

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results  
For the Third Quarter ended 30 September 2022**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position  
As at 30 September 2022**

	Note	As at 30 September 2022 RM'000	Audited As at 31 December 2021 RM'000
<b><u>ASSETS</u></b>			
Property, plant and equipment		356,804	350,059
Right-of-use assets		41,441	42,376
Investment properties		40,620	41,340
Deferred tax assets		3,589	3,620
<b>Total non-current assets</b>		<b>442,454</b>	<b>437,395</b>
Inventories		484,642	483,964
Receivables, deposits and prepayments		408,471	374,157
Current tax assets		2,576	763
Cash and bank balances		94,217	122,994
Assets classified as held for sale		10,665	11,054
<b>Total current assets</b>		<b>1,000,571</b>	<b>992,932</b>
<b>TOTAL ASSETS</b>		<b>1,443,025</b>	<b>1,430,327</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital		269,934	269,934
Reserves		533,517	499,351
<b>Total equity attributable to Owners of the Company</b>		<b>803,451</b>	<b>769,285</b>
<b>Non-controlling interests</b>		<b>23,826</b>	<b>21,527</b>
<b>TOTAL EQUITY</b>		<b>827,277</b>	<b>790,812</b>
<b><u>LIABILITIES</u></b>			
Loans and borrowings	B7	32,569	39,213
Lease liabilities		103	548
Deferred tax liabilities		11,067	10,448
<b>Total non-current liabilities</b>		<b>43,739</b>	<b>50,209</b>
Payables and accruals		68,907	117,620
Loans and borrowings	B7	495,794	459,877
Lease liabilities		144	163
Current tax liabilities		7,164	11,646
<b>Total current liabilities</b>		<b>572,009</b>	<b>589,306</b>
<b>TOTAL LIABILITIES</b>		<b>615,748</b>	<b>639,515</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,443,025</b>	<b>1,430,327</b>
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.87	1.78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 September 2022**

	Note	Individual quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue</b>		351,238	238,930	1,092,796	805,037
Cost of sales		(314,246)	(194,885)	(953,207)	(664,465)
<b>Gross profit</b>		36,992	44,045	139,589	140,572
Administrative expenses		(14,290)	(12,474)	(42,929)	(38,232)
Distribution costs		(11,054)	(6,664)	(31,613)	(23,161)
Net (loss)/gain on impairment of financial instruments		(271)	86	(96)	103
Other operating expenses		(8)	(40)	(145)	(227)
Other operating income		554	1,221	2,617	1,959
<b>Operating profit</b>		11,923	26,174	67,423	81,014
Finance costs		(4,852)	(4,218)	(14,237)	(12,361)
Finance income		671	1,192	1,429	1,987
<b>Profit before tax</b>	B11	7,742	23,148	54,615	70,640
Tax expense	B5	(1,568)	(5,356)	(13,492)	(18,712)
<b>Profit and total comprehensive income for the financial period</b>		6,174	17,792	41,123	51,928
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		5,415	17,591	38,824	50,930
Non-controlling interests		759	201	2,299	998
<b>Profit and total comprehensive income for the financial period</b>		6,174	17,792	41,123	51,928
Basic and diluted earnings per ordinary shares (sen)	B10	1.25	4.03	8.92	11.67

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 2021 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 September 2022**

	/-----Attributable to owners of the Company-----/						Non-controlling interests	Total equity
	/-----Non-distributable-----/			Distributable				
	Share capital	Translation reserve	Treasury shares	Warrants reserve	Retained earnings	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>At 1 January 2022</b>	269,934	-	(6,601)	2,924	503,028	769,285	21,527	790,812
Profit and total comprehensive income for the financial period	-	-	-	-	38,824	38,824	2,299	41,123
Own shares acquired	A6	-	(306)	-	-	(306)	-	(306)
Dividends to owners of the Company	A7	-	-	-	(4,352)	(4,352)	-	(4,352)
<b>Total transactions with owners of the Company</b>		-	(306)	-	(4,352)	(4,658)	-	(4,658)
<b>At 30 September 2022</b>	269,934	-	(6,907)	2,924	537,500	803,451	23,826	827,277
<b>At 1 January 2021</b>	269,934	(85)	(5,928)	-	427,936	691,857	19,102	710,959
Profit and total comprehensive income for the financial period	-	-	-	-	50,930	50,930	998	51,928
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)
Issue of warrants	-	-	-	2,924	-	2,924	-	2,924
<b>Total transactions with owners of the Company</b>	-	-	-	2,924	(3,272)	(348)	-	(348)
Dividends to non-controlling interests	-	-	-	-	-	-	(87)	(87)
<b>At 30 September 2021</b>	269,934	-	(5,928)	2,924	475,594	742,524	20,013	762,537

