

Summary of Key Financial Information for the period ended 30 September 2019

		INDIVIDUAL		Individual changes		CUMULATIVE		Cumulative changes	
		3 MONTHS ENDED 30/09/2019 RM'000	3 MONTHS ENDED 30/09/2018 RM'000	Amount RM'000	%	6 MONTHS ENDED 30/09/2019 RM'000	6 MONTHS ENDED 30/09/2018 RM'000	Amount RM'000	%
1	Revenue	26,199	2,372	23,827	1004.5%	49,600	5,460	44,140	808.4%
2	Profit/(loss) before tax	2,870	(1,118)	3,988	-356.7%	5,506	(2,572)	8,078	-314.1%
3	Profit/(loss) for the period	2,690	(1,179)	3,869	-328.2%	5,205	(2,701)	7,906	-292.7%
4	Profit/(loss) attributable to the ordinary equity holders of the parent	2,690	(1,179)	3,869	-328.2%	5,205	(2,701)	7,906	-292.7%
5	Basic earnings/(loss) per share (sen)	1.44	(0.63)	2.07	-328.1%	2.79	(1.45)	4.24	-292.7%
6	Diluted earnings/(loss) per share (sen)	1.43	(0.59)	2.02	-341.9%	2.76	(1.35)	4.11	-304.3%
7	Proposed / Declared dividend per share (sen)	-	-	-		-	-	-	

Summary of Financial review for current quarter compared with immediate preceding quarter

		INDIVIDUAL		Individual changes	
		3 MONTHS ENDED 30/09/2019 RM'000	3 MONTHS ENDED 30/06/2019 RM'000	Amount RM'000	%
1	Revenue	26,199	23,401	2,798	12.0%
2	Profit before tax	2,870	2,636	234	8.9%
3	Profit for the period	2,690	2,515	175	7.0%
4	Profit attributable to the ordinary equity holders of the parent	2,690	2,515	175	7.0%
5	Basic earnings per share (sen)	1.44	1.35	0.09	6.8%
6	Diluted earnings per share (sen)	1.43	1.34	0.09	6.5%
7	Proposed / Declared dividend per share (sen)	-	-	-	

		As At End of Current Quarter	As At Preceding Financial Year End
8	Net assets per share attributable to ordinary equity holders of the parent (RM)	1.31	1.28

ADDITIONAL INFORMATION

		INDIVIDUAL		Individual changes		CUMULATIVE		Cumulative changes	
		3 MONTHS ENDED 30/09/2019 RM'000	3 MONTHS ENDED 30/09/2018 RM'000	Amount RM'000	%	6 MONTHS ENDED 30/09/2019 RM'000	6 MONTHS ENDED 30/09/2018 RM'000	Amount RM'000	%
1	Gross interest income	37	111	(74)	-66.7%	109	322	(213)	-66.1%
2	Gross interest expense	545	-	545	#DIV/0!	1,208	-	1,208	#DIV/0!

PARAGON GLOBE BERHAD (194801000095 (1713-A))
 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FINANCIAL PERIOD
 ENDED 30 SEPTEMBER 2019



(The figures have not been audited)

	INDIVIDUAL		CUMULATIVE	
	3 MONTHS ENDED 30/09/2019 RM'000	3 MONTHS ENDED 30/09/2018 RM'000	6 MONTHS ENDED 30/09/2019 RM'000	6 MONTHS ENDED 30/09/2018 RM'000
Revenue	26,199	2,372	49,600	5,460
Cost of sales	(20,330)	(1,588)	(38,058)	(3,255)
Gross profit	5,869	784	11,542	2,205
Gross profit margin	22.4%	33.1%	23.3%	40.4%
Other items of income				
Other income	1,044	913	1,715	1,162
Other items of expense				
Marketing & distribution expenses	(1,352)	(687)	(2,210)	(1,237)
Administrative expenses	(2,141)	(2,420)	(4,320)	(4,898)
Finance costs	(545)	-	(1,208)	-
Other expenses	(5)	(35)	(13)	(317)
Share of results in an associate company	-	327	-	513
Profit/(loss) before tax	2,870	(1,118)	5,506	(2,572)
Taxation	(180)	(61)	(301)	(129)
Profit/(loss) net of tax	2,690	(1,179)	5,205	(2,701)
Other comprehensive (loss)/income, net of tax	(346)	-	143	(13)
Total comprehensive income/(loss)	2,344	(1,179)	5,348	(2,714)
Profit/(loss) attributable to:				
Owners of the parent	2,690	(1,179)	5,205	(2,701)
	<u>2,690</u>	<u>(1,179)</u>	<u>5,205</u>	<u>(2,701)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	2,344	(1,179)	5,348	(2,714)
	<u>2,344</u>	<u>(1,179)</u>	<u>5,348</u>	<u>(2,714)</u>
Profit/(loss) per share attributable to owners of the parent (sen per share)				
Basic	1.44	(0.63)	2.79	(1.45)
Diluted	1.43	(0.59)	2.76	(1.35)

