

Engtex Group Berhad (Company No: 536693-X)

**Quarterly Report on consolidated results
For the Fourth Quarter ended 31 December 2016
(The figures have not been audited)**

**Condensed Consolidated Statement of Financial Position
As at 31 December 2016**

	Note	As at 31 December 2016 RM'000	Audited As at 31 December 2015 RM'000
<u>ASSETS</u>			
Property, plant and equipment		378,602	358,816
Investment properties		18,439	18,613
Deferred tax assets		4,820	5,188
Total non-current assets		401,861	382,617
Property development cost		127,868	110,748
Inventories		325,258	275,562
Receivables, deposits and prepayments		333,660	336,697
Assets held for sale		9,903	-
Current tax assets		2,513	2,508
Cash and bank balances		49,009	39,161
Total current assets		848,211	764,676
TOTAL ASSETS		1,250,072	1,147,293
<u>EQUITY AND LIABILITIES</u>			
Share capital		156,332	150,767
Reserves		372,697	310,894
Total equity attributable to owners of the Company		529,029	461,661
Non-controlling interests		21,656	22,243
TOTAL EQUITY		550,685	483,904
<u>LIABILITIES</u>			
Loans and borrowings	B7	148,448	155,326
Deferred tax liabilities		10,864	10,621
Total non-current liabilities		159,312	165,947
Payables and accruals		151,706	151,450
Loans and borrowings	B7	376,106	337,672
Current tax liabilities		12,263	8,320
Total current liabilities		540,075	497,442
TOTAL LIABILITIES		699,387	663,389
TOTAL EQUITY AND LIABILITIES		1,250,072	1,147,293

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad (Company No: 536693-X)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2016**

	Note	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		264,050	292,341	1,074,316	1,160,845
Cost of sales		(213,531)	(260,034)	(874,990)	(992,252)
Gross profit		50,519	32,307	199,326	168,593
Other operating income		4,650	2,171	8,677	5,855
Operating expenses		(27,654)	(22,168)	(98,132)	(88,955)
Finance cost		(5,441)	(5,874)	(22,923)	(22,906)
Profit before tax	B11	22,074	6,436	86,948	62,587
Tax expense	B5	(7,827)	(4,906)	(23,972)	(20,021)
Profit for the financial year		14,247	1,530	62,976	42,566
Other comprehensive (expense)/income, net of tax					
Foreign currency translation differences for foreign operations		(4)	9	(4)	(37)
Total other comprehensive (expense)/ income for the financial year		(4)	9	(4)	(37)
Profit and total comprehensive income for the financial year		14,243	1,539	62,972	42,529
Profit attributable to:					
Owners of the Company		13,737	1,013	60,629	40,358
Non-controlling interests		510	517	2,347	2,208
Profit for the financial year		14,247	1,530	62,976	42,566
Total comprehensive income attributable to:					
Owners of the Company		13,733	1,022	60,625	40,321
Non-controlling interests		510	517	2,347	2,208
Profit and total comprehensive income for the financial year		14,243	1,539	62,972	42,529
Basic earnings per ordinary shares (sen)	B10	4.42	0.34	19.90	13.61
Diluted earnings per ordinary shares (sen)	B10	3.90	0.29	17.40	11.60

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes In Equity
For the financial year ended 31 December 2016**

Note	Attributable to owners of the Company					Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000		
At 1 January 2016	150,767	1,485	(98)	(1,136)	310,643	22,243	483,904
Foreign currency translation differences for foreign operations	-	-	(4)	-	-	-	(4)
Total other comprehensive expense for the financial year	-	-	(4)	-	-	-	(4)
Profit for the financial year	-	-	-	-	60,629	2,347	62,976
Profit and total comprehensive income for the financial year	-	-	(4)	-	60,629	2,347	62,972
Acquisition of equity interest from non-controlling interest	-	-	-	-	(200)	(2,450)	(2,650)
Dividends to owners of the Company	-	-	-	-	(2,272)	-	(2,272)
Dividends to non-controlling interests	-	-	-	-	-	(584)	(584)
Issuance of shares pursuant to exercise of warrants	5,565	3,673	-	-	-	-	9,238
Own shares acquired	-	-	-	(23)	-	-	(23)
Shares issued by a subsidiary	-	-	-	-	-	100	100
At 31 December 2016	156,332	5,158	(102)	(1,159)	368,800	21,656	550,685

