

## Engtex Group Berhad (Company No: 536693-X)

### Quarterly Report on consolidated results for the second quarter ended 30 June 2002.

(The figures have not been audited)

#### CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
		Current year quarter 30/6/2002	Preceding year corresponding quarter 30/6/2001	Current year to date 30/6/2002	Preceding year corresponding period 30/6/2001	
		RM'000	RM'000	RM'000	RM'000	
1	(a)	Revenue	66,574	-	127,734	-
	(b)	Investment income	-	-	-	-
	(c)	Other income	162	-	335	-
2	(a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	7,850	-	15,213	-
	(b)	Finance cost	(864)	-	(1,705)	-
	(c)	Depreciation and amortisation	(1,146)	-	(2,274)	-
	(d)	Exceptional items	-	-	-	-
	(e)	Profit before income tax, minority interests and extraordinary items	5,840	-	11,234	-
	(f)	Share of profits and losses of associated companies	-	-	-	-
	(g)	Profit before income tax, minority interest and extraordinary items	5,840	-	11,234	-
	(h)	Income tax	(1,813)	-	(3,485)	-
	(i)	(i) Profit after income tax before deducting minority interests	4,027	-	7,749	-
		(ii) Add/(less) : Minority interests	338	-	60	-
	(j)	Less : Pre-acquisition profits	(2,852)	-	(6,296)	-
	(k)	Net profit from ordinary activities attributable to members of the company	1,513	-	1,513	-
	(l)	(i) Extraordinary items	-	-	-	-
		(ii) Less : Minority interests	-	-	-	-
		(iii) Extraordinary items attributable to members of the Company	-	-	-	-
	(m)	Net profit attributable to members of the company	1,513	-	1,513	-
3		Earnings per share based on 2 (m) above after deducting any provision for preference dividend, if any:-				
	(i)	Basic (based on weighted 28,901,245 ordinary shares) (sen)	5.24	-	5.24	-
	(ii)	Fully diluted (based on weighted 28,901,245 ordinary shares) (sen)	-	-	-	-

Note:

The Proforma Group recorded a profit before taxation of RM5.840 million for the quarter ended 30 June 2002 and RM11.234 million for the six months ended 30 June 2002 on the back of revenue of RM66.574 million and RM127.734 million respectively. As the Group was only in place on 30 May, 2002 arising from a restructuring scheme, the Group recorded a post-acquisition profit after taxation and minority interests of RM1.513 million for both the current quarter ended 30 June 2002 and for the six months ended 30 June 2002.

**Engtex Group Berhad (Company No: 536693-X)**

**CONSOLIDATED BALANCE SHEET**

	<b>AS AT END OF CURRENT QUARTER 30/6/2002 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/2001 RM'000</b>
1 Property, plant and equipment	59,577	-
2 Investment property	-	-
3 Investment in associated companies	-	-
4 Long term investments	10	-
5 Goodwill on consolidation	-	-
6 Intangible Assets	-	-
7 Other long term assets	-	-
8 Current Assets		
<i>Inventories</i>	40,393	-
<i>Trade receivables</i>	77,291	-
<i>Other debtors, deposit and prepayment</i>	4,553	-
<i>Cash and bank balances</i>	4,860	-
	127,097	-
9 Current Liabilities		
<i>Trade payables</i>	38,176	-
<i>Other payables and accruals</i>	5,044	-
<i>Bank borrowings</i>	59,642	-
<i>Provision for taxation</i>	5,256	-
	108,118	-
10 Net current assets	18,979	-
	78,566	-
11 Shareholders' Funds		
Share Capital	50,900	-
Reserves		
<i>Share Premium</i>	7,050	-
<i>Reserve on consolidation</i>	8,738	-
<i>Retained Profits</i>	1,504	-
	68,192	-
12 Minority Interests	2,926	-
13 Long Term Borrowings	6,081	-
14 Deferred taxation	1,367	-
	78,566	-
15 Net tangible assets per shares (RM)	1.34	-

## Engtex Group Berhad (Company No: 536693-X)

### Notes to the unaudited quarterly report on the consolidated results for the financial quarter ended 30 June 2002

#### 1. Accounting Policies

The quarterly financial statements are prepared using the accounting policies and methods of computation consistent with the most recent annual financial statements. The financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia.

#### 2. Exceptional Items

There were no exceptional items for the current quarter and financial year-to-date.