The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 March 2019.

PARAGON GLOBE BERHAD (194801000095 (1713-A))
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2019



	AS AT 30/09/2019 RM'000 (Unaudited)	AS AT 31/03/2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,283	1,359
Intangible assets	187	209
Inventories	47,529	47,509
Other investments	54	54
	49,053	49,131
Current Assets		
Inventories	98,968	111,890
Assets held for sale	334	334
Other investments	92,742	109,706
Trade and other receivables	13,131	12,455
Tax recoverable	756	1,190
Contract assets	20,003	9,131
Cash and bank balances	12,049	11,486
	237,983	256,192
Total Assets	287,036	305,323
EQUITIES AND LIABILITIES		
Equity Attributable To Owners Of The Parent		
Share capital	203,224	203,224
Retained earnings	23,520	18,315
Other reserves	17,555	17,412
Total Equity	244,299	238,951
Current Liabilities		
Trade and other payables	9,663	17,751
Contract liabilities	1,934	-
Tax payable	1,368	1,368
Hire purchase payables	38	37
Total Current Liabilities	13,003	19,156
Net Current Assets	224,980	237,036
Non Current Liabilities		
Term loan	29,609	47,071
Hire purchase payables	125	145
Total Non Current Liabilities	29,734	47,216
Total Liabilities	42,737	66,372
Net Assets	244,299	238,951
TOTAL EQUITY AND LIABILITIES	287,036	305,323
Net assets per share (RM)	1.31	1.28

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 March 2019.

PARAGON GLOBE BERHAD (194801000095 (1713-A))
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

(The figures have not been audited)



	2019	2018
	6 months ended	6 months ended
	30 September	30 September
	RM'000	RM'000
Cash flow from operating activities		
Profit/(loss) before tax	5,506	(2,572)
Adjustments for non-cash flow items :-		
Share of results in an associate company	-	(513)
Non-cash items	183	(289)
Non-operating items	(493)	(1,550)
Operating profit/(loss) before changes in working capital	<u>5,196</u>	<u>(4,924)</u>
Changes in working capital		
Net change in current assets	1,351	24,114
Net change in current liabilities	(6,154)	(116,018)
Net cash generated from/(used in) operations	<u>393</u>	<u>(96,828)</u>
Income distribution from investment fund	946	614
Interest received	109	322
Tax recovered	490	672
Tax paid	(358)	(469)
Interest paid	(1,208)	-
Net cash generated from/(used in) operating activities	<u>372</u>	<u>(95,689)</u>
Cash flow from investing activities		
Withdrawal in investment deposit	17,753	119,680
Disposal of a subsidiary, net of cash disposed of	-	(60)
Purchase of intangible asset	-	(132)
Purchase of property, plant and equipment	(83)	(772)
Proceeds from disposal of property, plant and equipment	1	180
Net cash generated from investing activities	<u>17,671</u>	<u>118,896</u>
Cash flow from financing activities		
Redemption of term loan	(17,462)	-
Repayment of hire purchase payables	(18)	-
Net cash used in financing activities	<u>(17,480)</u>	<u>-</u>
Net change in cash & cash equivalents	<u>563</u>	<u>23,207</u>
Cash & cash equivalents at beginning of the period	<u>11,486</u>	<u>34,381</u>
Cash & cash equivalents at end of the period	<u><u>12,049</u></u>	<u><u>57,588</u></u>
Cash & cash equivalents comprise:		
Cash & bank balances	7,710	8,726
Fixed deposits with licensed banks	4,339	48,862
	<u><u>12,049</u></u>	<u><u>57,588</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2019.

