

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results
For the Fourth Quarter ended 31 December 2021**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 31 December 2021**

	Note	As at 31 December 2021 RM'000	Audited As at 31 December 2020 RM'000
<u>ASSETS</u>			
Property, plant and equipment		350,059	335,332
Right-of-use assets		42,376	42,896
Investment properties		41,614	41,265
Deferred tax assets		3,620	6,588
Total non-current assets		437,669	426,081
Inventories		483,678	445,829
Receivables, deposits and prepayments		368,760	370,275
Assets held for sale		11,339	-
Current tax assets		739	774
Cash and bank balances		122,994	99,368
Total current assets		987,510	916,246
TOTAL ASSETS		1,425,179	1,342,327
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		496,941	421,923
Total equity attributable to Owners of the Company		766,875	691,857
Non-controlling interests		21,260	19,102
TOTAL EQUITY		788,135	710,959
<u>LIABILITIES</u>			
Loans and borrowings	B7	39,214	54,872
Lease liabilities		548	483
Deferred tax liabilities		11,030	12,620
Total non-current liabilities		50,792	67,975
Payables and accruals		115,659	93,722
Loans and borrowings	B7	459,876	463,120
Lease liabilities		163	68
Current tax liabilities		10,554	6,483
Total current liabilities		586,252	563,393
TOTAL LIABILITIES		637,044	631,368
TOTAL EQUITY AND LIABILITIES		1,425,179	1,342,327
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.78	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 year ended 31 December 2021**

	Note	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue		367,538	318,499	1,172,575	989,614
Cost of sales		(308,598)	(273,538)	(973,063)	(862,017)
Gross profit		58,940	44,961	199,512	127,597
Administrative expenses		(14,562)	(13,870)	(52,794)	(50,536)
Distribution costs		(9,133)	(10,986)	(32,294)	(36,554)
Net loss on impairment of financial instruments		(1,197)	(665)	(1,094)	(978)
Other operating expenses		(14)	(107)	(241)	(204)
Other operating income		725	836	2,684	4,858
Operating profit		34,759	20,169	115,773	44,183
Finance costs		(4,109)	(4,216)	(16,470)	(18,318)
Finance income		560	1,022	2,547	2,394
Profit before tax	B11	31,210	16,975	101,850	28,259
Tax expense	B5	(4,882)	(5,302)	(23,594)	(12,260)
Profit and total comprehensive income for the financial year		26,328	11,673	78,256	15,999
Profit attributable to:					
Owners of the Company		25,024	10,983	75,954	15,424
Non-controlling interests		1,304	690	2,302	575
Profit for the financial year		26,328	11,673	78,256	15,999
Total comprehensive income attributable to:					
Owners of the Company		25,024	10,983	75,954	15,424
Non-controlling interests		1,304	690	2,302	575
Profit and total comprehensive income for the financial year		26,328	11,673	78,256	15,999
Basic and diluted earnings per ordinary shares (sen)	B10	5.74	2.52	17.41	3.52

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 year ended 31 December 2021

Note	/-----Attributable to owners of the Company-----/						Non-controlling interests RM'000	Total equity RM'000
	/-----Non-distributable-----/			Distributable				
	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total 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 year	-	-	-	-	75,954	75,954	2,302	78,256
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)
Own share acquired	-	-	(673)	-	-	(673)	-	(673)
Rights issue of warrants	-	-	-	2,924	-	2,924	-	2,924
Total transactions with owners of the Company	-	-	(673)	2,924	(3,272)	(1,021)	-	(1,021)
Dividends to non-controlling interests	-	-	-	-	-	-	(144)	(144)
At 31 December 2021	269,934	-	(6,601)	2,924	500,618	766,875	21,260	788,135
At 1 January 2020	269,934	(85)	(4,948)	-	415,248	680,149	18,585	698,734
Profit and total comprehensive income for the financial year	-	-	-	-	15,424	15,424	575	15,999
Own share acquired	-	-	(980)	-	-	(980)	-	(980)
Dividends to owners of the Company	-	-	-	-	(2,736)	(2,736)	-	(2,736)
Total transactions with owners of the Company	-	-	(980)	-	(2,736)	(3,716)	-	(3,716)
Dividends to non-controlling interests	-	-	-	-	-	-	(58)	(58)
At 31 December 2020	269,934	(85)	(5,928)	-	427,936	691,857	19,102	710,959

