

**Engtex Group Berhad (Company No: 536693-X)****Quarterly Report on consolidated results  
For the Fourth Quarter ended 31 December 2019**  
(The figures have not been audited)**Condensed Consolidated Statement of Financial Position  
As at 31 December 2019**

	Note	As at 31 December 2019 RM'000	Audited As at 31 December 2018 RM'000
<b><u>ASSETS</u></b>			
Property, plant and equipment		344,379	394,393
Investment properties		41,673	40,703
Right-of-use assets		43,738	-
Deferred tax assets		6,676	6,465
<b>Total non-current assets</b>		<b>436,466</b>	<b>441,561</b>
Property under development		81,019	80,150
Inventories		351,241	413,925
Receivables, deposits and prepayments		344,784	367,828
Assets held for sale		-	5,197
Current tax assets		1,300	3,293
Cash and bank balances		71,156	54,344
<b>Total current assets</b>		<b>849,500</b>	<b>924,737</b>
<b>TOTAL ASSETS</b>		<b>1,285,966</b>	<b>1,366,298</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital		269,934	269,934
Reserves		410,215	415,066
<b>Total equity attributable to Owners of the Company</b>		<b>680,149</b>	<b>685,000</b>
Non-controlling interests		18,585	18,993
<b>TOTAL EQUITY</b>		<b>698,734</b>	<b>703,993</b>
<b><u>LIABILITIES</u></b>			
Lease liabilities		558	-
Loans and borrowings	B7	63,539	83,558
Deferred tax liabilities		11,597	10,727
<b>Total non-current liabilities</b>		<b>75,694</b>	<b>94,285</b>
Payables and accruals		93,651	105,246
Lease liabilities		121	-
Loans and borrowings	B7	413,494	457,222
Current tax liabilities		4,272	5,552
<b>Total current liabilities</b>		<b>511,538</b>	<b>568,020</b>
<b>TOTAL LIABILITIES</b>		<b>587,232</b>	<b>662,305</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,285,966</b>	<b>1,366,298</b>
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.58	1.59

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 2019**

	Note	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>		290,567	308,496	1,118,922	1,208,004
Cost of sales		(262,976)	(284,493)	(1,001,117)	(1,064,048)
<b>Gross profit</b>		27,591	24,003	117,805	143,956
Other operating income		5,631	1,420	14,128	7,726
Operating expenses		(24,797)	(23,960)	(97,316)	(99,249)
Finance cost		(5,463)	(7,626)	(22,728)	(29,441)
<b>Profit/(Loss) before tax</b>	B11	2,962	(6,163)	11,889	22,992
Tax expense	B5	(6,355)	(1,763)	(13,124)	(10,087)
<b>(Loss)/Profit for the financial year</b>		(3,393)	(7,926)	(1,235)	12,905
<b>Other comprehensive expense, net of tax</b>					
Foreign currency translation differences for foreign operations		-	(32)	-	-
<b>Total other comprehensive expense for the financial year</b>		-	(32)	-	-
<b>(Loss)/Profit and total comprehensive (expense)/income for the financial year</b>		(3,393)	(7,958)	(1,235)	12,905
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(3,097)	(7,426)	(884)	13,186
Non-controlling interests		(296)	(500)	(351)	(281)
<b>(Loss)/Profit for the financial year</b>		(3,393)	(7,926)	(1,235)	12,905
<b>Total comprehensive (expense)/income attributable to:</b>					
Owners of the Company		(3,097)	(7,458)	(884)	13,186
Non-controlling interests		(296)	(500)	(351)	(281)
<b>(Loss)/Profit and total comprehensive (expense)/income for the financial year</b>		(3,393)	(7,958)	(1,235)	12,905
Basic and diluted (loss)/earnings per ordinary shares (sen)	B10	(0.71)	(1.69)	(0.20)	3.00