PARAGON GLOBE BERHAD (194801000095 (1713-A))
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2019

(The figures have not been audited)



	Attributable to owners of the Parent							Total Equity RM'000
	Non-distributable			Other Reserves RM'000	Share Capital RM'000	Distributable Retained Earnings RM'000	Sub Total Equity RM'000	
Capital Reserves RM'000	Fair value Adjustment reserve RM'000	Warrant Reserves RM'000						
Opening balance at 1 April 2019	2,553	373	14,486	17,412	203,224	18,315	238,951	238,951
Fair value changes in finance assets at fair value through other comprehensive income	-	143	-	143	-	-	143	143
Profit for the period	-	-	-	-	-	5,205	5,205	5,205
Total comprehensive income	-	143	-	143	-	5,205	5,348	5,348
Closing balance at 30 September 2019	2,553	516	14,486	17,555	203,224	23,520	244,299	244,299
Opening balance at 1 April 2018	2,553	13	14,486	17,052	203,224	21,484	241,760	241,760
Fair value changes in finance assets at fair value through other comprehensive income	-	(13)	-	(13)	-	-	(13)	(13)
Loss for the period	-	-	-	-	-	(2,701)	(2,701)	(2,701)
Total comprehensive loss	-	(13)	-	(13)	-	(2,701)	(2,714)	(2,714)
Closing balance at 30 September 2018	2,553	-	14,486	17,039	203,224	18,783	239,046	239,046

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Report for the year ended 31 March 2019.

PART A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRSs") 134: Interim Financial Reporting in Malaysia and Para 9.22 of the Bursa Malaysia Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019. 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 Company since the financial year ended 31 March 2019.

The Company's financial statements was prepared in accordance with MFRSs, which is in line with International Financial Reporting Standards as issued by the International Accounting Standards Board. The adoptions of new and revised MFRSs, Amendments/Improvements to MFRSs, IC Interpretations and Amendments to IC Interpretations in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2019.

- a) During the current financial year, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments):-

MFRSs and IC Interpretations (including the Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23, Uncertainty over Income Tax Treatments

Amendments to MFRS 119 – Plan Amendment, Curtailment or Settlement

Annual Improvements to MFRS Standards 2015 – 2017 Cycle:

- Amendments to MFRS 3 Business Combinations
- Amendments to MFRS 11 Joint Arrangements
- Amendments to MFRS 112 Income Taxes
- Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 9, Prepayment Features with Negative Compensation

The adoption of the above MFRSs either not relevant or do not have significant financial impact to the Group.

- b) The Standards, Amendments, Annual Improvements and IC Interpretation that have been issued but not yet effective up to the date of issuance of the Company's financial report are disclosed below. The Company intend to adopt these Standards, Amendments, Annual Improvements and IC Interpretations, if applicable, when they become effective.

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3 – Definition of Business	1 January 2020
Amendments to MFRS 101 – Definition of Material	1 January 2020
Amendments to MFRS 108 – Definition of Material	1 January 2020
Amendments to MFRS 110 - Definition of Material	1 January 2020
Amendments to MFRS 134 – Definition of Material	1 January 2020
Amendments to MFRS 137 – Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

PART A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation (cont'd)

The directors are of opinion that the Standards, Amendments, Annual Improvements and IC Interpretations above would not have any material impact on the financial statements in the year of initial adoption.

2. Auditors' report

The auditor's report on the annual financial statements of the Company for the financial year ended 31 March 2019 was not qualified.

3. Seasonality of operation

The Company's business operations in the current quarter have not been materially affected by seasonal or cyclical factors.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review.

5. Material changes in estimates

There were no significant changes in estimates that have a material effect on the results for the quarter.

6. Dividend Paid

No dividend was paid in the financial quarter under review.