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 year ended 31 December 2021**

	12 months ended	
	31 December	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	101,850	28,259
<i>Adjustments for:</i>		
Bad debts recovered	(1)	-
Bad debts written off	-	1
Depreciation of:		
- investment properties	961	928
- property, plant and equipment	21,281	21,899
- right-of-use assets	844	833
Finance costs	16,470	18,318
Finance income	(2,547)	(2,394)
Gain on disposal of:		
- an investment property	(4)	-
- property, plant and equipment	(139)	(467)
Gain on derecognition of right-of-use assets	-	(1)
Inventories written down	15,698	8,773
Loss from striking off a subsidiary	85	-
Net loss on impairment of financial instruments	1,094	978
Plant and equipment written off	108	23
	<hr/>	<hr/>
Operating profit before changes in working capital	155,700	77,150
Changes in:		
Inventories	(65,723)	(18,980)
Receivables, deposits and prepayments	(1,287)	(25,698)
Payables and accruals	21,937	(3,384)
	<hr/>	<hr/>
Cash generated from operations	110,627	29,088
Interest paid	(960)	(2,065)
Net tax paid	(16,843)	(8,412)
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Net cash from operating activities	92,824	18,611
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Cash flows from investing activities		
Acquisition of property, plant and equipment	(37,638)	(12,488)
Deposit placed with a licensed bank	(600)	-
Interest received	2,547	2,394
Proceeds from disposal of:		
- an investment property	167	-
- property, plant and equipment	3,047	719
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Net cash used in investing activities	(32,477)	(9,375)
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**Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2021**

	12 months ended 31 December	
	2021	2020
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to:		
- non-controlling interest	(144)	(58)
- owners of the Company	A7 (3,272)	(2,736)
Interest paid	(16,284)	(17,676)
Net (repayment of)/proceeds from other borrowings	(29,215)	89,605
Net proceeds from/(repayment to):		
- revolving credit	25,944	(10,294)
- rights issue of warrants	2,924	-
Payment of lease liabilities	(164)	(118)
Repayment of:		
- hire purchase liabilities	(714)	(1,853)
- term loans	(16,604)	(15,099)
Repurchase of treasury shares	(673)	(980)
Net cash (used in)/from financing activities	<u>(38,202)</u>	<u>40,791</u>
Net increase in cash and cash equivalents	22,145	50,027
Cash and cash equivalents at the beginning of financial year	<u>88,397</u>	<u>38,370</u>
Cash and cash equivalents at the end of financial year	<u>110,542</u>	<u>88,397</u>

Note:*Cash and cash equivalents comprise:*

	As at 31 December	
	2021	2020
	RM'000	RM'000
Cash and bank balances	40,058	43,484
Deposits placed with licensed banks	35,318	14,851
Highly liquid investments with other institutions	47,618	41,033
	122,994	99,368
Less:		
Deposit pledged	(600)	-
Bank overdrafts	(11,852)	(10,971)
	<u>110,542</u>	<u>88,397</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 31 December 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 year ended 31 December 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 year.

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 the 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 given 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. As each

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phase in the NRP is based on the number 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. 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 reopening of most economic sectors in the states under various phases of the NRP from 16 August 2021 onwards was followed by the gradual economic easing as states progress to subsequent phases of the NRP as more vaccination conditions are being met.

The enforcement of the MCO 3.0, NRP and EMCO has resulted in the mandatory closure of all businesses of the Group except those which have been granted with approvals to operate subject to the workforce level allowed and other strict conditions imposed by the Ministry of International Trade and Industry (“MITI”). 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 the GOM took to contain the COVID-19 outbreak have adversely impacted the Group’s operations during the preceding two quarters of the current financial year.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial period 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.

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

(i) Repurchase of treasury shares

During the current financial quarter, the Company repurchased 1,119,100 of its issued share capital from the open market at an average price of RM0.60 per share plus the transactions cost for a total cash consideration of RM672,804.