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

**Condensed Consolidated Statement of Changes In Equity  
For the financial year ended 31 December 2019**

	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 January 2019</b>	269,934	(85)	(4,275)	419,426	685,000	18,993	703,993
Loss and total comprehensive expense for the financial year	-	-	-	(884)	(884)	(351)	(1,235)
Own shares acquired A6	-	-	(673)	-	(673)	-	(673)
Dividends to owners of the Company	-	-	-	(3,294)	(3,294)	-	(3,294)
Dividends to non-controlling interests	-	-	-	-	-	(57)	(57)
<b>At 31 December 2019</b>	<b>269,934</b>	<b>(85)</b>	<b>(4,948)</b>	<b>415,248</b>	<b>680,149</b>	<b>18,585</b>	<b>698,734</b>
<b>At 1 January 2018</b>	269,934	(85)	(3,645)	409,783	675,987	19,461	695,448
Adjustment on initial application of MFRS 9	-	-	-	(248)	(248)	(15)	(263)
<b>At 1 January 2018, restated</b>	<b>269,934</b>	<b>(85)</b>	<b>(3,645)</b>	<b>409,535</b>	<b>675,739</b>	<b>19,446</b>	<b>695,185</b>
Profit/(Loss) and total comprehensive income/(expense) for the financial year	-	-	-	13,186	13,186	(281)	12,905
Own shares acquired	-	-	(630)	-	(630)	-	(630)
Dividends to owners of the Company	-	-	-	(3,295)	(3,295)	-	(3,295)
Dividends to non-controlling interests	-	-	-	-	-	(172)	(172)
<b>At 31 December 2018</b>	<b>269,934</b>	<b>(85)</b>	<b>(4,275)</b>	<b>419,426</b>	<b>685,000</b>	<b>18,993</b>	<b>703,993</b>

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

**Condensed Consolidated Statement of Cash Flows  
For the financial year ended 31 December 2019**

	Note	12 months ended 31 December	
		2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		11,889	22,992
<i>Adjustments for:</i>			
Allowance for impairment losses on trade receivables		1,292	3,917
Allowance for impairment losses written back on trade receivables		(2,770)	(741)
Bad debts recovered		-	(30)
Bad debts written off		118	25
Depreciation of:			
- investment properties		885	824
- property, plant and equipment		22,518	23,819
- right-of-use assets		830	-
Finance cost		22,728	29,441
(Gain)/Loss on disposal of:			
- asset held for sale		(2,127)	-
- an investment property		65	-
- property, plant and equipment		116	(2,319)
- right-of-use assets		(4,478)	-
Interest income		(1,930)	(2,288)
Inventories written down		3,833	9,770
Property, plant and equipment written off		84	92
Operating profit before changes in working capital		53,053	85,502
Changes in:			
Inventories		58,851	(21,336)
Receivables, deposits and prepayments		23,019	1,180
Contract assets		-	14,434
Payables and accruals		(11,595)	(53,600)
Property under development		838	(4,275)
Cash generated from operations		124,166	21,905
Interest paid		(2,531)	(2,649)
Net tax paid		(11,752)	(22,393)
<b>Net cash from/(used in) operating activities</b>		<u>109,883</u>	<u>(3,137)</u>
<b>Cash flows from investing activities</b>			
Acquisition of:			
- an investment property		(574)	-
- property, plant and equipment		(20,461)	(22,566)
- right-of-use assets		(4,611)	-
Released of pledged deposits placed with licensed banks		1,113	173
Interest received		1,930	2,288
Proceeds from disposal of:			
- asset held for sale		7,324	-
- an investment property		40	-
- property, plant and equipment		358	8,116
- right-of-use assets		14,405	-
<b>Net cash used in investing activities</b>		<u>(476)</u>	<u>(11,989)</u>

