

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results
For the Third Quarter ended 30 September 2020**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 30 September 2020**

	Note	As at 30 September 2020 RM'000	Audited As at 31 December 2019 RM'000
<u>ASSETS</u>			
Property, plant and equipment		333,341	344,379
Right-of-use assets		43,068	43,738
Investment properties		40,946	41,673
Deferred tax assets		6,761	6,676
Total non-current assets		424,116	436,466
Inventories		423,481	434,423
Receivables, deposits and prepayments		338,622	346,076
Current tax assets		1,429	1,300
Cash and bank balances		62,864	71,156
Total current assets		826,396	852,955
TOTAL ASSETS		1,250,512	1,289,421
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		411,391	410,215
Total equity attributable to Owners of the Company		681,325	680,149
Non-controlling interests		18,470	18,585
TOTAL EQUITY		699,795	698,734
<u>LIABILITIES</u>			
Loans and borrowings	B7	54,589	63,539
Lease liabilities		495	558
Deferred tax liabilities		11,808	11,597
Total non-current liabilities		66,892	75,694
Payables and accruals		92,144	97,106
Loans and borrowings	B7	382,238	413,494
Lease liabilities		81	121
Current tax liabilities		9,362	4,272
Total current liabilities		483,825	514,993
TOTAL LIABILITIES		550,717	590,687
TOTAL EQUITY AND LIABILITIES		1,250,512	1,289,421
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.58	1.58

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 30 September 2020**

	Note	Individual quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue		289,394	299,464	671,115	828,355
Cost of sales		(252,593)	(266,719)	(588,479)	(738,141)
Gross profit		36,801	32,745	82,636	90,214
Other operating income		2,831	1,201	5,785	8,497
Operating expenses		(21,666)	(24,869)	(63,035)	(72,519)
Finance costs		(4,120)	(5,833)	(14,102)	(17,265)
Profit before tax	B11	13,846	3,244	11,284	8,927
Tax expense	B5	(4,236)	(2,070)	(6,958)	(6,769)
Profit and total comprehensive income for the financial period		9,610	1,174	4,326	2,158
Profit/(Loss) attributable to:					
Owners of the Company		9,324	1,110	4,441	2,213
Non-controlling interests		286	64	(115)	(55)
Profit for the financial period		9,610	1,174	4,326	2,158
Total comprehensive income/(loss) attributable to:					
Owners of the Company		9,324	1,110	4,441	2,213
Non-controlling interests		286	64	(115)	(55)
Profit and total comprehensive income for the financial period		9,610	1,174	4,326	2,158
Basic and diluted earnings per ordinary shares (sen)	B10	2.13	0.25	1.01	0.50

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Changes In Equity
For the financial period ended 30 September 2020**

Note	/-----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		
At 1 January 2020	269,934	(85)	(4,948)	415,248	680,149	18,585	698,734
Profit/(Loss) and total comprehensive income/(loss) for the financial period	-	-	-	4,441	4,441	(115)	4,326
Own shares acquired	A6	-	(529)	-	(529)	-	(529)
Dividends to owners of the Company	A7	-	-	(2,736)	(2,736)	-	(2,736)
Total transactions with owners of the Company		-	(529)	(2,736)	(3,265)	-	(3,265)
At 30 September 2020	269,934	(85)	(5,477)	416,953	681,325	18,470	699,795
At 1 January 2019	269,934	(85)	(4,275)	419,426	685,000	18,993	703,993
Profit/(Loss) and total comprehensive income/(loss) for the financial period	-	-	-	2,213	2,213	(55)	2,158
Own shares acquired	-	-	(673)	-	(673)	-	(673)
Dividends to owners of the Company	-	-	-	(3,294)	(3,294)	-	(3,294)
Total transactions with owners of the Company	-	-	(673)	(3,294)	(3,967)	-	(3,967)
At 30 September 2019	269,934	(85)	(4,948)	418,345	683,246	18,938	702,184