7. Segmental information

(RM'000)	Current Quarter Ended		Cumulative Quarter Ended	
	<u>30 September</u> <u>2019</u>	<u>30 September</u> <u>2018</u>	<u>30 September</u> <u>2019</u>	<u>30 September</u> <u>2018</u>
<u>Segment Revenue</u>				
Trading	3,754	2,317	7,064	4,607
Investments	512	55	673	853
Property and construction	21,933	-	41,863	-
	<u>26,199</u>	<u>2,372</u>	<u>49,600</u>	<u>5,460</u>

(RM'000)	Current Quarter Ended		Cumulative Quarter Ended	
	<u>30 September</u> <u>2019</u>	<u>30 September</u> <u>2018</u>	<u>30 September</u> <u>2019</u>	<u>30 September</u> <u>2018</u>
<u>Segment Result</u>				
Trading	(129)	(402)	(107)	(1,241)
Investments	(518)	(198)	(1,294)	(860)
Property and construction	3,517	(845)	6,907	(984)
Share of Results in an Associate	-	327	-	513
	<u>2,870</u>	<u>(1,118)</u>	<u>5,506</u>	<u>(2,572)</u>

PART A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

8. Changes in group composition

There were no changes in the composition of the Group during the financial quarter under review.

9. Capital commitments

There were no material capital commitments for the Company as at the date of this report.

10. Contingent assets and liabilities

	Unaudited	Audited
	30 September 2019	31 March 2019
	RM'000	RM'000
Secured		
Bank guarantee given to third parties	2,961	2,961
Unsecured		
Corporate guarantee given by the Company to licensed financial institutions for banking facilities granted to the subsidiary		
- Current exposure	37,609	55,071

11. Significant related party transaction

There was no significant related party transaction entered by the Company for the first quarter ended 30 September 2019.

12. Subsequent Events

There were no material events subsequent to the end of the financial quarter ended 30 September 2019 except for the following:

- i) On 16 October 2019, the Company has incorporated a subsidiary, Paragon Globe Properties Sdn Bhd ("PGPSB"), with an issued and paid up capital of RM100.00, comprising of 100 ordinary shares of RM1.00 each, resulting in PGPSB becoming a wholly-owned subsidiary of Paragon Globe Berhad.

PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**1. Performance review****Property and construction segment****Current quarter**

For the current quarter of FY2020, the property and construction segment has recorded a revenue of RM21.93 million while the result as at 30 September 2019 recorded a profit before tax of RM3.52 million compared to a loss before tax of RM 845,000 in the previous year corresponding quarter. The performance of the property and construction segment was boosted by the sale of factories and shop offices located in Pekan Nenas Business Park and also derived from the construction of marketplace in Tampoi.

Year to date

The property and construction segment revenue for the current year to date of FY2020 has improved to RM41.86 million while the result has also improved from loss before tax of RM 984,000 in the preceding year to date of FY2019 to profit before tax RM6.91 million in the current year to date of FY2020. The performance of the property and construction segment was boosted by the sale of factories and shop offices located in Pekan Nenas Business Park and also derived from the construction of marketplace in Tampoi.

Trading segment**Current quarter**

The trading segment revenue for the current quarter of FY2020 increased by 62.02% from RM2.32 million in the preceding year corresponding quarter to RM3.75 million in the current quarter. The increase in revenue was mainly due to the increased sale from GBH brand sanitaryware division where there is increase in walk-in sales and projects secured during the current quarter. The result has improved from a loss before tax of RM 402,000 in the preceding year corresponding quarter to a loss before tax of RM 129,000 in the current quarter mainly due to higher sales led to higher profit.

Year to date

The trading segment revenue for the current year to date increased by 53.3% from RM4.61 million in FY2019 to RM7.06 million in FY2020 mainly due to the increased sale through walk-in sales and projects secured during the year. The result has improved from a loss before tax of RM1.24 million in the preceding year to date to a loss before tax of RM 107,000 in the current year to date of FY2020 mainly due to higher sales led to higher profit.

Investment segment**Current quarter**

The investment segment reported revenue of RM 512,000 for the second quarter of FY2020 compared to revenue of RM 55,000 for preceding year corresponding quarter mainly due to the increase in dividend income distribution from investment fund. Loss before tax has increased from RM 198,000 in the second quarter of FY2019 to RM 518,000 in the current quarter due to the cost incurred remained at same level while there was gain on disposal in subsidiary amounting to RM 322,000 in prior year.