#### 3. Extraordinary Items

There were no extraordinary items for the current quarter and financial year-to-date.

#### 4. Taxation

Taxation comprised the following:

	<b>Current year quarter 30/6/02 RM'000</b>	<b>Financial year-to-date 30/6/02 RM'000</b>
Current tax expense	1,813	3,485
Deferred tax expense	-	-
	<u>1,813</u>	<u>3,485</u>

The Group's effective tax rate was higher than the statutory tax rate due to losses incurred by certain subsidiaries as there was no group tax relief and certain non-deductible expenses for tax purposes.

#### 5. Sales of Unquoted Investments and/or Properties

There were no profits or losses of sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

#### 6. Investment in Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

#### 7. Changes in the Composition of the Group

Save as disclosed in Note 8 below, there was no change in the composition of the Group for the current quarter and financial year-to-date.

#### 8. Status of Corporate Proposal

A) In conjunction with the admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of Engtex Group Berhad ("Engtex") on the Main Board of KLSE, Engtex undertook the restructuring scheme which involved the following:-

## **Engtex Group Berhad (Company No: 536693-X)**

### **a) Acquisition of Minority Interests in the following subsidiaries of Engtex Sdn Berhad (“ESB”)**

- i) Acquisition of the remaining 30% of the issued and paid-up share capital of Benton Corporation Sdn. Bhd. comprising 300,000 ordinary shares of RM1.00 each at a purchase consideration of RM1,059,379 fully satisfied by the issuance of 220,714 new ordinary shares in ESB at an issue price of approximately RM4.80 per share. The purchase consideration was based on the audited net tangible assets of Benton Corporation Sdn. Bhd. as at 31 December 2000;
- ii) Acquisition of the remaining 40% of the issued and paid-up share capital of Eng Lian Hup Trading Sdn. Bhd. comprising 280,000 ordinary shares of RM1.00 each at a purchase consideration of RM1,524,240 fully satisfied by the issuance of 317,564 new ordinary shares in ESB at an issue price of approximately RM4.80 per share. The purchase consideration was based on the audited net tangible assets of Eng Lian Hup Trading Sdn. Bhd. as at 31 December 2000;
- iii) Acquisition of 5% of the issued and paid-up share capital of Allpipes Technology Sdn. Bhd. comprising 250,000 ordinary shares of RM1.00 each at a purchase consideration of RM309,736 fully satisfied by the issuance of 64,531 new ordinary shares in ESB at an issue price of approximately RM4.80 per share. The purchase consideration was based on the audited net tangible assets of Allpipes Technology Sdn. Bhd. and its subsidiaries as at 31 December 2000.
- iv) Acquisition of 7% of the issued and paid-up share capital of Mega Alliance Builder Supplies Sdn. Bhd. comprising 7,000 ordinary shares of RM1.00 each at a purchase consideration of RM41,441 fully satisfied by the issuance of 8,634 new ordinary shares in ESB at an issue price of approximately RM4.80 per share. The purchase consideration was based on the audited net tangible assets of Mega Alliance Builder Supplies Sdn. Bhd. as at 31 December 2000.

The above acquisitions by ESB were completed on 8 May 2002.

### **b) Acquisition of ESB**

Acquisition of the entire issued and paid-up share capital of ESB by Engtex comprising 5,611,443 ordinary shares of RM1.00 each for a purchase consideration of RM26,933,726 fully satisfied by the issuance of 22,444,772 new ordinary shares of RM1.00 in Engtex at an issue price of approximately RM1.20 per share. The purchase consideration was based on the audited net tangible assets of ESB as at 31 December 2000 adjusted for the acquisitions stated in (i) to (iv) above.

The acquisition of ESB was completed on 30 May 2002. Pursuant to the acquisition of ESB, the issued and paid-up capital of Engtex was increased from RM2 comprising 2 ordinary shares of RM1.00 each to RM22,444,774 comprising 22,444,774 ordinary shares of RM1.00 each.

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### **c) Rights Issue**

Rights issue of 28,455,226 new ordinary shares of RM1.00 each in Engtex at an issue price of RM1.09 per ordinary share to the existing shareholders of Engtex on the basis of approximately one hundred and twenty seven shares (127) new ordinary shares for every hundred (100) existing ordinary shares after the acquisitions as stated above.

The subscription of approximately 23,945,000 new ordinary shares of the rights issue totalling RM26,100,000 was via the capitalisation of the amount due to the former shareholders of ESB.