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

**Condensed Consolidated Statement of Cash Flows  
For the financial year ended 31 December 2019**

	Note	12 months ended 31 December	
		2019 RM'000	2018 RM'000
<b>Cash flows from financing activities</b>			
Dividends paid to:-			
- non-controlling interests		(57)	(172)
- owners of the Company		(3,294)	(3,295)
Interest paid		(22,546)	(29,353)
Net proceed from other borrowings		(25,553)	(21,727)
Net (repayment of)/proceed from revolving credit		(6,297)	21,548
Payment of lease liabilities		(141)	-
Proceeds from:			
- hire purchase borrowings		-	92
- term loans		7,500	25,403
Repayment of:			
- hire purchase borrowings		(4,015)	(6,411)
- term loans		(32,175)	(39,804)
Repurchase of treasury shares	A6	(673)	(630)
<b>Net cash used in financing activities</b>		<u>(87,251)</u>	<u>(54,349)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		22,156	(69,475)
Cash and cash equivalents at the beginning of financial year		<u>16,214</u>	<u>85,689</u>
<b>Cash and cash equivalents at the end of financial year</b>		<u>38,370</u>	<u>16,214</u>

**Note:**

*Cash and cash equivalents comprise:*

	As at 31 December	
	2019 RM'000	2018 RM'000
Cash and bank balances	37,901	26,628
Deposits are placed with:		
- licensed banks	5,578	21,592
- other corporations	<u>27,677</u>	<u>6,124</u>
	71,156	54,344
Less:		
Bank overdrafts	(32,786)	(37,017)
Deposits pledged	<u>-</u>	<u>(1,113)</u>
	<u>38,370</u>	<u>16,214</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

### Notes to the interim financial report for the financial quarter ended 31 December 2019

#### A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 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 MFRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Main Market 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 2018. 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 2018 except for the following:

##### (a) Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial year ended 31 December 2019, the Group adopted the following standards, amendments and interpretations which applicable to its financial statement effective for annual periods beginning on or after 1 January 2019:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures\**

\* *The Amendments is not applicable to the Group.*

The above applicable standards, amendments and interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except as mentioned in **Note (b)** below.

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### (b) Adoption of MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019.

On the date of initial application, the Group recognised the right-of-use assets and lease liabilities of RM766,738 for its leases previously classified as operating leases.

The estimated impacts arising from the adoption of MFRS 16 on the financial statements are summarised as follows:

#### Statement of financial position

	As at 31/12/18 RM'000	Estimated effects of MFRS 16 RM'000	As at 1/1/19 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	394,393	(49,001)	345,392
Right-of-use assets	-	49,768	49,768
<b>Non-current liabilities</b>			
Lease liabilities	-	(634)	(634)
<b>Current liabilities</b>			
Lease liabilities	-	(133)	(133)

\* The new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

#### 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.

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### **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 2018.

### **A6. Debt and Equity Securities**

On 24 May 2019, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Eighteenth Annual General Meeting held on even date.

As of current financial year-to-date, the Company repurchased 1,082,700 of its issued share capital from the open market at an average price of RM0.62 per share including transactions cost. The total consideration paid was RM673,083. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. There were 5,037,300 treasury shares held at end of the current financial quarter.

Other than the above, there were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

### **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	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel related products.
Property development	Includes property development and investment activities.
Hospitality	Includes provision of rooms, food and beverage, meeting and function rooms, and other hospitality services.



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The reportable segment information for the financial year ended 31 December 2019 is as follows:

<i>Business segments</i>	<b>Wholesale &amp; distribution RM'000</b>	<b>Manufacturing RM'000</b>	<b>Property development RM'000</b>	<b>Hospitality RM'000</b>	<b>Total RM'000</b>
External revenue	651,713	431,574	25,753	9,882	1,118,922
Inter segment revenue	32,238	187,455	600	94	220,387
<b>Total reportable revenue</b>	<b>683,951</b>	<b>619,029</b>	<b>26,353</b>	<b>9,976</b>	<b>1,339,309</b>
<b>Reportable segment profit/(loss)*</b>	<b>40,722</b>	<b>20,159</b>	<b>(386)</b>	<b>(1,584)</b>	<b>58,911</b>
<b>Reportable segment assets</b>	<b>457,229</b>	<b>537,731</b>	<b>178,782</b>	<b>89,732</b>	<b>1,263,474</b>
<b>Reportable segment liabilities</b>	<b>(229,923)</b>	<b>(292,229)</b>	<b>(35,292)</b>	<b>(29,211)</b>	<b>(586,655)</b>

