written down (net)	(138)	-	2,452	-
Net loss/(gain) on foreign exchange	291	(197)	62	21
Reversal of inventories written down	-	(264)	-	(369)

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

B10 MATERIAL LITIGATION

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

B11 EARNINGS PER ORDINARY SHARE

- a) Basic earnings per ordinary share

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

	Quarter ended 30 September		Period ended 30 September	
	2023	2022	2023	2022
Profit attributable to owners of the parent (RM'000)	1,513	4,951	7,045	12,916
Weighted average number of ordinary shares in issue ('000)	429,610	429,439	429,497	429,439
Basic earnings per ordinary share (sen)	0.35	1.15	1.64	3.01

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B11 EARNINGS PER ORDINARY SHARE (continued)

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 30 September		Period ended 30 September	
	2023	2022	2023	2022
Profit attributable to owners of the parent (RM'000)	1,513	4,951	7,045	12,916
Weighted average number of ordinary shares in issue ('000)	429,610	429,439	429,497	429,439
Effect of dilution ('000)	6,771	-	4,931	-
Adjusted weighted average number of ordinary shares in issue ('000)	436,381	429,439	434,428	429,439
Diluted loss per ordinary share (sen)	0.35	1.15	1.62	3.01

B12 NET ASSETS PER SHARE

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the period by the number of ordinary shares in issue at the end of the period (excluding treasury shares).

	As at	
	30 September 2023	31 December 2022 (Audited)
Total equity attributable to owners of the parent (RM'000)	178,362	169,484
Number of ordinary shares in issue ('000)	430,598	429,857
Number of shares repurchased ('000)	(418)	(418)
Number of ordinary shares in issue (excluding treasury shares) ('000)	430,180	429,439
Net assets per share attributable to owners of the parent (RM)	0.4146	0.3947

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 29 November 2023.