

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results
For the Second Quarter ended 30 June 2021**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 30 June 2021**

	Note	As at 30 June 2021 RM'000	Audited As at 31 December 2020 RM'000
<u>ASSETS</u>			
Property, plant and equipment		342,639	335,332
Right-of-use assets		42,699	42,896
Investment properties		42,314	41,265
Deferred tax assets		5,267	6,588
Total non-current assets		432,919	426,081
Inventories		460,511	445,829
Receivables, deposits and prepayments		319,032	370,275
Assets held for sale		163	-
Current tax assets		602	774
Cash and bank balances		126,371	99,368
Total current assets		906,679	916,246
TOTAL ASSETS		1,339,598	1,342,327
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		452,075	421,923
Total equity attributable to Owners of the Company		722,009	691,857
Non-controlling interests		19,812	19,102
TOTAL EQUITY		741,821	710,959
<u>LIABILITIES</u>			
Loans and borrowings	B7	46,762	54,872
Lease liabilities		604	483
Deferred tax liabilities		12,754	12,620
Total non-current liabilities		60,120	67,975
Payables and accruals		71,291	93,722
Loans and borrowings	B7	448,088	463,120
Lease liabilities		137	68
Dividend payable	A9(ii)	3,272	-
Current tax liabilities		14,869	6,483
Total current liabilities		537,657	563,393
TOTAL LIABILITIES		597,777	631,368
TOTAL EQUITY AND LIABILITIES		1,339,598	1,342,327
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.67	1.60

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 30 June 2021**

	Note	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue		241,456	138,176	566,107	381,721
Cost of sales		(199,957)	(124,412)	(469,580)	(335,886)
Gross profit		41,499	13,764	96,527	45,835
Administrative expenses		(12,710)	(11,430)	(25,758)	(25,041)
Distribution costs		(7,054)	(6,467)	(16,497)	(15,856)
Net gain/(loss) on impairment of financial instruments		47	(148)	17	(272)
Other operating expenses		(87)	(38)	(187)	(41)
Other operating income		338	1,342	738	1,885
Operating profit/(loss)		22,033	(2,977)	54,840	6,510
Finance costs		(4,097)	(4,672)	(8,143)	(9,982)
Finance income		388	348	795	910
Profit/(Loss) before tax	B11	18,324	(7,301)	47,492	(2,562)
Tax expense	B5	(5,567)	(309)	(13,356)	(2,722)
Profit/(Loss) and total comprehensive income/(loss) for the financial period		12,757	(7,610)	34,136	(5,284)
Profit/(Loss) attributable to:					
Owners of the Company		12,547	(7,343)	33,339	(4,883)
Non-controlling interests		210	(267)	797	(401)
Profit/(Loss) for the financial period		12,757	(7,610)	34,136	(5,284)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		12,547	(7,343)	33,339	(4,883)
Non-controlling interests		210	(267)	797	(401)
Profit/(Loss) and total comprehensive income/(loss) for the financial period		12,757	(7,610)	34,136	(5,284)
Basic and diluted earnings/(loss) per ordinary shares (sen)	B10	2.88	(1.68)	7.64	(1.11)

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 2020 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 period ended 30 June 2021**

Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable				Total RM'000	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			
At 1 January 2021	269,934	(85)	(5,928)	427,936	691,857	19,102	710,959
Profit and total comprehensive income for the financial period	-	-	-	33,339	33,339	797	34,136
Realisation of translation reserve due to strike off of a subsidiary	-	85	-	-	85	-	85
Dividends to owners of the Company	-	-	-	(3,272)	(3,272)	-	(3,272)
Total transactions with owners of the Company	-	-	-	(3,272)	(3,272)	-	(3,272)
Dividends to non-controlling interests	-	-	-	-	-	(87)	(87)
At 30 June 2021	269,934	-	(5,928)	458,003	722,009	19,812	741,821
At 1 January 2020	269,934	(85)	(4,948)	415,248	680,149	18,585	698,734
Loss and total comprehensive loss for the financial period	-	-	-	(4,883)	(4,883)	(401)	(5,284)
Own share acquired	-	-	(279)	-	(279)	-	(279)
Dividends to owners of the Company	-	-	-	(2,736)	(2,736)	-	(2,736)
Total transactions with owners of the Company	-	-	(279)	(2,736)	(3,015)	-	(3,015)
At 30 June 2020	269,934	(85)	(5,227)	407,629	672,251	18,184	690,435