Year to date

The investment segment revenue for the current year to date of FY2020 decreased 21.1% from RM 853,000 to RM 673,000 compared to prior year mainly due to decrease in interest income and dividend income distribution from investment fund. The reduction of investment fund is due to withdrawal of placement in money market to acquire the development land for higher return which shown in property and construction segment. The result has worsened from loss before tax of RM 860,000 in the preceding year to date of FY2019 to loss before tax RM1.29 million in the current year to date mainly due to higher staff costs being incurred in current year and there was gain on disposal in subsidiary in prior year.

PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONT'D)**2. Comparison with preceding quarter's results**

The Company's revenue increase by RM2.80 million from RM23.40 million in the preceding quarter to RM26.20 million in the current quarter mainly due to the increase of sale in factories unit and shop offices in the property segment. Hence this has also led to an increase in the profit before tax for the current quarter which has recorded RM2.87 million comparing to RM2.64 million in the preceding quarter.

3. Prospects

For the property segment, the Company believe that property with right concept, products, pricing and location will still maintain favourable response from the owner occupiers. Necessary steps have been taken to ensure the long-term sustainability of the property segment. The Company will continue to focus on the launches of the Pekan Nenas Business Park project in the established townships of Johor. The strategy is to provide the Company with opportunity to create greater economic value and increase the earnings potential of the Company over the medium to long term as the project has promising development potential.

In terms of trading segment, the outlook for the sanitary business is expected to be challenging in view of the keen competition from local and imported products. Sluggish global economy may further dampen demand for sanitary ware products.

4. Variance on profit forecast

Not applicable.

5. Items included in the Statement of Income

Profit/(loss) before tax is after charging/(crediting) the following:

	Individual Quarter		Cumulative Quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(37)	(111)	(109)	(322)
Other income	(729)	(439)	(1,257)	(623)
Interest expense	545	-	1,208	-
Depreciation and amortisation	91	60	180	100
(Reversal)/Provision for and write off of receivables	(34)	-	(34)	-
(Reversal)/Provision for and write off of inventories	-	-	-	-
(Gain)/loss on disposal of properties, plant and equipment	-	(50)	-	(76)
(Gain)/loss on disposal of investment	(572)	(25)	(647)	399
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	1	17	7	15
(Gain)/loss on derivatives	-	-	-	-
(Gain)/loss on disposal of subsidiary	-	(322)	-	(322)
(Gain)/loss on disposal of associate	-	-	-	-
Exceptional items	-	-	-	-

PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONT'D)

6. Taxation

	Current Quarter	Year to date
	RM'000	RM'000
Income tax:		
- Current year	(180)	(301)
- (Under)/over provision of taxation in prior year	-	-
	(180)	(301)

Current income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the quarter.

7. Borrowings and debt securities

The Company's borrowings, all are repayable in Ringgit Malaysia and secured, as of the end of the quarter are as follows:

	Unaudited 30 September 2019 RM'000	Audited 31 March 2019 RM'000
Non-Current:		
Hire purchase and lease liabilities	125	145
Term loans	29,609	47,071
	29,734	47,216
Current:		
Hire purchase and lease liabilities	38	37
	38	37

8. Material litigation

There is no material litigation since the date of the last annual statements of financial position.

9. Dividend

No dividend was recommended for this financial quarter under review.

PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONT'D)

10. Earnings/(loss) per share

a) Basic earnings/(loss) per share

	Individual Quarter		Cumulative Quarter	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Net profit/(loss) attributable to owners of the parent	2,690	(1,179)	5,205	(2,701)
Weighted average number of ordinary shares	186,653	186,653	186,653	186,653
Basic earnings/(loss) per share (sen)	1.44	(0.63)	2.79	(1.45)

b) Diluted earnings/(loss) per share

	Individual Quarter		Cumulative Quarter	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Net profit/(loss) attributable to owners of the parent	2,690	(1,179)	5,205	(2,701)
Weighted average number of ordinary shares	186,653	186,653	186,653	186,653
Diluted potential ordinary shares	1,880	13,252	1,880	13,252
Diluted earnings/(loss) per share (sen)	1.43	(0.59)	2.76	(1.35)

BY ORDER OF THE BOARD
PARAGON GLOBE BERHAD

Dato' Sri Edwin Tan Pei Seng
Group Managing Director

Johor Bahru
21/11/2019