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**Condensed Consolidated Statement of Changes In Equity
For the financial year ended 31 December 2016**

Note	/-----Attributable to owners of the Company-----/						Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2015	148,517	-	(61)	(11)	273,247	421,692	20,562	442,254
Foreign currency translation differences for foreign operations	-	-	(37)	-	-	(37)	-	(37)
Total other comprehensive expense for the financial year	-	-	(37)	-	-	(37)	-	(37)
Profit for the financial year	-	-	-	-	40,358	40,358	2,208	42,566
Profit and total comprehensive income for the financial year	-	-	(37)	-	40,358	40,321	2,208	42,529
Issuance of shares pursuant to exercise of warrants	2,250	1,485	-	-	-	3,735	-	3,735
Own shares acquired	-	-	-	(1,125)	-	(1,125)	-	(1,125)
Dividends to owners of the Company	-	-	-	-	(2,962)	(2,962)	-	(2,962)
Dividends to non-controlling interests	-	-	-	-	-	-	(527)	(527)
At 31 December 2015	150,767	1,485	(98)	(1,136)	310,643	461,661	22,243	483,904

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2016**

	Note	12 months ended 31 December	
		2016 RM'000	2015 RM'000
Cash flows from operating activities			
Profit before tax		86,948	62,587
Adjustments for:			
Allowance for impairment losses on trade receivables		2,369	996
Allowance for impairment losses written back on trade receivables		(373)	(663)
Bad debts recovered		(2)	-
Bad debts written off		-	22
Depreciation of:			
- investment properties		409	159
- property, plant and equipment		19,051	16,442
Finance cost		22,923	22,906
Gain on disposal of:			
- investment properties		(157)	-
- property, plant and equipment		(393)	(176)
Interest income		(1,305)	(2,108)
Inventories written down		6,891	5,584
Property, plant and equipment written off		4	3
Provision for liquidated ascertained damages		-	563
		<hr/>	<hr/>
Operating profit before changes in working capital		136,365	106,315
Changes in:			
Inventories		(57,273)	(1,978)
Receivables, deposits and prepayments		1,044	(632)
Payables and accruals		210	(7,774)
Property development cost		(14,410)	18,615
		<hr/>	<hr/>
Cash generated from operations		65,936	114,546
Interest paid		(1,710)	(1,777)
Net tax paid		(19,399)	(20,646)
		<hr/>	<hr/>
Net cash from operating activities		44,827	92,123
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of:			
- equity interest from non-controlling interests		(2,650)	-
- property, plant and equipment		(45,100)	(74,151)
Increase in pledged deposits placed with licensed banks		(39)	(1,157)
Interest received		1,305	2,108
Proceeds from disposal of:			
- investment properties		608	-
- property, plant and equipment		1,061	234
		<hr/>	<hr/>
Net cash used in investing activities		(44,815)	(72,966)
		<hr/>	<hr/>

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**Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2016**

	Note	12 months ended 31 December	
		2016 RM'000	2015 RM'000
Cash flows from financing activities			
Dividends paid to :			
- non-controlling interests		(584)	(527)
- owners of the Company		(2,272)	(2,962)
Interest paid		(25,406)	(25,575)
Net proceeds from/(repayment of) other borrowings		15,729	(42,554)
Proceeds from:			
- issuance of shares to non-controlling interests		100	-
- issuance of shares pursuant to warrants	A6(i)	9,238	3,735
- term loans		25,161	45,849
- revolving credit		19,000	-
Repayments of:			
- finance lease liabilities		(7,103)	(7,314)
- term loans		(26,341)	(13,827)
Repurchase of treasury shares	A6(ii)	(23)	(1,125)
		7,499	(44,300)
		7,499	(44,300)
Net cash from/(used in) financing activities		7,499	(44,300)
		7,499	(44,300)
Net increase/(decrease) in cash and cash equivalents		7,511	(25,143)
Effect of exchange rate fluctuation on cash held		17	57
Cash and cash equivalents at beginning of financial year		13,163	38,249
		20,691	13,163
Cash and cash equivalents at end of financial year		20,691	13,163

