

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results  
For the Third Quarter ended 30 September 2023**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position  
As at 30 September 2023**

	Note	As at 30 September 2023 RM'000	Audited As at 31 December 2022 RM'000
<b><u>ASSETS</u></b>			
Property, plant and equipment		414,173	397,535
Right-of-use assets		42,338	41,270
Investment properties		39,117	39,699
Investment in an associate		-*	-
Deferred tax assets		6,188	4,337
<b>Total non-current assets</b>		<b>501,816</b>	<b>482,841</b>
Inventories		524,512	511,940
Receivables, deposits and prepayments		399,956	403,578
Current tax assets		4,319	2,896
Cash and cash equivalents		103,634	130,355
Assets classified as held for sale		-	681
<b>Total current assets</b>		<b>1,032,421</b>	<b>1,049,450</b>
<b>TOTAL ASSETS</b>		<b>1,534,237</b>	<b>1,532,291</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital		269,934	269,934
Reserves		534,524	525,925
<b>Total equity attributable to Owners of the Company</b>		<b>804,458</b>	<b>795,859</b>
<b>Non-controlling interests</b>		<b>20,855</b>	<b>20,466</b>
<b>TOTAL EQUITY</b>		<b>825,313</b>	<b>816,325</b>
<b><u>LIABILITIES</u></b>			
Loans and borrowings	B7	30,812	31,846
Lease liabilities		1,354	72
Deferred tax liabilities		11,064	10,808
<b>Total non-current liabilities</b>		<b>43,230</b>	<b>42,726</b>
Payables and accruals		94,930	112,188
Loans and borrowings	B7	567,824	555,839
Lease liabilities		202	135
Current tax liabilities		2,738	5,078
<b>Total current liabilities</b>		<b>665,694</b>	<b>673,240</b>
<b>TOTAL LIABILITIES</b>		<b>708,924</b>	<b>715,966</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,534,237</b>	<b>1,532,291</b>
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.86	1.84

\* Denotes amount less than RM500.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the financial period ended 30 September 2023**

	Note	Individual quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>		373,057	351,238	1,099,628	1,092,796
Cost of sales		(338,308)	(314,246)	(994,122)	(953,207)
<b>Gross profit</b>		34,749	36,992	105,506	139,589
Administrative expenses		(14,485)	(14,290)	(42,698)	(42,929)
Distribution costs		(10,666)	(11,054)	(33,557)	(31,613)
Net gain/(loss) on impairment of financial instruments		692	(271)	661	(96)
Other operating expenses		(27)	(8)	(142)	(145)
Other operating income		795	554	2,041	2,617
<b>Operating profit</b>		11,058	11,923	31,811	67,423
Finance costs		(7,060)	(4,852)	(21,069)	(14,237)
Finance income		910	671	3,306	1,429
<b>Profit before tax</b>	B11	4,908	7,742	14,048	54,615
Tax expense	B5	(1,523)	(1,568)	(5,120)	(13,492)
<b>Profit and total comprehensive income for the financial period</b>		3,385	6,174	8,928	41,123
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		3,185	5,415	8,599	38,824
Non-controlling interests		200	759	329	2,299
<b>Profit and total comprehensive income for the financial period</b>		3,385	6,174	8,928	41,123
Basic and diluted earnings per ordinary shares (sen)	B10	0.72	1.25	1.97	8.92

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Changes In Equity  
For the financial period ended 30 September 2023**

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	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000			
<b>At 1 January 2023</b>	269,934	(8,178)	2,924	531,179	795,859	20,466	816,325
Profit and total comprehensive income for the financial period	-	-	-	8,599	8,599	329	8,928
Acquisition of a subsidiary	-	-	-	-	-	60	60
Dividends to owners of the Company	-	6,676	-	(6,676)	-	-	-
<b>Total transactions with owners of the Company</b>	-	6,676	-	(6,676)	-	-	-
<b>At 30 September 2023</b>	<b>269,934</b>	<b>(1,502)</b>	<b>2,924</b>	<b>533,102</b>	<b>804,458</b>	<b>20,855</b>	<b>825,313</b>
<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	-	(306)	-	-	(306)	-	(306)
Dividends to owners of the Company	-	-	-	(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>	<b>269,934</b>	<b>(6,907)</b>	<b>2,924</b>	<b>537,500</b>	<b>803,451</b>	<b>23,826</b>	<b>827,277</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Cash Flows  
For the financial period ended 30 September 2023**