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 2021 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 September 2022**

	Note	9 months ended 30 September	
		2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		54,615	70,640
<i>Adjustments for:</i>			
Bad debt written off		118	-
Depreciation of:			
- investment properties		720	750
- property, plant and equipment		15,654	16,186
- right-of-use assets		625	690
Finance costs		14,237	12,361
Finance income		(1,429)	(1,987)
Gain on derecognition of right-of-use assets		(37)	-
Gain on disposal of:			
- assets classified as held for sale		(48)	-
- investment properties		-	(4)
- property, plant and equipment		(235)	(122)
Inventories written down		4,539	7,600
Loss from striking off a subsidiary		-	85
Net loss/(gain) on impairment of financial instruments		96	(103)
Plant and equipment written off		3	96
		<u>88,858</u>	<u>106,192</u>
<b>Operating profit before changes in working capital</b>		88,858	106,192
Changes in:			
Inventories		(5,140)	(47,001)
Receivables, deposits and prepayments		(34,528)	77,291
Payables and accruals		(48,713)	(23,423)
		<u>477</u>	<u>113,059</u>
<b>Cash generated from operations</b>		477	113,059
Interest paid		(677)	(669)
Net tax paid		(19,137)	(3,617)
		<u>(19,337)</u>	<u>108,773</u>
<b>Net cash (used in)/from operating activities</b>		(19,337)	108,773
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(20,039)	(24,285)
Pledged deposits placed with a licensed bank		-	(600)
Interest received		1,429	1,987
Proceeds from disposal of:			
- assets classified as held for sale		558	-
- investment properties		-	167
- property, plant and equipment		336	3,030
		<u>(17,716)</u>	<u>(19,701)</u>
<b>Net cash used in investing activities</b>		(17,716)	(19,701)

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**Condensed Consolidated Statement of Cash Flows  
For the financial period ended 30 September 2022**

	Note	9 months ended 30 September	
		2022 RM'000	2021 RM'000
<b>Cash flows from financing activities</b>			
Dividends paid to:			
- non-controlling interest		-	(87)
- owners of the Company	A7	(4,352)	(3,272)
Interest paid		(14,414)	(12,196)
Net proceeds from/(repayment of):			
- bankers' acceptances		57,222	(100,630)
- revolving credit		(23,956)	35,979
Net proceeds from issue of warrants		-	2,924
Proceeds from term loan		6,001	-
Payment of lease liabilities		(117)	(109)
Repayment of:			
- hire purchase liabilities		(833)	(524)
- term loans		(12,797)	(12,666)
Repurchase of treasury shares		(306)	-
<b>Net cash from/ (used in) financing activities</b>		<u>6,448</u>	<u>(90,581)</u>
<b>Net decrease in cash and cash equivalents</b>		(30,605)	(1,509)
Cash and cash equivalents at the beginning of financial period		<u>110,542</u>	<u>88,397</u>
<b>Cash and cash equivalents at the end of financial period</b>		<u><u>79,937</u></u>	<u><u>86,888</u></u>

**Note:***Cash and cash equivalents comprise:*

	As at 30 September	
	2022 RM'000	2021 RM'000
Cash and bank balances	37,493	27,950
Deposits placed with licensed banks	22,775	21,903
Highly liquid investments with other institutions	33,949	50,068
	<u>94,217</u>	<u>99,921</u>
Less:		
Deposit pledged	(600)	(600)
Bank overdrafts	<u>(13,680)</u>	<u>(12,433)</u>
	<u><u>79,937</u></u>	<u><u>86,888</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 2021 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 September 2022

#### 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 2021. 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 2021 except for the following:

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

In the current financial period ended 30 September 2022, the Group adopted the following standards, amendments and interpretations that effective for annual periods beginning on or after 1 April 2021 and 1 January 2022 to its financial statement, except for amendments to MFRS 1 and amendments to MFRS 141 which are not applicable to the Group:

- Amendments to MFRS 16, *Leases – Covid-19 - Related Rent Concessions beyond 30 June 2021*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

The above applicable amendments are expected to have no significant impact to 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.