Notes:

Cash and cash equivalents comprise:

	As at 31 December	
	2016 RM'000	2015 RM'000
Cash and bank balances	30,331	22,613
Deposits placed with licensed banks	18,678	16,548
Bank overdrafts	(26,935)	(24,654)
	22,074	14,507
Less: Deposits pledged	(1,383)	(1,344)
	20,691	13,163

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial report for the financial quarter ended 31 December 2016

A. Compliance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015. The accounting policies and methods of computation followed by the Group in this interim financial report are consistent with those adopted in the financial statements of the Group for the financial year ended 31 December 2015 except for the following:

Adoption of new and revised FRSs, Amendments to FRSs and IC Interpretations

In the current financial year ended 31 December 2016, the Group adopted the following new and revised FRSs, Amendments to FRSs and IC Interpretations which are applicable to its financial statement effective for annual periods beginning on or after 1 January 2016:

- FRS 14, *Regulatory Deferral Accounts**
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations**
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

* These FRSs, IC Interpretations and Amendments are not applicable to the Group

The above new and revised FRSs, IC Interpretations and Amendments are expected to have no significant impact on the financial statements of the Group upon their initial application.

Malaysian Financial Reporting Standards (“MFRS Framework”)

The Group has subsidiaries which fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and these subsidiaries are currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) and is referred to as a Transitioning Entity (“TE”).

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The Malaysian Accounting Standards Board (“MASB”) has announced on 8 September 2015 that the effective date of MFRS 15, *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January 2018 with earlier application permitted. As such, the Company will adopt the MFRS framework in its first set of MFRS financial statements for the annual period beginning on 1 January 2018.

A2. Qualification of Audit Report

The audit report of the Group’s preceding annual financial statements was reported without qualification.

A3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

The business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial quarter and financial year-to-date.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter as compared to the financial statements of the Group for the financial year ended 31 December 2015.

A6. Debt and Equity Securities

On 26 May 2016, the shareholders of the Company granted their approval for the Company’s plan to repurchase its own ordinary shares at the Fifteenth Annual General Meeting held on even-date.

There were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter and financial year-to-date, except as follows:-

(i) Issuance of new shares and warrants

During the current financial quarter, 5,554,992 warrants were exercised by the registered warrant holders to subscribe for 5,554,992 new ordinary shares at a price of RM0.83 each per ordinary share. During the financial year to date, 11,130,442 warrants were exercised by the registered warrant holders to subscribe for 11,130,442 new ordinary shares of RM0.50 each at a price of RM0.83 each per ordinary share.

As at the end of the current financial quarter, 132,835,358 Warrants (2007/2017) remained unexercised.

(ii) Repurchase of treasury shares

During the current financial quarter, the Company repurchased 10,000 of its issued share capital from the open market at an average price of RM1.14 per share including transactions cost. The total consideration paid was RM11,387. During the financial year to date, the Company repurchased 20,000 of its issued share capital from the open market at an average price of RM1.17 per share including transactions cost. The total consideration paid was RM23,480. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. There were 1,150,000 treasury shares held at end of the current financial year.

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A7. Dividend paid

No dividend was paid during the current financial quarter.