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 September 2020**

	Note	9 months ended 30 September	
		2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit before tax		11,284	8,927
<i>Adjustments for:</i>			
Allowance for impairment losses on trade receivables		704	271
Allowance for impairment losses written back on trade receivables		(391)	(2,386)
Bad debts written off		1	118
Depreciation of:			
- investment properties		727	672
- property, plant and equipment		16,663	17,812
- right-of-use assets		661	216
Finance costs		14,102	17,265
(Gain)/Loss on disposal of:			
- asset held for sale		-	(2,127)
- property, plant and equipment		(388)	165
Gain on derecognition of right-of-use assets		(1)	-
Interest income		(1,372)	(1,470)
Inventories written down		6,021	1,970
Property, plant and equipment written off		-	71
Operating profit before changes in working capital		48,011	41,504
Changes in:			
Inventories		5,900	49,105
Receivables, deposits and prepayments		7,140	12,965
Payables and accruals		(4,962)	(7,944)
Cash generated from operations		56,089	95,630
Interest paid		(1,773)	(1,836)
Net tax paid		(1,871)	(10,302)
Net cash from operating activities		<u>52,445</u>	<u>83,492</u>
Cash flows from investing activities			
Acquisition of:			
- an investment property		-	(574)
- property, plant and equipment		(5,467)	(10,299)
Released of pledged deposits placed with licensed banks		-	1,113
Interest received		1,372	1,470
Proceeds from disposal of:			
- asset held for sale		-	7,324
- property, plant and equipment		613	306
Net cash used in investing activities		<u>(3,482)</u>	<u>(660)</u>

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 September 2020**

	Note	9 months ended 30 September	
		2020 RM'000	2019 RM'000
Cash flows from financing activities			
Dividends paid to owners of the Company	A7	(2,736)	(3,294)
Interest paid		(13,477)	(17,231)
Net (repayment of)/proceeds from other borrowings		(32,583)	7,301
Net proceeds from/(repayment of) revolving credit		17,306	(28,003)
Payment of lease liabilities		(93)	(204)
Repayment of:			
- hire purchase liabilities		(1,585)	(3,070)
- term loans		(12,143)	(27,719)
Repurchase of treasury shares		(529)	(673)
Net cash used in financing activities		<u>(45,840)</u>	<u>(72,893)</u>
Net increase in cash and cash equivalents		3,123	9,939
Cash and cash equivalents at the beginning of financial period		<u>38,370</u>	<u>16,214</u>
Cash and cash equivalents at the end of financial period		<u><u>41,493</u></u>	<u><u>26,153</u></u>

Note:*Cash and cash equivalents comprise:*

	As at 30 September	
	2020 RM'000	2019 RM'000
Cash and bank balances	26,745	24,042
Deposits are placed with:		
- licensed banks	6,916	8,383
- other corporations	<u>29,203</u>	<u>25,715</u>
	62,864	58,140
Less:		
Bank overdrafts	<u>(21,371)</u>	<u>(31,987)</u>
	<u><u>41,493</u></u>	<u><u>26,153</u></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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

Notes to the interim financial report for the financial quarter ended 30 September 2020

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 2019. 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 2019 except for the following:

Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial period ended 30 September 2020, 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 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The above applicable amendments are expected to have no significant impact on the financial statements of the Group upon their 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.

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 except for the factors as disclosed under notes B1 and B2.

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 2019.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

A6. Debt and Equity Securities

On 22 June 2020, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Nineteenth Annual General Meeting held on even-date.

During the current financial quarter, the Company repurchased 500,000 of its issued share capital from the open market at an average price of RM0.50 per share plus the transactions cost for a total cash consideration of RM250,870.

During the current financial period to date, the Company repurchased 962,500 of its issued share capital from the open market at an average price of RM0.55 per share including transactions cost. The total consideration paid was RM529,336. 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 5,999,800 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

The approved final single tier dividend of 0.625 sen per share totaling RM2,736,375 in respect of the financial year ended 31 December 2019 was paid on 21 September 2020 to depositors whose names in the Record of Depositors on 28 August 2020.