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

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

### **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 2021.

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

On 26 May 2022, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Twenty-First Annual General Meeting held on even-date.

During the current financial quarter, the Company repurchased 7,900 of its issued share capital from the open market at an average price of RM0.56 per share plus the transactions cost for a total cash consideration of RM4,433. During the current financial period to date, the Company repurchased 507,900 of its issued share capital from the open market at an average price of RM0.60 per share including transactions cost. The total consideration paid was RM305,873. The repurchase transactions were financed by internally generated funds.

As at 30 September 2022, the Company held a total of 8,603,200 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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 single-tier dividend of 1.0 sen per ordinary share totalling RM4,352,240 in respect of the financial year ended 31 December 2021 was paid on 1 July 2022 to depositors whose names appeared in the Record of Depositors on 15 June 2022.

### **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 September 2022 is as follows:

<i>Business segments</i>	<b>Wholesale &amp; distribution RM'000</b>	<b>Manufacturing RM'000</b>	<b>Property development RM'000</b>	<b>Hospitality RM'000</b>	<b>Total RM'000</b>
External revenue	508,845	574,997	3,542	5,412	1,092,796
Inter segment revenue	63,702	164,544	150	8	228,404
<b>Total reportable revenue</b>	<b>572,547</b>	<b>739,541</b>	<b>3,692</b>	<b>5,420</b>	<b>1,321,200</b>
<b>Reportable segment profit/(loss)*</b>	<b>36,285</b>	<b>50,794</b>	<b>75</b>	<b>(1,591)</b>	<b>85,563</b>
<b>Reportable segment assets</b>	<b>500,588</b>	<b>694,311</b>	<b>147,322</b>	<b>77,943</b>	<b>1,420,164</b>
<b>Reportable segment liabilities</b>	<b>(248,690)</b>	<b>(335,335)</b>	<b>(12,444)</b>	<b>(18,781)</b>	<b>(615,250)</b>

*Reconciliation of reportable segment profit or loss for the financial period ended 30 September 2022*

	<b>RM'000</b>
Total profit for reportable segments	85,563
Other non-reportable segment loss	(1,125)
Elimination of inter-segment transactions	(16)
Depreciation	(16,999)
Finance costs	(14,237)
Finance income	1,429
<b>Consolidated profit before tax</b>	<b>54,615</b>

\* 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 November 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.



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### A11. Contingent liabilities

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

	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	527,577	499,024
- suppliers for credit facilities granted to its subsidiaries	8,620	7,359
	<u>536,197</u>	<u>506,383</u>

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

#### B1. Review of performance

	<b>9 months ended 30 September</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Revenue	1,092,796	805,037
Segment profit	84,438	98,753
Profit before tax	54,615	70,640
Profit after tax	41,123	51,928
Profit attributable to Owners of the Company	38,824	50,930

The Group recorded an increase in net revenue for the current financial period ended 30 September 2022 as compared to the preceding year mainly attributable to the increase in market demand for certain metal-related trading products and manufactured steel products. However, the decrease in profit before tax was mainly due to the higher procurement costs for its raw materials and trading inventories, and production costs for certain of its manufactured steel products during the current quarter.

On the financial position review for the nine months ended 30 September 2022, the Group's equity attributable to owners of the Company increased by 4.4% from RM769.3 million as of 31 December 2021 to RM803.5 million as of 30 September 2022 mainly due to the increase in retained earnings. Consequently, the net assets per share of the Group increased from RM1.78 as of 31 December 2021 to RM1.87 as of 30 September 2022. The increase in net gearing ratio from 0.48 times as of 31 December 2021 to 0.52 times as of 30 September 2022 was mainly due to the increase in bank borrowings to procure raw materials and trading inventories at higher prices, besides financing trade receivables and to support other working capital requirements.