A8. Operating segment information

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

Wholesale and distribution	Wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products, construction materials and bitumen materials.
Manufacturing	Manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire and other related products.
Property development	Property development
Hospitality	Hotel operation

The reportable segment information for the financial year ended 31 December 2016 is as follows:

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	661,760	377,647	34,631	278	1,074,316
Inter segment revenue	58,661	125,614	-	-	184,275
Total reportable revenue	720,421	503,261	34,631	278	1,258,591
Reportable segment profit*	64,647	62,277	4,915	(1,780)	130,059
Reportable segment assets	452,958	480,233	214,187	88,111	1,235,489
Reportable segment liabilities	(287,413)	(261,078)	(102,284)	(38,792)	(689,567)

Reconciliation of reportable segment profit or loss for the financial year ended 31 December 2016

	RM'000
Total profit for reportable segments	130,059
Other non-reportable segment loss	(1,043)
Elimination of inter-segment transactions	(990)
Depreciation and amortisation	(19,460)
Finance costs	(22,923)
Interest income	1,305
Consolidated profit before tax	86,948

* Refer to profit before interest, tax, depreciation and amortisation.

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A9. Subsequent Events

Other than the above, there were no material subsequent events since the end of the date of the last annual reporting period until 16 February 2017, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial year under review.

A10. Changes in the composition of the Group

There was no change in the composition of the Group for the current financial quarter under review.

A11. Changes in contingent liabilities

As at the end of the current financial quarter, the changes in contingent liabilities as represented by the outstanding banking and credit facilities of the subsidiaries since the end of the date of the last annual reporting period are as follows:

	31 December 2016 RM'000
Corporate guarantees issued to/(release from):	
- financial institutions for banking facilities granted to its subsidiaries	31,291
- suppliers for credit facilities granted to its subsidiaries	<u>(2,679)</u>
	<u>28,612</u>

B. Compliance with Bursa Malaysia Listing Requirements (Part A of Appendix 9B)

B1. Review of performance

	12 months ended 31 December	
	2016 RM'000	2015 RM'000
Revenue	1,074,316	1,160,845
Segment profit	129,016	105,014
Profit before tax	86,948	62,587

The declining market demand of certain metal-related trading products and manufactured steel products, and lower contribution from the ongoing property development project on the back of slowdown in construction and property development sectors, has contributed to the decrease in revenue as compared to preceding year corresponding period. Albeit the lower revenue, the profit before tax improved mainly from our effective utilisation of resources including the sourcing of trading products and raw materials locally and abroad.

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Wholesale and distribution division

The wholesale and distribution division recorded a net revenue of RM661.8 million in 2016 representing a decline of 8.9% as compared to 2015, and contributed 61.6% of the Group's net revenue. The decline in revenue was mainly attributed to the decreased market demand. However, the division recorded an improved segment profit and profit before tax of RM64.6 million and RM44.8 million respectively, representing an increase of 3.3% and 4.7% respectively as compared to 2015. This was attributed to the favourable pricing and effective utilisation of resources including the sourcing of trading products during the year. The division accounted for 50.1% and 51.6% of the Group's segment profit and profit before tax respectively.

Manufacturing division

The manufacturing division recorded a net revenue of RM377.6 million in 2016 representing a decline of 3.8% as compared to 2015, and contributed 35.2% of the Group's net revenue. However, the division recorded higher profitability on the back of higher yield arising from the effective utilisation of resources including the sourcing of raw materials locally and abroad. The division recorded an improved segment profit and profit before tax of RM62.3 million and RM41.9 million respectively, representing an increase of 43.2% and 65.4% respectively as compared to 2015. The division accounted for 48.3% and 48.2% of the Group's segment profit and profit before tax respectively.

Property development division

The division recorded a net revenue of RM34.6 million mainly from its ongoing property development project in Kepong as compared to a net revenue of RM41.6 million in 2015 which was mainly derived from the completed property development in Selayang. The division contributed 3.2% of the Group's net revenue. The division registered a profit before tax of RM3.9 million in 2016 mainly attributed to its ongoing property development project in Kepong as compared to a loss before tax of RM4.3 million in 2015 mainly from the escalation in construction cost of completed property development in Selayang.