	<b>9 months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	14,048	54,615
<i>Adjustments for:</i>		
Bad debts recovered	(3)	-
Bad debt written off	-	118
Depreciation of:		
- investment properties	709	720
- property, plant and equipment	16,057	15,654
- right-of-use assets	736	625
Finance costs	21,069	14,237
Finance income	(3,306)	(1,429)
Gain on derecognition of right-of-use assets	-	(37)
Loss/(Gain) on disposal of:		
- assets classified as held for sale	31	(48)
- property, plant and equipment	(489)	(235)
Inventories written down	4,750	4,539
Net (gain)/loss on impairment of financial instruments	(661)	96
Plant and equipment written off	10	3
	<u>52,951</u>	<u>88,858</u>
<b>Operating profit before changes in working capital</b>	52,951	88,858
Changes in:		
Inventories	(16,530)	(5,140)
Receivables, deposits and prepayments	4,286	(34,528)
Payables and accruals	(17,263)	(48,713)
	<u>23,444</u>	<u>477</u>
<b>Cash generated from operations</b>	23,444	477
Interest paid	(1,090)	(677)
Net tax paid	(10,484)	(19,137)
	<u>11,870</u>	<u>(19,337)</u>
<b>Net cash from/(used in) operating activities</b>	<u>11,870</u>	<u>(19,337)</u>
<b>Cash flows from investing activities</b>		
Acquisition of:		
- a right-of-use assets	(258)	-
- a subsidiary, net of cash acquired	71	-
- an investment property	(127)	-
- investment in an associate	-*	-
- property, plant and equipment	(29,841)	(20,039)
Interest received	3,306	1,429
Proceeds from disposal of:		
- assets classified as held for sale	650	558
- property, plant and equipment	521	336
	<u>(25,678)</u>	<u>(17,716)</u>
<b>Net cash used in investing activities</b>	<u>(25,678)</u>	<u>(17,716)</u>

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Condensed Consolidated Statement of Cash Flows  
For the financial period ended 30 September 2023**

	<b>9 months ended 30 September</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	-	(4,352)
Interest paid	(21,365)	(14,414)
Net (repayment of)/proceeds from:		
- bankers' acceptances	(19,432)	57,222
- revolving credit	30,610	(23,956)
Proceeds from term loan	7,054	6,001
Payment of lease liabilities	(197)	(117)
Repayment of:		
- hire purchase liabilities	(2,178)	(833)
- term loans	(13,099)	(12,797)
Repurchase of treasury shares	-	(306)
<b>Net cash (used in)/from financing activities</b>	<u>(18,607)</u>	<u>6,448</u>
<b>Net decrease in cash and cash equivalents</b>	(32,415)	(30,605)
Cash and cash equivalents at the beginning of financial period	<u>112,546</u>	<u>110,542</u>
<b>Cash and cash equivalents at the end of financial period</b>	<u><u>80,131</u></u>	<u><u>79,937</u></u>

\* Denotes amount less than RM500.

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

	<b>As at 30 September</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Cash and bank balances	69,539	37,493
Deposits placed with licensed banks	34,001	22,775
Highly liquid investments with other institutions	94	33,949
	<u>103,634</u>	<u>94,217</u>
Less:		
Deposit pledged	(600)	(600)
Bank overdrafts	(22,903)	(13,680)
	<u><u>80,131</u></u>	<u><u>79,937</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

## Engtex Group Berhad

Registration No. 200101000937 (536693-X)

### Notes to the interim financial report for the financial quarter ended 30 September 2023

#### 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 2022. 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 2022 except for the following:

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

In the current financial period ended 30 September 2023, the Group adopted the following standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023 to its financial statement, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group:

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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.