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2021**

	6 months ended 30 June	
	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	47,492	(2,562)
<i>Adjustments for:</i>		
Depreciation of:		
- investment properties	497	484
- property, plant and equipment	10,913	11,078
- right-of-use assets	461	449
Finance costs	8,143	9,982
Finance income	(795)	(910)
Gain on disposal of property, plant and equipment	(30)	(341)
Inventories written down	4,870	2,809
Loss from striking off a subsidiary	85	-
Net (gain)/loss on impairment of financial instrument	(17)	272
Plant and equipment written off	96	-
	71,715	21,261
Operating profit before changes in working capital		
Changes in:		
Inventories	(19,085)	4,324
Receivables, deposits and prepayments	49,551	62,232
Payables and accruals	(22,431)	(29,723)
	79,750	58,094
Cash generated from operations		
Interest paid	(421)	(1,262)
Net tax paid	(3,343)	(1,875)
	75,986	54,957
Net cash from operating activities	75,986	54,957
Cash flows from investing activities		
Acquisition of property, plant and equipment	(18,000)	(3,791)
Deposit placed with a licensed bank	(600)	-
Interest received	795	910
Proceeds from disposal of property, plant and equipment	30	566
	(17,775)	(2,315)
Net cash used in investing activities	(17,775)	(2,315)
Cash flows from financing activities		
Dividends paid to non-controlling interest	(87)	-
Interest paid	(8,399)	(9,556)
Net repayment of other borrowings	(37,868)	(43,619)
Net proceeds from revolving credit	24,655	10,539
Payment of lease liabilities	(74)	(61)
Repayment of:		
- hire purchase liabilities	(366)	(1,224)
- term loans	(8,757)	(11,590)
Repurchase of treasury shares	-	(279)
	(30,896)	(55,790)
Net cash used in financing activities	(30,896)	(55,790)

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2021**

	6 months ended 30 June	
	2021	2020
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	27,315	(3,148)
Cash and cash equivalents at the beginning of financial period	88,397	38,370
Cash and cash equivalents at the end of financial period	<u>115,712</u>	<u>35,222</u>

Note:*Cash and cash equivalents comprise:*

	As at 30 June	
	2021	2020
	RM'000	RM'000
Cash and bank balances	55,581	29,197
Deposits placed with licensed banks	19,961	7,167
Highly liquid investments with other institutions	50,829	31,628
	<u>126,371</u>	<u>67,992</u>
Less:		
Deposit pledged	(600)	-
Bank overdrafts	(10,059)	(32,770)
	<u>115,712</u>	<u>35,222</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report for the financial quarter ended 30 June 2021

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 2020. 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 2020 except for the following:

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

In the current financial period ended 30 June 2021, the Group adopted the following standards, amendments and interpretations that effective for annual periods beginning on or after 1 June 2020 and 1 January 2021 to its financial statement, except for amendments to MFRS 4 which is not applicable to the Group:

- Amendments to MFRS 16, *Leases – Covid-19 - Related Rent Concessions*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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 Government of Malaysia (“GOM”) reimposed a two-week Movement Control Order 3.0 (“MCO 3.0”) in six districts of Selangor and other targeted movement restrictions from 6 May 2021 to 17 May 2021 in response to the COVID-19 local outbreaks, and thereafter extended to a nationwide MCO 3.0 from 12 May 2021 to 7 June 2021 which, among others, imposed a nationwide ban on interstate and inter-district travels from 10 May 2021 to 6 June 2021. On 28 May 2021, the GOM announced a nationwide total lockdown on all social and economic sectors from 1 June 2021 until 28 June 2021 and has since been extended indefinitely until further directives by the GOM in view of the significant surge of COVID-19 infections. Only essential economic and social services listed by the National Security Council were allowed to operate. On 15 June 2021, the GOM introduced a four-phase National Recovery Plan (“NRP”), which came into effect from 29 June 2021 to help the country emerge from the COVID-19 pandemic and its

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economic fallout. As each phase in the NRP is based on the amount of new cases, people requiring Intensive Care Unit treatment and vaccination rates, it can be extended, or moved on to the next phase, whenever possible. The enforcement of the MCO 3.0 and the NRP Phase 1, where the conditions are the same as the total lockdown launched from 1 June 2021, have resulted in the mandatory closure of all Government and private premises except those involved in providing essential services, and those which have been granted with approvals to operate subject to strict conditions imposed by the Ministry of International Trade and Industry (“MITI”). Our Group has been granted approval to operate during the MCO 3.0 and NRP Phase 1 by the MITI subject to at least 60% workforce save for one of our subsidiary located at Melaka which is still subject to 10% workforce. Our hotel business only allows the staying guests involved in the provision of essential services from 6 May 2021 onwards. The above movement control measures taken by the GOM to contain the COVID-19 outbreak have adversely impacted the Group’s operations.