Hospitality division

The 72-room hotel "Avenue J" in Leboh Pasar, Kuala Lumpur and the 144-room hotel "Ibis Style" in Bandar Sri Damansara commenced their operations during the current quarter. The division recorded a net revenue of RM0.3 million and recorded a loss before tax of RM2.4 million due to start up cost incurred.

B2. Comparison with preceding financial quarter's results

	3 months ended	
	31/12/16	30/9/16
	RM'000	RM'000
Revenue	264,050	251,733
Profit before tax	22,074	15,917

The increase in revenue and profit before tax as compared to preceding quarter ended 30 September 2016 was mainly due to the recovery in market demand for certain manufactured steel products and better yield arising from the effective utilisation of resources including the sourcing of raw materials locally and abroad, and the contribution from its ongoing property development project in Kepong.

B3. Prospects

Global economic activity continued to expand in the fourth quarter of 2016. The advanced economies experienced divergent growth trends, in part, driven by differences in the strength of private consumption amid cyclical and structural weaknesses. In Asia, economic activity was supported mainly by domestic demand. Of importance, the external sector provided a small lift to growth in several economies, following consecutive quarters of negative growth. The Malaysian economy grew by 4.5% in the fourth quarter of 2016 (3Q 2016: 4.3%), underpinned by continued expansion in private sector expenditure. On the supply side, growth continues to be driven by the manufacturing and services sectors. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a sustained growth of 1.4% (3Q 2016: 1.5%). Going forward, the global economy is expected to improve but remain on a moderate growth path. While there are indications of more sustained growth in the major economies in 2017, downside risks to global growth continue to prevail, arising from the volatility in commodity prices, policy uncertainties and growth prospects of the major developed economies, heightened risk aversions in the global financial markets as well as geopolitical developments. While the external environment may continue to remain challenging, the Malaysian economy will experience sustained growth with the primary driver being domestic demand. Private consumption is anticipated to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to support disposable income of households. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. *(Source: Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the 4Q 2016)*

The performance of the Group will continue to be affected by factors such as the volatility in the international and domestic metal prices, and the timely implementation of projects in the construction, utilities and infrastructure and property development sectors. The Group will continue to focus on expanding its existing product range for its wholesale and distribution division locally and abroad, and will improve, automate and optimise its operating capacity and continue to look for new business opportunity in its manufacturing division. The property division expects to contribute from the sale of completed residential and commercial properties in Selayang, and the ongoing property development project in Kepong. The hospitality division commenced their operations during the current quarter with the opening of “Avenue J” hotel and “Ibis Style” hotel. The “Mercure” hotel in Selayang is expected to be operational by the third quarter of 2017.

The Directors remain cautiously optimistic on the performance of the Group in the forthcoming year which is dependent on the domestic demand and global economic environment.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

Engtex Group Berhad (Company No: 536693-X)**B5. Tax expense**

	Individual quarter 3 months ended 31/12/16 RM'000	Cumulative quarter 12 months ended 31/12/16 RM'000
Tax expense		
- current year	7,108	23,881
- over provision in prior year	(52)	(544)
Deferred tax expense		
- origination and reversal of temporary differences	771	635
	<u>7,827</u>	<u>23,972</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate	5,297	20,867
Non-deductible expenses	2,347	4,779
Tax benefits	235	(1,130)
Over provision in prior year	(52)	(544)
Tax expense	<u>7,827</u>	<u>23,972</u>

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed for the financial quarter under review.

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2016 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term			
<i>Denominated in Ringgit Malaysia</i>			
Term loans	142,996	-	142,996
Finance lease liabilities	5,452	-	5,452
	<u>148,448</u>	<u>-</u>	<u>148,448</u>
Short term			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	5,148	21,787	26,935
Revolving credit	-	31,000	31,000
Bills payables	23,720	255,901	279,621
Term loans	23,211	-	23,211
Bridging loans	10,439	-	10,439
Finance lease liabilities	4,900	-	4,900
	<u>67,418</u>	<u>308,688</u>	<u>376,106</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 16 February 2017, being the date not earlier than 7 days from the date of this announcement.