##### 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.

## **Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

### **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 2022.

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

On 25 May 2023, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Twenty-Second Annual General Meeting held on even-date.

During the current financial quarter, the Company distributed 8,654,342 treasury shares to entitled shareholders as share dividend. As at 30 September 2023, the Company held a total of 1,946,458 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 final dividend of one (1) treasury share for every fifty (50) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2022 was fully credited into depositors' securities accounts on 3 July 2023 whose names appeared in the Record of Depositors on 15 June 2023. The total number of treasury shares distributed was 8,654,342 shares or equivalent to RM6,676,331.

### **A8. Operating segment information**

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

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

## Engtex Group Berhad

Registration No. 200101000937 (536693-X)

The reportable segment information for the financial period ended 30 September 2023 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	523,846	560,370	7,966	7,446	1,099,628
Inter segment revenue	87,668	187,186	239	61	275,154
<b>Total reportable revenue</b>	<b>611,514</b>	<b>747,556</b>	<b>8,205</b>	<b>7,507</b>	<b>1,374,782</b>
<b>Reportable segment profit/(loss)*</b>	<b>24,994</b>	<b>26,538</b>	<b>(152)</b>	<b>(920)</b>	<b>50,460</b>
<b>Reportable segment assets</b>	<b>507,408</b>	<b>786,840</b>	<b>142,413</b>	<b>74,606</b>	<b>1,511,267</b>
<b>Reportable segment liabilities</b>	<b>(335,787)</b>	<b>(351,437)</b>	<b>(5,016)</b>	<b>(16,156)</b>	<b>(708,396)</b>

*Reconciliation of reportable segment profit or loss for the financial period ended 30 September 2023*

	<b>RM'000</b>
Total profit for reportable segments	50,460
Other non-reportable segment loss	(1,129)
Elimination of inter-segment transactions	(18)
Depreciation	(17,502)
Finance costs	(21,069)
Finance income	3,306
<b>Consolidated profit before tax</b>	<b>14,048</b>

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

### A9. Subsequent event

- (i) On 6 October 2023, the Company acquired 100 ordinary shares representing 100% equity interest in Engtex Metals Industry Sdn. Bhd. ("EMISB") for a total cash consideration of RM100. The intended principal activities of EMISB are that of manufacturing and distribution of metals related products; and
- (ii) On 14 November 2023, the Company subscribed for additional 749,000 ordinary shares in Engtex Energy Sdn. Bhd. ("EESB") (formerly known as Leading Wonder Sdn. Bhd.) for a total cash consideration of RM749,000. Subsequent to the subscription, the equity stake in EESB has increased from 51% to 80%.

Other than the above, there were no other material subsequent events since the end of the date of the last annual reporting period until 16 November 2023, 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

On 15 September 2023, the Company acquired 49 ordinary shares representing 49% equity interest in Engtex Metals (Sarawak) Sdn. Bhd. ("EMSSB") for a total cash consideration of RM49. The intended principal activities of EMSSB are that of manufacturing and distribution of metals related products.



## Engtex Group Berhad

Registration No. 200101000937 (536693-X)

Other than the above, 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:

	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	596,669	585,579
- suppliers for credit facilities granted to its subsidiaries	3,126	8,466
	<u>599,795</u>	<u>594,045</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>2023 RM'000</b>	<b>2022 RM'000</b>
Revenue	1,099,628	1,092,796
Segment profit	49,331	84,438
Profit before tax	14,048	54,615
Profit after tax	8,928	41,123
Profit attributable to Owners of the Company	8,599	38,824

The Group recorded a marginal increase in net revenue for the current financial period ended 30 September 2023 as compared to the preceding year mainly attributable to the recovery in market demand for certain metal-related trading products. However, the decrease in profit before tax was mainly due to the higher procurement costs for its raw material and trading inventories and production costs for most of the manufactured steel products, and increased market competition in light of the volatility in the domestic metal prices.