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.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

The reportable segment information for the financial period ended 30 September 2020 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	409,573	253,287	5,890	2,365	671,115
Inter segment revenue	19,766	120,976	164	12	140,918
Total reportable revenue	429,339	374,263	6,054	2,377	812,033
Reportable segment profit/(loss)*	24,119	22,469	(1,443)	(2,330)	42,815
Reportable segment assets	443,247	527,749	170,862	85,776	1,227,634
Reportable segment liabilities	(238,606)	(257,885)	(26,114)	(27,632)	(550,237)

Reconciliation of reportable segment profit or loss for the financial period ended 30 September 2020

	RM'000
Total profit for reportable segments	42,815
Other non-reportable segment loss	(762)
Elimination of inter-segment transactions	12
Depreciation and amortisation	(18,051)
Finance costs	(14,102)
Interest income	1,372
Consolidated profit before tax	11,284

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

A9. Subsequent events

There were no other material subsequent events since the end of the date of the last annual reporting period until 19 November 2020, 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.

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.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

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:

	30 September 2020 RM'000	31 December 2019 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	436,476	476,442
- suppliers for credit facilities granted to its subsidiaries	5,341	5,217
	<u>441,817</u>	<u>481,659</u>

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

B1. Review of performance

	9 months ended 30 September	
	2020 RM'000	2019 RM'000
Revenue	671,115	828,355
Segment profit	42,053	43,379
Profit before tax	11,284	8,927
Profit after tax	4,326	2,158
Profit attributable to Owners of the Company	4,441	2,213

The net revenue for 2020 was 19.0% lower than the preceding year mainly due to the total business closure from 18 March 2020 until 4 May 2020 resulted from the implementation of the Movement Control Order (“MCO”) by the Government of Malaysia (“GOM”) and thereafter the subsequent resumption of businesses in stages subject to the rules and standard operating procedures set by the authorities. However, the profit before tax was 26.4% higher than the preceding year mainly due to better cost management of procurement of raw materials and operations for certain of its manufacturing plants.

On the financial position review for the nine months ended 30 September 2020, the Group’s equity attributable to owners of the Company increased marginally by 0.2% from RM680.1 million as of 31 December 2019 to RM681.3 million as of 30 September 2020 mainly due to increased retained earnings which offset the dividend payout. The net assets per share of the Group as of 31 December 2019 and 30 September 2020 was maintained at RM1.58. Given the challenging market environment arising from the COVID-19 pandemic, the Group has managed to conserve cash by reducing its inventories holding and intensify credit control on its trade receivables to repay bank borrowings. This has led to the improvement in net gearing from 0.58 times as of 31 December 2019 to 0.54 times as of 30 September 2020.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM409.6 million in 2020, representing a decrease of 15.2% as compared to 2019 and contributed 61.0% of the Group’s net revenue. The segment recorded a lower segment profit and profit before tax of RM24.1 million and RM14.6 million respectively, representing a decrease of 19.9% and 17.4% respectively as compared to 2019. The segment accounted for 57.4% of the Group’s segment profit and the

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

overall Group's profitability. The decrease in revenue and profit before tax was mainly due to the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO. In addition, there was a provision for inventories written down during the period totalled RM4.4 million (2019: RM2.0 million).

Manufacturing segment

The manufacturing segment recorded a net revenue of RM253.3 million in 2020, representing a decrease of 20.2% as compared to 2019 and contributed 37.7% of the Group's net revenue. The lower revenue recorded was mainly due to the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO. However, the segment recorded an increase in segment profit of RM22.5 million, representing an increase by 40.9% as compared to 2019 and a profit before tax of RM6.4 million as compared to a loss before tax of RM0.2 million in 2019. The segment accounted for 53.4% of the Group's segment profit and the overall Group's profitability. The increase in segment profit and profit before tax was mainly due to the better cost management of procurement of raw materials and operations for certain of its manufacturing plants.

Property development segment

The segment recorded a lower net revenue of RM5.9 million (2019: RM20.7 million) and contributed 0.9% to the Group's net revenue. The revenue was mainly contributed by its Amanja project in Kepong. As of end of the current quarter, the total residential units sold in Amanja stood at 79.9% (2019: 72.3%).