*Reconciliation of reportable segment profit or loss for the financial year ended 31 December 2019*

	<b>RM'000</b>
Total profit for reportable segments	58,911
Other non-reportable segment loss	(1,077)
Elimination of inter-segment transactions	(914)
Depreciation and amortisation	(24,233)
Finance costs	(22,728)
Interest income	1,930
<b>Consolidated profit before tax</b>	<b>11,889</b>

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

### **A9. Subsequent Events**

There were no material subsequent events since the end of the date of the last annual reporting period until 20 February 2020, 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.

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### A11. Contingent liabilities

As at the end of the current financial quarter, the contingent liabilities of the Company as represented by the outstanding banking and credit facilities of the subsidiaries are as follows:

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Corporate guarantees issued to:		
- financial institutions for banking facilities granted to its subsidiaries	476,439	540,142
- suppliers for credit facilities granted to its subsidiaries	5,217	6,748
	<u>481,656</u>	<u>546,890</u>

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

#### B1. Review of performance

	<b>12 months ended 31 December</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Revenue	1,118,922	1,208,004
Segment profit	57,834	76,900
Profit before tax	11,889	22,992
(Loss)/Profit after tax	(1,235)	12,905
(Loss)/Profit attributable to Owners of the Company	(884)	13,186

The net revenue and profit before tax for 2019 was 7.4% and 48.3% lower than the preceding year mainly due to the soft market demand and the increase in procurement and operating costs for certain metal related trading products and manufactured steel products.

On the financial position review for the year ended 31 December 2019, the Group's equity attributable to owners of the Company decreased from RM685.0 million as at 31 December 2018 to RM680.1 million as at 31 December 2019 and the net assets per share of the Group decreased from RM1.59 as at 31 December 2018 to RM1.58 as at 31 December 2019 on the back of dividends paid. In view of the softer market environment, the group has reduced its inventories holding and bank borrowings. Accordingly, the net gearing has improved from 0.69 times as at 31 December 2018 to 0.58 times as at 31 December 2019.

#### *Wholesale and distribution division*

The wholesale and distribution division recorded a net revenue of RM651.7 million in 2019 representing a 5.6% decrease as compared to 2018 and contributed 58.2% of the Group's net revenue. The division recorded a lower segment profit and profit before tax of RM40.7 million and RM24.4 million respectively, representing a decrease of 19.8% and 20.7% respectively as compared to 2018. The decrease in revenue and profit before tax was mainly due to soft market demand and increased procurement cost for certain metal related trading products. The division accounted for 70.4% of the Group's segment profit. Included in the profit before tax were gains on disposal of vacant industrial land at North Port Klang totaling RM6.6 million (2018: RM2.1 million) and inventories written down amounting to RM3.8 million (2018: RM5.5 million).

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### *Manufacturing division*

The manufacturing division recorded a net revenue of RM431.5 million in 2019 representing a decrease of 13.5% as compared to 2018 and contributed 38.6% of the Group's net revenue. The lower revenue was mainly reflected by the lower delivery of wire mesh and hard drawn wire, mild steel concrete-lined pipes, and other steel products. Correspondingly, the division recorded a lower segment profit of RM20.2 million and incurred loss before tax of RM1.6 million respectively, representing a decrease of 32.1% and 132.2% respectively as compared to 2018. Inventories written down included in 2018 was RM3.5 million. The sharp decrease in profitability was exacerbated by the increased procurement cost of raw materials and the high operating cost. The division accounted for 34.9% of the Group's segment profit.