Other than the above, 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.

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 2020.

A6. Debt and Equity Securities

On 27 May 2021, the shareholders of the Company granted their approval for the Company’s plan to repurchase its ordinary shares at the Twentieth Annual General Meeting held on even-date. As at 30 June 2021, the Company held a total of 6,976,200 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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 period ended 30 June 2021 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	317,314	237,951	9,395	1,447	566,107
Inter segment revenue	27,475	99,715	160	-	127,350
Total reportable revenue	344,789	337,666	9,555	1,447	693,457
Reportable segment profit/(loss)*	26,778	41,781	(265)	(822)	67,472
Reportable segment assets	485,528	584,736	160,263	82,218	1,312,745
Reportable segment liabilities	(264,371)	(284,713)	(21,487)	(23,158)	(593,729)

Reconciliation of reportable segment profit or loss for the financial period ended 30 June 2021

	RM'000
Total profit for reportable segments	67,472
Other non-reportable segment loss	(648)
Elimination of inter-segment transactions	(113)
Depreciation	(11,871)
Finance costs	(8,143)
Finance income	795
Consolidated profit before tax	47,492

* Refer to profit before interest, tax and depreciation.

A9. Subsequent events

- (i) On 1 July 2021, the GOM announced that a large part of Selangor as well as several localities in Kuala Lumpur will be placed under the Enhanced Movement Control Order (“EMCO”) from 3 July 2021 until 16 July 2021 following the high number of COVID-19 cases reported in the Klang Valley. The EMCO ended on 16 July 2021 and these areas were reverted back to the NRP Phase 1. The enforcement of the EMCO during this period had resulted in the mandatory closure of all businesses of the Group except those which have been granted with approvals to operate subject to strict conditions imposed by the MITI. Our hotel business allows the staying guests involved in the provision of essential services.
- (ii) The approved single tier dividend of 0.75 sen per ordinary share totalling RM3,272,574 in respect of the financial year ended 31 December 2020 has been subsequently paid on 2 July 2021 to depositors whose names appear in the Record of Depositors on 15 June 2021.

Other than the above, there were no other material subsequent events since the end of the date of the last annual reporting period until 19 August 2021, 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 material change in the composition of the Group for the current financial quarter under review.

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 June 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	494,577	517,585
- suppliers for credit facilities granted to its subsidiaries	2,988	6,633
	497,565	524,218

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

B1. Review of performance

	6 months ended 30 June	
	2021 RM'000	2020 RM'000
Revenue	566,107	381,721
Segment profit	66,824	18,515
Profit/(Loss) before tax	47,492	(2,562)
Profit/(Loss) after tax	34,136	(5,284)
Profit/(Loss) attributable to Owners of the Company	33,339	(4,883)

The net revenue and profit before tax for 2021 was higher than the preceding year corresponding period mainly due to the increase in market demand for most of its metal-related trading products and manufactured steel products, and better yield in tandem with the increase in international and domestic metal prices notwithstanding the declining business activities during the current quarter as described in Note A4 above. In addition, the results of 2020 was adversely affected by the total business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the first Movement Control Order (“MCO”).

On the financial position review for the the six months ended 30 June 2021, the Group’s equity attributable to owners of the Company increased by 4.4% from RM691.9 million as of 31 December 2020 to RM722.0 million as of 30 June 2021 mainly due to the increased retained earnings. Consequently, the net assets per share of the Group increased from RM1.60 as of 31 December 2020 to RM1.67 as of 30 June 2021. The Group has been vigilant on credit control, inventories and cash flow management given the challenging market environment arising from the COVID-19 pandemic. This has led to an improved in net gearing ratio of 0.59 times as of 31 December 2020 to 0.50 times as of 30 June 2021.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM317.3 million in 2021, representing an increase of 32.3% as compared to 2020 and contributed 56.1% of the Group’s net revenue. The segment profit and profit before tax of RM26.8 million and RM20.8 million respectively represented an increase of 132.5% and 332.3% respectively as compared to 2020.