The segment registered a loss before tax of RM2.6 million (2019: RM1.9 million) mainly due to the soft property market, recurring operating costs to maintain its unsold property stocks located in Kepong and Selayang, and a provision for inventories written down for unsold property stocks in Selayang during the period totalled RM1.6 million (2019: Nil).

Hospitality segment

The segment recorded a significant decrease in net revenue of RM2.4 million (2019: RM7.1 million) arising from the decrease in average occupancy rate which stood at 21.6% (2019: 65.1%). The division was adversely impacted by the domestic and worldwide booking cancellation and travel restrictions in response to the COVID-19 pandemic outbreak since late January 2020 and the business closure arising from the implementations of the MCO and Controlled MCO from 18 March 2020 to 9 June 2020. The segment closed its hotel operations at Ibis Styles hotel located at Bandar Sri Damansara to curtail further operating losses during the second quarter. Consequently, the segment registered a higher loss before tax of RM6.3 million (2019: RM5.7 million) which included borrowing cost and depreciation totalling RM4.2 million (2019: RM4.5 million).

B2. Comparison with preceding financial quarter's results

	3 months ended	
	30/9/20	30/6/20
	RM'000	RM'000
Revenue	289,394	138,176
Profit/(Loss) before tax	13,846	(7,301)

The significant increase in revenue and profit before tax as compared to the preceding quarter ended 30 June 2020 was mainly due to the increase in market demand for certain metal trading products and manufactured steel products. The preceding quarter recorded poor revenue and loss before tax mainly due to the business closure from 18 March 2020 to 3 May 2020 resulted from

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

the implementation of the MCO, and the subsequent resumption of businesses operations in stages subject to the rules and standard operating procedures set by the authorities.

B3. Prospects

The International Monetary Fund (“IMF”) has projected the global economy to contract 4.4% in 2020 and global trade is set to decline by 10.4% due to the impact of the COVID-19 pandemic. The Malaysian economy is expected to contract 4.5% in 2020 but is expected to recover and expand between 6.5% to 7.5% in 2021 in line with the proactive measures undertaken by the GOM through the RM305 billion announced economic stimulus packages, the Budget 2021 initiatives and supported by the forecast growth in global economy by 5.2%. The total expenditure for 2021 is valued at RM322.5 billion (2020 estimate: RM314.7 billion) of which RM69.0 billion is allocated for development expenditure. Fiscal deficit for 2021 is targeted at 5.4% (2020 estimate: 6.0%) of Gross Domestic Products. RM2.5 billion was allocated for contractors in Class G1 to G4 to carry out small and medium projects nationwide with high multiplier effect to the economy. The infrastructure of industrial areas nationwide will be improved which includes the development of water treatment plant in Bukit Kayu Hitam, Kedah and RM45 million to meet the water supply needs in Gebeng, Pahang. RM2.7 billion is also allocated to implement various rural infrastructure projects which covers RM1.3 billion for roads, RM632 million for water supply etc. The GOM will focus on a 5-year development agenda under the 12th Malaysia Plan, among others, the RM15.0 billion transport infrastructure development which includes the Pan Borneo Highway, Gemas-Johor Bahru electrified double track, Klang Valley double track Phase 1, Mass Rail Transit 3 in the Klang Valley etc., RM3.8 billion large new roads and bridges projects in various states, RM780 million for the five regional corridors of economic development, and RM150 million for raw water transfer project to Melaka. Sabah and Sarawak will receive development expenditure totalling RM5.1 billion and RM4.5 billion respectively, among others, for the building and upgrading of water, electricity and roads. *(Source: Malaysian Budget 2021)*

The above uncertainties in local and global economic outlook will provide a challenging platform for our existing businesses in all segments which focus mainly on domestic market. The performance of the Group will be further affected by factors such as the recovery of domestic demand, the volatility in the international and domestic metal prices and the timely implementation of projects in the construction, utilities, infrastructure and property development sectors. Notwithstanding this, the wholesale and distribution segment will continue to focus on expanding its existing customer network and product range and sourcing for new products locally and abroad. The manufacturing segment will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunity. The property development segment will focus on selling its remaining unsold residential and commercial properties in Kepong and Selayang, and explore property development opportunities on its existing land bank. The opening of interstate travelling and the revival of domestic tourism are positive steps toward the recovery of the local tourism industry which has been adversely affected by the COVID-19 pandemic. After shutting down one hotel as mentioned under the hospitality segment in Note B1, the hospitality segment will closely monitor the performance of the remaining two operating hotels and managing their operating costs to remain sustainable.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