The Rights Issue was completed on 10 June 2002. Pursuant to the Rights Issue, the issued and paid-up capital of Engtex was increased from RM22,444,774 comprising 22,444,774 ordinary shares of RM1.00 each to RM50,900,000 comprising 50,900,000 ordinary shares of RM1.00 each.

### **d) Public Issue**

The final stage in the restructuring scheme involves a Public Issue of 9,100,000 new ordinary shares of RM1.00 each in Engtex or approximately 15% of the enlarged issued and paid-up capital at an issue price of RM2.20 per Public Issue share.

As at 19 July 2002, the Public Issue has been successfully allotted and the issued and paid-up capital of Engtex has been enlarged to RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each.

### **e) Listing and Quotation**

Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up capital of Engtex of RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each on the Main Board of KLSE.

- B)** As at the date of this report, the net proceeds from Rights Issue of RM4,916,196, after capitalisation of amount due to former shareholders of ESB of RM26,100,000, has been utilized by ESB, a wholly-owned subsidiary of Engtex for working capital amounting to RM4.0 million and the balance of RM916,196 has been placed with a licensed financial institution.

## **9. Debt and Equity Securities**

Save as disclosed in Note 8 above, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

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### 10. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2002 (which are denominated in Ringgit Malaysia) were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short term</b>			
Bank overdraft	12,128	118	12,246
Bills payable	39,375	4,677	44,052
Term loans	2,665	-	2,665
Hire purchase liabilities	679	-	679
	<u>54,847</u>	<u>4,795</u>	<u>59,642</u>
<b>Long term</b>			
Term loans	5,837	-	5,837
Hire purchase liabilities	244	-	244
	<u>6,081</u>	<u>-</u>	<u>6,081</u>

### 11. Contingent Liabilities

Changes in contingent liabilities since the last annual financial statements to 23 July, 2002, being the date not earlier than 7 days from the date of this announcement were as follows:

	<b>RM'000</b>
Corporate guarantee relating to borrowings of subsidiaries	17,233
Bankers' guarantee utilized by subsidiaries	1,000
	<u>18,233</u>

### 12. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 23 July 2002, being the date not earlier than 7 days from the date of this announcement.

### 13. Material Litigation

There were no impending material litigations as at 23 July 2002, being the date not earlier than 7 days from the date of this announcement.

### 14. Segmental Reporting

The Group's financial information analysed by business segment as at 30 June 2002 was as follows:

	<b><u>Revenue</u> RM'000</b>	<b><u>Profit/(Loss) before taxation</u> RM'000</b>	<b><u>Total assets employed</u> RM'000</b>
Distribution and wholesale	144,014	13,908	183,850
Manufacturing and services	38,633	743	58,836
Investment holding and others	-	(24)	58,057
	<u>182,647</u>	<u>14,627</u>	<u>300,743</u>
Less: Intra-group transactions	(54,913)	(3,393)	(114,059)
	<u>127,734</u>	<u>11,234</u>	<u>186,684</u>

## **Engtex Group Berhad (Company No: 536693-X)**

### **15. Comparison with Preceding Quarter's Results**

This is not applicable as this is the first quarterly report issued. The Group was only in place on 30 May 2002.

### **16. Review of the Performance of the Group**

The Proforma Group recorded a profit before taxation of RM5.840 million for the quarter ended 30 June 2002 and RM11.234 million for the six months ended 30 June 2002 on the back of revenue of RM66.574 million and RM127.734 million respectively. As the Group was only in place on 30 May 2002 arising from a restructuring scheme described in Note 8 above, the Group recorded a post-acquisition profit after taxation and minority interests of RM1.513 million for both the current quarter ended 30 June 2002 and for the six months ended 30 June 2002.

### **17. Subsequent Events**

There were no material subsequent events since 30 June 2002 until 23 July 2002, being the date not earlier than 7 days from the date of this announcement, that will affect the financial results of the financial period under review other than the public issue of Engtex ordinary shares as mentioned in Note 8 above.

### **18. Seasonal or Cyclical Factors**

The Group's operations are not significantly affected by seasonal and cyclical factors.

### **19. Prospects**

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group for the financial year ending 31 December 2002 will remain satisfactory.

### **20. Profit Forecast and/or Profit Guarantee**

At this stage, this is not applicable.

### **21. Dividend**

No Dividend is recommended for the current quarter.