As at 31 December 2021, the Company held a total of 8,095,300 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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(ii) Rights issue of warrants

On 8 September 2021, the issuance of 109,085,775 warrants at an issue price of RM0.03 per warrant was fully subscribed by the entitled shareholders and approximately RM3.27 million was raised. As at 31 December 2021, the utilisation of proceeds were completed as follows:-

No.	Proposed utilisation	Approved amount RM'000	Actual utilisation RM'000	Intended timeframe for utilisation from completion date
(i)	Repayment of secured bank overdrafts	2,823	2,904	Within 3 months
(ii)	Expenses in relation to the Rights Issue of Warrants	450	369*	Within 1 month
	Total	3,273	3,273	

* *The surplus of funds that was allocated on the budgeted expenses has been utilised for repayment of secured bank overdrafts.*

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 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	626,489	530,961	11,750	3,375	1,172,575
Inter segment revenue	77,845	197,816	319	21	276,001
Total reportable revenue	704,334	728,777	12,069	3,396	1,448,576
Reportable segment profit/(loss)*	54,066	94,058	(5,964)	(1,363)	140,797
Reportable segment assets	507,235	663,065	152,508	80,548	1,403,356
Reportable segment liabilities	(273,397)	(324,926)	(17,281)	(20,825)	(636,429)

Reconciliation of reportable segment profit or loss for the financial year ended 31 December 2021

	RM'000
Total profit for reportable segments	140,797
Other non-reportable segment loss	(384)
Elimination of inter-segment transactions	(1,554)
Depreciation	(23,086)
Finance costs	(16,470)
Finance income	2,547
Consolidated profit before tax	101,850

* Refer to profit before interest, tax and depreciation.

A9. Subsequent events

There were no other material subsequent events since the end of the date of the last annual reporting period until 17 February 2022, 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:

	31 December 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	499,024	517,585
- suppliers for credit facilities granted to its subsidiaries	7,359	6,633
	<u>506,383</u>	<u>524,218</u>

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

B1. Review of performance

	12 months ended 31 December	
	2021 RM'000	2020 RM'000
Revenue	1,172,575	989,614
Segment profit	140,413	68,269
Profit before tax	101,850	28,259
Profit after tax	78,256	15,999
Profit attributable to Owners of the Company	75,954	15,424

The Group recorded a commendable improvement in net revenue and profit before tax for the current financial year ended 31 December 2021 as compared to the preceding year mainly attributable 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 earlier decline in business activities as described in Note A4 above.

On the financial position review for the year ended 31 December 2021, the Group's equity attributable to owners of the Company increased by 10.8% from RM691.9 million as of 31 December 2020 to RM766.9 million as of 31 December 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 RM1.78 as of 31 December 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 net gearing ratio of 0.59 times as of 31 December 2020 to 0.48 times as of 31 December 2021.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM626.5 million (2020: RM593.0 million) which represented an increase of 5.6% and contributed 53.4% of the Group's net revenue. The segment profit and profit before tax of RM54.1 million (2020: RM36.9 million) and RM42.0 million (2020: RM24.5 million) respectively represented an increase of 46.7% and 71.5% respectively. The segment accounted for 38.5% of the Group's segment profit and 41.2% of the Group's profit before tax. The increase in revenue and significant increase in profit before tax was mainly driven by the increase in market demand for most of its metal-related trading

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products and better yield in tandem with the increase in international and domestic metal prices notwithstanding the declining business activities during the previous quarter as described in Note A4 above. The inventories written down during the financial year was approximately RM8.0 million (2020: RM6.5 million).

Manufacturing segment

The manufacturing segment recorded a net revenue of RM531.0 million (2020: RM383.8 million) which represented an increase of 38.3% and contributed 45.3% of the Group's net revenue. The segment recorded a surge in segment profit of RM94.1 million (2020: RM36.8 million) and a profit before tax of RM75.0 million (2020: RM16.0 million) respectively and accounted for 67.0% of the Group's segment profit and 73.7% of the Group's profit before tax. The significant increase in revenue and profit before tax was primarily driven by the increased in market demand in tandem with the increase in domestic steel prices, and better cost management from higher production output for certain of its manufactured steel products, notwithstanding the earlier decline in business activities as described in Note A4 above. The inventories written down during the financial year was approximately RM2.2 million (2020: RM0.6 million).