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The segment accounted for 40.1% of the Group's segment profit and 43.9% of the Group's profit before tax. The increase in revenue and profit before tax was mainly due to the increase in market demand for most of its metal-related trading products and better yield in tandem with the increase in international and domestic metal prices notwithstanding the declining business activities during the current quarter as described in Note **A4** above. In addition, the lower contribution in 2020 was affected by the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO.

Manufacturing segment

The manufacturing segment recorded a net revenue of RM238.0 million in 2021, representing an increase of 73.9% as compared to 2020 and contributed 42.0% of the Group's net revenue. Consequently, the segment recorded a surge in segment profit of RM41.8 million (2020: RM10.1 million) and a profit before tax of RM31.8 million in 2021 from a loss before tax of RM0.8 million in 2020. The segment accounted for 62.5% of the Group's segment profit and 66.9% of the Group's profit before tax. The increase in revenue and profit before tax was mainly due to the increase in market demand for most of its manufactured steel products in tandem with the increase in domestic steel prices, and better cost management from higher production output notwithstanding the declining business activities during the current quarter as described in Note **A4** above. In addition, the lower contribution in 2020 was affected by the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO.

Property development segment

The segment recorded improvement in net revenue of RM9.4 million (2020: RM3.4 million) and contributed 1.7% to the Group's net revenue. The revenue was mainly contributed by its Amanja project located at Kepong and Tiara Residence project located at Selayang. The total residential units sold as of 30 June 2021 for Amanja project was 87.1% (2020: 78.1%) and Tiara Residence project was 84.8% (2020: 80.4%).

The segment registered a lower loss before tax of RM1.0 million (2020: RM1.3 million) mainly due to the decrease in recurring operating costs to maintain lesser unsold property stocks which are located at Kepong and Selayang.

Hospitality segment

The segment recorded a decrease in net revenue of RM1.4 million (2020: RM1.6 million) despite a marginal increase in average occupancy rate of 23.8% from the remaining two operating hotels as compared to 21.0% in 2020 from the three operating hotels. The division was adversely impacted by the international and domestic travel restrictions, and the closure of the Meetings, Incentives, Conventions and Exhibitions ("MICE") sector arising from the implementation of MCO 3.0 and NRP Phase 1 as described in Note **A4** above in response to the COVID-19 pandemic. Our hotel business only allows the staying guests involved in the provision of essential services from 6 May 2021 onwards.

The segment closed its hotel operations at Ibis Styles hotel located at Bandar Sri Damansara since May 2020 to curtail further operating loss. This has resulted in the segment registering a lower loss before tax of RM3.3 million (2020: RM4.7 million) which included borrowing cost and depreciation totalling RM2.7 million (2020: RM2.9 million).

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B2. Comparison with preceding financial quarter's results

	3 months ended	
	30/6/21	31/3/21
	RM'000	RM'000
Revenue	241,456	324,651
Profit before tax	18,324	29,168

The decrease in revenue and profit before tax as compared to the preceding quarter ended 31 March 2021 was mainly due to the decline in business activities in all business segments as described in Note A4 above.

B3. Prospects

The Malaysian economy grew by 16.1% in the second quarter (1Q 2021: -0.5%). Economic performance was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected the low base from the significant decline in economic activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed down thereafter following the re-imposition of stricter containment measures nationwide under the NRP Phase 1. All economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), weighed by the tighter containment measures. While the containment measures weighed on growth, greater adaptability to restrictions and ongoing policy support have partly mitigated the impact. The Malaysian economy remains on a recovery path in 2021. While the resurgence of COVID-19 cases and the re-imposition of nationwide containment measures are expected to weigh on growth, the impact will be cushioned by several factors. These include continued allowances for essential economic sectors to operate, higher adaptability to remote work as well as increased automation and digitalisation. Growth will be further supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the growth trajectory will depend on the ability to contain the epidemic and materialisation of health outcomes from the nationwide vaccination programme. This will allow economic sectors to gradually reopen and provide some lift to household and business sentiments. The Malaysian economy is projected to expand between 3.0% and 4.0% in 2021 which is lower than 6.5% to 7.5% projected by the GOM in the Malaysian Budget 2021. Nevertheless, the expected re-opening of the economy would support a gradual recovery in the fourth quarter of 2021 with higher global growth and sustained policy support providing a further lift to economic growth. (Source: *Economic and Financial Developments in Malaysia in the 2nd Quarter of 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 located at Kepong and Selayang, and explore property development opportunities on its existing land bank. The re-introduction of MCO 3.0 and NRP Phase 1 which, among others, imposes interstate and inter-district travel ban and prohibits MICE activities have put a dampening effect on the hospitality industry which has been adversely affected by the COVID-19 pandemic.