#### *Wholesale and distribution segment*

The wholesale and distribution segment recorded a net revenue of RM508.9 million (2021: RM447.0 million) which represented an increase of 13.8% and contributed 46.6% of the Group's net revenue. The increase in net revenue was mainly driven by the increase in market demand for certain metal-related trading products in tandem with the increase in international and domestic metal prices during the first half of the year. The segment profit and profit before tax of RM36.3 million (2021: RM39.1 million) and RM26.7 million (2021: RM30.7 million) respectively represented a decrease of 7.2% and 13.2% respectively. The segment accounted for 43.0% of the Group's segment profit and 48.8% of the Group's profit before tax. The decrease in segment profit

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and profit before tax was mainly due to the higher procurement cost for its trading inventories and the declining international and domestic metal prices during the current quarter.

### *Manufacturing segment*

The manufacturing segment recorded a net revenue of RM575.0 million (2021: RM346.6 million) which represented an increase of 65.9% and contributed 52.6% of the Group's net revenue. The higher revenue was mainly attributable to the increase in market demand and domestic steel prices during the first six half of the year. However, the segment recorded a lower segment profit and profit before tax of RM50.8 million (2021: RM63.6 million) and RM35.1 million (2021: RM48.9 million) respectively which accounted for 60.2% of the Group's segment profit and 64.3% of the Group's profit before tax. The decrease in segment profit and profit before tax was mainly due to the higher procurement cost for its raw materials and production costs for certain manufactured steel products during the current quarter.

### *Property development segment*

The segment recorded a lower net revenue of RM3.5 million (2021: RM9.6 million) and contributed 0.3% to the Group's net revenue. The revenue was mainly derived from the sale of property in Tiara Residence project located at Selayang. The total residential units sold as of 30 September 2022 for Amanja project was 87.5% (2021: 87.1%) and Tiara Residence project was 91.3% (2021: 84.8%).

The segment continued to register a loss before tax of RM0.9 million (2021: RM2.7 million) to maintain its unsold properties.

### *Hospitality segment*

The segment recorded an increase in net revenue of RM5.4 million (2021: RM1.8 million) on the strength of all three operating hotels achieving higher average occupancy rate of 34.1% (2021: 20.0%) after the reopening of the Ibis Styles hotel located at Bandar Sri Damansara on 18 April 2022 and the continued recovery in tourism industry.

However, the segment continued to register a loss before tax of RM5.1 million (2021: RM5.1 million) which included borrowing cost and depreciation totalling RM3.7 million (2021: RM4.0 million) mainly due to the reopening cost of the Ibis Styles hotel.

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

	<b>3 months ended</b>	
	<b>30/9/22</b>	<b>30/6/22</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	351,238	370,701
Profit before tax	7,742	21,917

The decrease in revenue and profit before tax as compared to the preceding quarter ended 30 June 2022 was mainly due to the softening market demand in tandem with the declining international and domestic metal prices and higher procurement costs for its raw materials and trading inventories, and production costs for certain manufactured steel products.

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### B3. Prospects

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022. All economic sectors expanded in the third quarter of 2022. Better labour market conditions and the continued recovery in tourism industry provided strong impetus to retail and leisure-related activities and policy measures such as the increase in minimum wages further supported domestic spending. Headline inflation rose to 4.5% during the quarter (2Q 2022: 2.8%) largely driven by the base effect from the discount on electricity bills implemented in the third quarter of 2021 as well as sustained increases in core and price-volatile inflation. The expected slower pace of growth in the fourth quarter of 2022 reflects the more challenging global environment as well as absence of base effects. The Malaysian economy will continue to be supported by firm domestic demand, continued improvements in the labour market conditions, the realisation of large infrastructure projects and higher inbound tourism activity. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions. (Source: Bank Negara Malaysia Quarterly Bulletin Third Quarter 2022)

The above uncertainties in local and global economic outlook will pose challenges for our existing businesses in all segments which focus mainly on domestic market. The performance of the Group will rely on 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 opportunity or sale of its existing landbank. With the continued recovery in tourism industry, the hospitality segment shall focus on increasing its revenue from the letting of rooms to the local and foreign tourists, and meetings, incentives, conferences and exhibitions ("MICE") activities to achieve higher gross operating profits.

The performance of the Group during the year remains challenging as it is dependent on the growth in domestic demand and economic activities.

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

Not applicable as no profit forecast was published.