### *Property development division*

The division recorded a higher net revenue of RM25.8 million in 2019 as compared to RM9.1 million in 2018 and contributed 2.3% to the Group's net revenue. The revenue was mainly contributed by the Amanja project in Kepong. As at end of the current quarter, the total units sold in Amanja stood at 75.9% (2018: 58.0%). The division continued to register loss before tax mainly due to operating costs to maintain its unsold property stocks located in Kepong and Selayang.

### *Hospitality division*

The division recorded an increased net revenue of RM9.9 million in 2019 (2018: RM9.4 million) arising from increase in average occupancy rate which stood at 65.6% (2018: 62.8%) from its three operating hotels. The division recorded a higher loss before tax of RM7.1 million (2018: RM6.4 million) mainly due to high operating costs, and incurred borrowing cost and depreciation charge totaling RM5.7 million (2018: RM5.7 million).

## **B2. Comparison with preceding financial quarter's results**

	<b>3 months ended</b>	
	<b>31/12/19</b>	<b>30/9/19</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	290,567	299,464
Profit before tax	2,962	3,244

The decrease in revenue as compared to preceding quarter ended 30 September 2019 was mainly due to poor property sales and weak market demand for certain metal related trading products. Excluding the gain on disposal of vacant industrial land at North Port Klang of RM4.5 million during the current quarter, the operating loss before tax of RM1.5 million as compared to profit before tax of RM3.2 million recorded in the preceding quarter mainly due to weak market demand for certain metal-related trading products and high operating cost for certain manufactured steel products.

## **B3. Prospects**

The Malaysian economy expanded by 3.6% in the fourth quarter of 2019 (3Q 2019: 4.4%), anchored by domestic demand which expanded by 4.9% (3Q 2019: 3.5%) and supported by higher private sector spending of 7.4% (3Q 2019: 5.4%). However, growth was affected by a decline in net exports. On the supply side, higher growth in the services and construction sectors was weighed down by supply disruptions in the commodities sector. The recovery in construction sector was mainly attributable to the turnaround in the residential sub-sector, supported by affordable housing activities. The non-residential sub-sector however remained in contraction amid ongoing oversupply of commercial properties. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.6% (3Q 2019: 0.9%). For 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%).

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Going into 2020, growth, particularly in the first quarter of the year, will be affected by the COVID-19 outbreak. The impact will be felt largely in tourism-related sectors, and to a certain extent, in the manufacturing sector through disruptions within the global supply chain and the expected slowdown in China. The overall impact on the Malaysian economy will, however, depend on the duration and spread of the outbreak as well as policy responses by authorities. (Source: Bank Negara Malaysia Quarterly Bulletin for Q4 2019)

The performance of the Group was affected by factors such as the domestic demand, the volatility in the international and domestic metal prices and the delay in the implementation of projects in the construction, utilities, infrastructure and property development sectors. The outlook in the forthcoming year will remain challenging. Notwithstanding this, the wholesale and distribution division will continue to focus on expanding its existing customer network and product range and sourcing for new products locally and abroad. The manufacturing division will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunity. The property division does not intend to launch new property development projects on its existing land bank in light of the weak property market other than selling its remaining unsold residential and commercial properties in Kepong and Selayang. The hotel division will be affected by the COVID-19 outbreak as we continued to focus on increasing its revenue stream and targeting the right customer mix to achieve gross operating profits.