Property development segment

The segment recorded an increase in net revenue of RM11.7 million (2020: RM9.9 million) and contributed 1.0% 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 31 December 2021 for Amanja project was 87.1% (2020: 81.7%) and Tiara Residence project was 87.0% (2020: 80.4%).

However, the segment registered with a higher loss before tax of RM7.5 million (2020: RM3.1 million) mainly due to a write down of unsold property inventories located at Kepong and property under development located at Cheras totalled RM5.5 million. In 2020, the unsold property inventories located at Selayang was written down of approximately RM1.6 million.

Hospitality segment

The segment recorded an increase in net revenue of RM3.4 million (2020: RM2.9 million) in line with the higher average occupancy rate of 26.4% (2020: 21.5%) from the remaining two operating hotels. The segment temporarily 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 RM6.2 million (2020: RM7.9 million) which included borrowing cost and depreciation totalling RM5.2 million (2020: RM5.4 million).

The segment 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 MCOs 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 reopening of most economic sectors and lifting of domestic travel restriction since the preceding quarter have rejuvenated the hospitality segment.

B2. Comparison with preceding financial quarter's results

	3 months ended	
	31/12/21	30/9/21
	RM'000	RM'000
Revenue	367,538	238,930
Profit before tax	31,210	23,148

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The increase in revenue and profit before tax as compared to the preceding quarter ended 30 September 2021 was mainly attributable 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.

B3. Prospects

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures under the NRP. The rebound in economic activity was aided by recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the expenditure side, growth was driven mainly by the improvement in household spending and trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%). With the turnaround in growth in the fourth quarter of 2021, the economy grew by 3.1% for 2021 as a whole. The International Monetary Fund maintained its projection of global growth for 2021 at 5.9% and projecting a slower growth of 4.4% in the global economy in 2022. The weaker-than-expected global growth will emanate from a worsening global supply chain disruptions and the emergence of severe and vaccine resistant COVID-19 variants of concern. (Source: Bank Negara Malaysia Quarterly Bulletin 4Q 2021)

During the Twelfth Malaysia Plan from 2021 to 2025 (“12MP”), the global economy is expected to recover from the COVID-19 pandemic and grow at 5.3% per annum while the Malaysian economy is expected to grow between 4.5% to 5.5% per annum. The GOM will allocate a development expenditure totaling RM400.0 billion during the 12MP and priority will be given to Kedah, Kelantan, Perlis, Sabah, Sarawak and Terengganu. The transport infrastructure development includes the Klang Valley Double Track Phase 1, Gemas-Johor Bahru Electrified Double Track, East Coast Rail Link, Johor Bahru-Woodlands Rapid Transit System Link, West Coast Expressway, Pahang-Kelantan Central Spine Road, Kota Bahru-Kuala Krai Highway, Pan Borneo Highway etc. A total of 500,000 affordable houses will be built during the 12MP and RM2.25 billion will be provided as housing assistance. The GOM will allocate RM25.8 billion for water infrastructure development to enhance water coverage and services with the aim to reduce the non-revenue water level to 25% by 2025. The Water Sector Transformation 2040 Agenda will be introduced in the 12MP to ensure secure and sustainable water supply and to accelerate the adoption of an Integrated Water Resources Management. (Source: 12MP)

The GOM allocates total expenditure for 2022 valued at RM332.1 billion of which RM75.6 billion is for development expenditure. The Malaysian economy is expected to grow between 3% to 4% in 2021 and expected to expand between 5.5% to 6.5% in 2022 based on strong fundamentals and diversified economic base, proactive measures undertaken by the GOM through the RM530.0 billion economic assistance and stimulus packages, and the Budget 2022 initiatives. The GOM will continue with the implementation of national infrastructure development projects worth RM3.5 billion which includes the construction of the Pan Borneo Highway and Central Spine Road. An initial fund of RM200.0 million is allocated through the creation of the Third Infrastructure Facilitation Fund to further boost high-impact infrastructure development activities in collaboration with the public and private sectors. In order to balance the development and reduce development gap between states and regions, the GOM will allocate more than RM2.5 billion to implement various rural infrastructure programmes of which RM1.5 billion is for Sabah and Sarawak, and RM690 million for development projects in the five regional economic corridors. The GOM will implement small and medium sized projects worth RM2.9 billion earmarked for contractors in Class G1 and G4 nationwide. Sabah and Sarawak will receive development expenditure totalling RM5.2 billion and RM4.6 billion respectively, among others, for the building and upgrading of water, electricity and roads. (Source: Malaysian Budget 2022)