### B5. Tax expense

	<b>Individual quarter 3 months ended 30/9/22 RM'000</b>	<b>Cumulative quarter 9 months ended 30/9/22 RM'000</b>
Income tax expense		
- current financial year	2,215	13,443
- over provision in prior financial year	(572)	(572)
Real property gain tax	3	7
Deferred tax expense	(78)	614
	<u>1,568</u>	<u>13,492</u>

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### B5. Tax expense

	<b>Individual quarter 3 months ended 30/9/22 RM'000</b>	<b>Cumulative quarter 9 months ended 30/9/22 RM'000</b>
<b>Reconciliation of tax expense</b>		
Income tax using Malaysian tax rate of 24%	1,858	13,108
Non-deductible expenses	1,014	2,635
Income not subjected to tax	-	(12)
Real property gain tax	4	8
Utilisation of previously unrecognised deferred tax benefits	(736)	(1,675)
Over provision in prior financial year	(572)	(572)
	<u>1,568</u>	<u>13,492</u>

### B6. Status of Corporate Proposals Announced

On 11 March 2022, the Company entered into a conditional share sale and purchase agreement (“SSPA”) with third parties for the disposal of its entire 67% equity interest and disposal by a non-controlling shareholder of his entire 33% equity interest in Corporate Benchmark Sdn. Bhd. for a cash consideration of RM13,500,000. On 14 November 2022, the conditions precedent of the SSPA have been duly fulfilled and hence the SSPA has become unconditional.

Other than the above, 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 2022 were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Non-current</b>			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	720	-	720
Term loans	31,849	-	31,849
	<u>32,569</u>	<u>-</u>	<u>32,569</u>
<b>Current</b>			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	3,302	10,378	13,680
Hire purchase liabilities	1,133	-	1,133
Revolving credit	-	51,345	51,345
Bankers’ acceptances	111,169	302,439	413,608
Term loans	16,028	-	16,028
	<u>131,632</u>	<u>364,162</u>	<u>495,794</u>

### B8. Changes in Material Litigation

There was no impending material litigation as at 17 November 2022, being the date not earlier than 7 days from the date of this announcement.

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### B9. Dividend declared

The Board does not recommend any interim dividend for the financial quarter ended 30 September 2022.

### 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 2022 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
	2022	2021	2022	2021
Profit attributable to owners of the Company (RM'000)	5,415	17,591	38,824	50,930
<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	(8,597)	(6,976)	(8,281)	(6,976)
Weighted average number of ordinary shares as at 30 September	434,722	436,343	435,038	436,343
Basic and diluted earnings per ordinary share (sen)*	1.25	4.03	8.92	11.67

\* The diluted earnings per share is presented the same as basic earnings per share given that the Group does not have any dilutive potential ordinary share or warrants in issue.

### B11. Profit before tax

	Individual quarter	Cumulative quarter
	3 months ended	9 months ended
	30/9/22	30/9/22
	RM'000	RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>		
Bad debt written off	-	118
Depreciation of:		
- investment properties	240	720
- property, plant and equipment	5,292	15,654
- right-of-use assets	208	625
Finance costs	4,852	14,237
Finance income	(671)	(1,429)
Gain on derecognition of right-of-use assets	(36)	(37)
Gain on disposal of:		
- assets classified as held for sale	-	(48)
- property, plant and equipment	(155)	(235)
Inventories written down	1,700	4,539
Net loss on impairment of financial instruments		
- trade receivables	271	96
Plant and equipment written off	2	3

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	<b>Individual quarter 3 months ended 30/9/22 RM'000</b>	<b>Cumulative quarter 9 months ended 30/9/22 RM'000</b>
Realised loss/(gain) on foreign exchange, net	(78)	(96)
Rental income:		
- land and buildings	(231)	(635)
- machinery	(1)	(2)
- vehicle	(24)	(72)
	=====	=====

**B12. Capital commitment**

	<b>30 September 2022 RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not contracted for	7,710
Contracted but not provided for	10,493
	<hr/>
	18,203
	<hr/>

**B13. Related party transactions**

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 September 2022 were as follows:

	<b>RM'000</b>
Sales	(4,498)
Purchases	14,166
Rental income	(126)
Expenses relating to short-term leases	1,228
Consultancy fee expenses	403
	=====

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:

	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	101,013	59,670
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	767	185
	<hr/>	<hr/>
	101,780	59,855
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The above financial assistance does not have a material financial impact on the Group.