### B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

### B5. Tax expense

	<b>Individual quarter 3 months ended 31/12/19 RM'000</b>	<b>Cumulative quarter 12 months ended 31/12/19 RM'000</b>
Tax expense		
- current financial year	4,101	11,361
- under provision in prior financial year	16	1,104
Deferred tax expense		
- origination and reversal of temporary differences	2,238	659
	<u>6,355</u>	<u>13,124</u>
<b>Reconciliation of tax expense</b>		
Income tax using Malaysian tax rate	711	2,853
Income not subject to tax	(1,914)	(2,487)
Effect of deferred tax benefits not recognised	4,898	4,898
Non-deductible expenses	2,778	6,638
Real property gain tax	834	1,086
Utilisation of deferred tax benefits not recognised	(235)	(235)
Utilisation of reinvestment allowance	(733)	(733)
Under provision in prior financial year	16	1,104
Tax expense	<u>6,355</u>	<u>13,124</u>

### B6. Status of Corporate Proposals Announced

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

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### B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Non-current</b>			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase borrowings	499	-	499
Term loans	63,040	-	63,040
	<u>63,539</u>	<u>-</u>	<u>63,539</u>
<b>Current</b>			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	11,249	21,537	32,786
Hire purchase borrowings	1,725	-	1,725
Revolving credit	-	59,651	59,651
Bills payables	56,547	239,449	295,996
Term loans	23,336	-	23,336
	<u>92,857</u>	<u>320,637</u>	<u>413,494</u>

### B8. Changes in Material Litigation

There was no impending material litigation as at 20 February 2020, being the date not earlier than 7 days from the date of this announcement.

### B9. Dividend declared

The Directors recommend a final single tier dividend of 0.625 sen totalling RM2,739,263 in respect of the year ended 31 December 2019, 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 (loss)/earnings per ordinary share

The calculation of basic and diluted (loss)/earnings per ordinary share for the current financial quarter and the financial year ended 31 December 2019 are based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
	2019	2018	2019	2018
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(3,097)</u>	<u>(7,426)</u>	<u>(884)</u>	<u>13,186</u>
<i>Weighted average number of ordinary shares ('000)</i>				
Number of ordinary shares issued as at 1 January	443,319	443,319	443,319	443,319
Effects of shares repurchased	<u>(5,037)</u>	<u>(3,954)</u>	<u>(4,368)</u>	<u>(3,803)</u>
Weighted average number of ordinary shares as at 31 December	<u>438,282</u>	<u>439,365</u>	<u>438,951</u>	<u>439,516</u>
Basic and diluted (loss)/earnings per ordinary share (sen)	<u>(0.71)</u>	<u>(1.69)</u>	<u>(0.20)</u>	<u>3.00</u>

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**B11. Profit/(Loss) before tax**

	<b>Individual quarter 3 months ended 31/12/19 RM'000</b>	<b>Cumulative quarter 12 months ended 31/12/19 RM'000</b>
<b>Profit before tax is arrived at after charging:</b>		
Allowance for impairment losses on trade receivables	1,021	1,292
Bad debt written off	-	118
Depreciation of:		
- investment properties	213	885
- property, plant and equipment	5,253	22,518
- right-of-use assets	67	830
Finance cost	5,463	22,728
Inventories written down	1,863	3,833
Loss on disposal of:		
- an investment property	65	65
- property, plant and equipment	(49)	116
Property, plant and equipment written off	13	84
<b>and after crediting:</b>		
Allowance for impairment losses written back on trade receivables	384	2,770
Gain on disposal of:		
- asset held for sale	-	2,127
- right-of-use assets	4,478	4,478
Interest income	460	1,930
Realised gain on foreign exchange, net	147	522
Rental income:		
- land and building	18	713
- vehicles	-	40
	=====	=====

**B12. Capital commitment**

	<b>31 December 2019 RM'000</b>
<b>Property, plant and equipment</b>	
Contracted but not provided for	4,980
	=====

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

### B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial year ended 31 December 2019 were as follows:

	<b>RM'000</b>
Sales	(5,126)
Purchases	10,502
Rental income	(117)
Rental expenses	2,233
Consultancy fee expenses	491
	=====

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:

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Corporate guarantees issued to :		
- financial institutions for banking facilities granted to its non wholly-owned subsidiaries	89,499	71,716
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	486	412
	<u>89,985</u>	<u>72,128</u>

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