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The performance of the Group remains challenging during the 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.

B5. Tax expense

	Individual quarter 3 months ended 30/6/21 RM'000	Cumulative quarter 6 months ended 30/6/21 RM'000
Income tax expense		
- current financial year	5,519	12,482
- over provision in prior financial year	-	(74)
Deferred tax expense		
- origination and reversal of temporary differences	48	948
	<hr/> 5,567	<hr/> 13,356
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	4,398	11,398
Non-deductible expenses	1,565	2,527
Income not subjected to tax	(34)	(61)
Utilisation of previously unrecognised deferred tax benefits	(362)	(434)
Over provision in prior financial year	-	(74)
	<hr/> 5,567	<hr/> 13,356

B6. Status of Corporate Proposals Announced

Proposed Rights Issue of Warrants

On 25 February 2021, the Company had announced the proposed renounceable rights issue of up to 110,829,825 new warrants on the basis of one warrant for every four existing ordinary shares held on an entitlement date to be determined at a later date ("Entitlement Date") (the "Proposal").

The Proposal was approved by Bursa Malaysia on 21 April 2021 and the shareholders of the Company at an Extraordinary General Meeting held on 27 May 2021. On 28 July 2021, the Company announced the issue price and exercise price of the new warrants at RM0.03 per warrant and RM0.70 per warrant respectively, and the Entitlement Date and the other relevant dates pertaining to the Proposal.

Other than the above, there were no other corporate proposals announced but not completed for the financial period under review.

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B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2021 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	92	-	92
Term loans	46,670	-	46,670
	<u>46,762</u>	<u>-</u>	<u>46,762</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	4,736	5,323	10,059
Hire purchase liabilities	434	-	434
Revolving credit	-	74,012	74,012
Bankers' acceptances	62,885	284,848	347,733
Term loans	15,850	-	15,850
	<u>83,905</u>	<u>364,183</u>	<u>448,088</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 19 August 2021, 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 June 2021.

B10. Basic and diluted earnings/(loss) per ordinary share

The calculation of basic and diluted earnings/(loss) per ordinary share for the current financial quarter and the financial period ended 30 June 2021 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 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2021	2020	2021	2020
Profit/(Loss) attributable to owners of the Company (RM'000)	12,547	(7,343)	33,339	(4,883)
<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	(6,976)	(5,251)	(6,976)	(5,144)
Weighted average number of ordinary shares as at 30 June	<u>436,343</u>	<u>438,068</u>	<u>436,343</u>	<u>438,175</u>
Basic and diluted earnings/(loss) per ordinary share (sen)	<u>2.88</u>	<u>(1.68)</u>	<u>7.64</u>	<u>(1.11)</u>

B11. Profit before tax

	Individual quarter 3 months ended 30/6/21 RM'000	Cumulative quarter 6 months ended 30/6/21 RM'000
Profit before tax is arrived at after charging:		
Depreciation of:		
- investment properties	253	497
- property, plant and equipment	5,433	10,913
- right-of-use assets	232	461
Finance costs	4,097	8,143
Inventories written down	3,340	4,870
Loss from striking off a subsidiary	85	85
Net gain on impairment of financial instrument		
- trade receivables	(47)	(17)
Plant and equipment written off	-	96
and after crediting:		
Gain on disposal of property, plant and equipment	-	30
Finance income	388	795
Realised gain on foreign exchange, net	35	58
Rental income on land and buildings	188	377
	=====	=====

B12. Capital commitment

	30 June 2021 RM'000
Property, plant and equipment	
Authorised but not contracted for	4,461
Contracted but not provided for	16,606

	21,067
	=====

B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 June 2021 were as follows:

	RM'000
Sales	(4,498)
Purchases	5,262
Rental income	(36)
Expenses relating to short-term leases	784
Consultancy fee expenses	278
	=====

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

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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 June 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to :		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	74,748	80,448
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	31	88
	<u>74,779</u>	<u>80,536</u>

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