B5. Tax expense

	Individual quarter 3 months ended 30/9/20 RM'000	Cumulative quarter 9 months ended 30/9/20 RM'000
Income tax expense		
- current financial year	4,367	6,960
- over provision in prior financial year	(29)	(29)
Real property gain tax		
- current financial year	-	10
- over provision in prior financial year	-	(106)
Deferred tax expense		
- origination and reversal of temporary differences	(102)	123
	<u>4,236</u>	<u>6,958</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	3,323	2,708
Non-deductible expenses	993	4,584
Income not subjected to tax	(51)	(209)
Real property gain tax	-	10
Over provision in prior financial year	(29)	(135)
	<u>4,236</u>	<u>6,958</u>

B6. Status of Corporate Proposals Announced

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

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2020 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	287	-	287
Term loans	54,302	-	54,302
	<u>54,589</u>	<u>-</u>	<u>54,589</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	6,191	15,180	21,371
Hire purchase liabilities	566	-	566
Revolving credit	-	76,957	76,957
Bankers' acceptances	45,205	218,208	263,413
Term loans	19,931	-	19,931
	<u>71,893</u>	<u>310,345</u>	<u>382,238</u>

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

B8. Changes in Material Litigation

There was no impending material litigation as at 19 November 2020, being the date not earlier than 7 days from the date of this announcement.

B9. Dividend declared

The Board does not recommend any interim dividend for the financial quarter ended 30 September 2020.

B10. Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share for the current financial quarter and the financial period ended 30 September 2020 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	3 months ended	9 months ended	9 months ended
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
Profit attributable to owners of the Company (RM'000)	9,324	1,110	4,441	2,213
<i>Weighted average number of ordinary shares ('000)</i>				
Issued ordinary shares as at 1 January	443,319	443,319	443,319	443,319
Effects of treasury shares held	(5,654)	(4,471)	(5,315)	(4,143)
Weighted average number of ordinary shares as at 30 September	437,665	438,848	438,004	439,176
Basic and diluted earnings per ordinary share (sen)	2.13	0.25	1.01	0.50

B11. Profit before tax

	Individual quarter	Cumulative quarter
	3 months ended	9 months ended
	30/9/20	30/9/20
	RM'000	RM'000
Profit before tax is arrived at after charging:		
Allowance for impairment losses on trade receivables	273	704
Bad debts written off	1	1
Depreciation of:		
- investment properties	243	727
- property, plant and equipment	5,585	16,663
- right-of-use assets	212	661
Finance costs	4,120	14,102
Inventories written down	3,212	6,021
and after crediting:		
Allowance for impairment losses written back on trade receivables	232	391

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

	Individual quarter 3 months ended 30/9/20 RM'000	Cumulative quarter 9 months ended 30/9/20 RM'000
Gain on disposal of property, plant and equipment	47	388
Gain on derecognition of right-of-use assets	1	1
Interest income	462	1,372
Realised (loss)/gain on foreign exchange, net	(11)	14
Rental income on land and buildings	196	503
	=====	=====

B12. Capital commitment

	30 September 2020 RM'000
Property, plant and equipment	
Authorised but not contracted for	21,867
Contracted but not provided for	8,601

	30,468
	=====

B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 September 2020 were as follows:

	RM'000
Sales	(3,691)
Purchases	6,256
Rental income	(54)
Expenses relating to short-term leases	1,183
Consultancy fee expenses	342
	=====

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

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

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:

	30 September 2020 RM'000	31 December 2019 RM'000
Corporate guarantees issued to :		
- financial institutions for bank facilities granted to its non wholly-owned subsidiaries	66,291	86,499
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	612	486
	<u>66,903</u>	<u>86,985</u>

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