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B9. Dividend declared

The Directors recommend a final single tier dividend of 2.0% totalling RM3,138,769 in respect of the year ended 31 December 2016, which is subject to the approval by our shareholders at the forthcoming Annual General Meeting. This proposed dividend has not been included in the financial statements.

B10. Basic and diluted earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current financial quarter and financial year ended 31 December 2016 are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2016	2015	2016	2015
	'000	'000	'000	'000
Profit attributable to owners of the Company (RM)	13,737	1,013	60,629	40,358
Number of ordinary shares issued as at 1 January	301,534	297,034	301,534	297,034
Effects of shares repurchased	(1,143)	(1,124)	(1,137)	(730)
Effects of exercise of warrants	10,074	848	4,229	214
Weighted average number of ordinary shares (basic) as at 31 December	310,465	296,758	304,626	296,518
Basic earnings per ordinary share (sen)	4.42	0.34	19.90	13.61

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the current financial quarter and financial year ended 31 December 2016 are based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2016	2015	2016	2015
	'000	'000	'000	'000
Profit attributable to owners of the Company (RM)	13,737	1,013	60,629	40,358
Weighted average number of ordinary shares (basic) as at 31 December	310,465	296,758	304,626	296,518
Effect of exercise of warrants	42,049	51,143	43,884	51,362
Weighted average number of ordinary shares (diluted) as at 31 December	352,514	347,901	348,510	347,880
Diluted earnings per ordinary share (sen)	3.90	0.29	17.40	11.60

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B11. Profit before tax

	Individual quarter 3 months ended 31/12/16 RM'000	Cumulative quarter 12 months ended 31/12/16 RM'000
Profit before tax is arrived at after charging:		
Allowance for impairment losses on trade receivables	1,084	2,369
Depreciation of:		
- investment properties	83	409
- property, plant and equipment	4,830	19,051
Finance cost	5,441	22,923
Inventories written down	3,091	6,891
Property, plant and equipment written off	3	4
Realised loss on foreign exchange, net	(56)	306
and after crediting:		
Allowance for impairment losses written back on trade receivables	9	373
Bad debts recovered	-	2
Gain on disposal of:		
- investment properties	157	157
- property, plant and equipment	27	393
Interest income	911	1,305
Rental income:		
- land and building	609	1,834
- vehicles	61	234
	=====	=====

B12. Capital commitment

	31 December 2016 RM'000
Property, plant and equipment	
Authorised but not contracted for	17,000
Contracted but not provided for	18,876
	=====
	35,876
	=====

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B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial year ended 31 December 2016 were as follows:

	RM'000
Sales	(3,383)
Purchases	3,079
Rental income	(24)
Rental expenses	2,727
Consultancy fee expenses	438
Interest expenses on advances given	65
	<u>=====</u>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

B14. Provision of financial assistance

Pursuant to paragraph 8.23(1) of the Listing Requirements, the amount of financial assistance provided by the Company and its subsidiaries is as follows:

	31 December 2016 RM'000	31 December 2015 RM'000
Corporate guarantees issued to :		
- financial institutions for banking facilities granted to its non wholly-owned subsidiaries	92,615	101,319
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	119	106
	<u>92,734</u>	<u>101,425</u>

The above financial assistance does not have a material financial impact on the Group.

B15. Retained earnings

The retained earnings as at 31 December 2016 and 31 December 2015 are analysed as follows:

	31 December 2016 RM'000	31 December 2015 RM'000
Realised	431,054	370,937
Unrealised	(7,788)	(7,984)
	<u>423,266</u>	<u>362,953</u>
Consolidation adjustment	(54,466)	(52,310)
Total group retained earnings as per consolidated accounts	<u>368,800</u>	<u>310,643</u>