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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 or sale of its existing land bank. As Malaysia is ready to transit from the NRP Phase 4 to the endemic phase, the GOM is considering the reopening of its international border to foreign arrivals and this augurs well to the hospitality segment. In this regard, the Ibis Styles hotel located at Bandar Sri Damansara which was temporarily closed since May 2020 is expected to resume operation before June 2022.

The performance of the Group remains challenging in this year as it is dependent on the domestic demand.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

B5. Tax expense

	Individual quarter 3 months ended 31/12/21 RM'000	Cumulative quarter 12 months ended 31/12/21 RM'000
Income tax expense		
- current financial year	5,963	22,441
- over provision in prior financial year	(1,418)	(1,492)
Real property gain tax		
- under provision in prior financial year	-	1
Deferred tax expense		
- origination and reversal of temporary differences	337	2,644
	<hr/> 4,882	<hr/> 23,594
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	7,491	24,444
Non-deductible expenses	186	3,404
Income not subjected to tax	40	(199)
Utilisation of reinvestment allowance	(441)	(441)
Effect of deferred tax benefits not recognised	1,035	1,035
Utilisation of previously unrecognised deferred tax benefits	(2,011)	(3,158)
Over provision in prior financial year	(1,418)	(1,491)
	<hr/> 4,882	<hr/> 23,594

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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 31 December 2021 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	450	-	450
Term loans	38,764	-	38,764
	<u>39,214</u>	<u>-</u>	<u>39,214</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	2,727	9,125	11,852
Hire purchase liabilities	428	-	428
Revolving credit	-	75,301	75,301
Bankers' acceptances	89,815	266,571	356,386
Term loans	15,909	-	15,909
	<u>108,879</u>	<u>350,997</u>	<u>459,876</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 17 February 2022, 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 1.0 sen per share totalling RM4,352,240 in respect of the year ended 31 December 2021, 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.

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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 year ended 31 December 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		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2021	2020	2021	2020
Profit attributable to owners of the Company (RM'000)	25,024	10,983	75,954	15,424
<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	(7,430)	(6,690)	(7,091)	(5,661)
Weighted average number of ordinary shares as at 31 December	435,889	436,629	436,228	437,658
Basic and diluted earnings per ordinary share (sen)	5.74	2.52	17.41	3.52

* The diluted earnings per share is presented the same as basic earnings per share given that the issued and listed warrants are anti-dilutive.

B11. Profit before tax

	Individual quarter	Cumulative quarter
	3 months ended	12 months ended
	31/12/21	31/12/21
	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):		
Bad debts recovered	(1)	(1)
Depreciation of:		
- investment properties	211	961
- property, plant and equipment	5,094	21,281
- right-of-use assets	154	844
Finance costs	4,109	16,470
Finance income	(560)	(2,547)
Gain on disposal of:		
- an investment property	-	(4)
- property, plant and equipment	(17)	(139)
Inventories written down	8,098	15,698
Loss from striking off a subsidiary	-	85
Net loss on impairment of financial instruments		
- trade receivables	1,197	1,094
Plant and equipment written off	12	108
Realised gain on foreign exchange, net	(32)	(98)
Rental income:		
- land and buildings	(182)	(725)
- vehicle	(16)	(16)
	=====	=====

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B12. Capital commitment

	31 December 2021 RM'000
Property, plant and equipment	
Authorised but not contracted for	11,781
Contracted but not provided for	13,136
	<hr/>
	24,917
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B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial year ended 31 December 2021 were as follows:

	RM'000
Sales	(8,638)
Purchases	14,503
Rental income	(88)
Expenses relating to short-term leases	1,607
Consultancy fee expenses	498
	<hr/> <hr/>

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

B14. Provision of financial assistance

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

	31 December 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to :		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	59,670	80,448
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	185	88
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	59,855	80,536
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The above financial assistance does not have a material financial impact on the Group.