On the financial position review for the nine months ended 30 September 2023, the Group's equity attributable to owners of the Company marginally increased by 1.1% from RM795.9 million as of 31 December 2022 to RM804.5 million as of 30 September 2023 mainly due to the increase in retained earnings. Consequently, the net assets per share of the Group increased from RM1.84 as of 31 December 2022 to RM1.86 as of 30 September 2023. The increase in net gearing ratio from 0.56 times as of 31 December 2022 to 0.60 times as of 30 September 2023 was mainly due to the increased drawdown of bank borrowings to procure raw materials and trading inventories, besides financing the trade receivables and to support other working capital requirements.

## **Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

### ***Wholesale and distribution segment***

The wholesale and distribution segment recorded a net revenue of RM523.9 million (2022: RM508.9 million) which represented a marginal increase of 2.9% and contributed 47.6% of the Group's net revenue. The segment recorded a lower segment profit and profit before tax of RM25.0 million (2022: RM36.3 million) and RM13.1 million (2022: RM26.7 million) which represented a decline of 31.1% and 50.9% respectively. The segment accounted for 50.7% of the Group's segment profit and 93.2% of the Group's profit before tax.

The decrease in the segment profit and profit before tax was mainly due to higher procurement cost for its trading inventories and increased market competition in light of the volatility in the domestic metal prices.

### ***Manufacturing segment***

The manufacturing segment recorded a net revenue of RM560.3 million (2022: RM575.0 million) which represented a marginal decrease of 2.5% and contributed 51.0% of the Group's net revenue. Correspondingly, the segment recorded a lower segment profit and profit before tax of RM26.5 million (2022: RM50.8 million) and RM7.6 million (2022: RM35.1 million) which represented a decline of 47.8% and 78.5% respectively. The segment accounted for 53.8% of the Group's segment profit and 53.9% of the Group's profit before tax.

The decline in net revenue, segment profit and profit before tax was mainly due to the increased market competition, softening market demand for certain manufactured steel products and higher procurement and production costs for most of the manufactured steel products in light of the volatility in the domestic steel prices.

### ***Property development segment***

The segment recorded a higher net revenue of RM8.0 million (2022: RM3.5 million) and contributed 0.7% to the Group's net revenue. The revenue was mainly derived from the sale of property in Tiara Residence project located at Selayang and Amanja project located at Kepong. The total residential units sold as of 30 September 2023 for Tiara Residence project was 95.7% (2022: 91.3%) and Amanja project was 92.4% (2022: 87.5%).

The segment incurred recurring loss before tax of RM1.1 million (2022: RM0.9 million) to maintain its available unsold properties.

### ***Hospitality segment***

The segment recorded an increase in net revenue of RM7.4 million (2022: RM5.4 million) as a result of 33,287 (2022: 26,650) rooms sold from all three operating hotels, after the reopening of Ibis Styles Hotel located at Bandar Sri Damansara in April 2022, and the increase in average occupancy rate from 34.1% in 2022 to 36.3% in 2023.

As a result, the segment registered a lower loss before tax of RM4.3 million (2022: RM5.1 million) which included the borrowing cost and depreciation totalling RM3.6 million (2022: RM3.7 million).

## Engtex Group Berhad

Registration No. 200101000937 (536693-X)

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

	3 months ended	
	30/9/23	30/6/23
	RM'000	RM'000
Revenue	373,057	348,627
Profit before tax	4,908	2,695

The increase in revenue and profit before tax as compared to the preceding quarter ended 30 June 2023 was mainly due to the recovery in market demand for certain manufactured steel products and metal-related trading products in light of the volatility in the domestic metal prices.

### B3. Prospects

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic ("E&E") products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023. Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% to 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit. Improvement in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker-than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects. *(Source: Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the Third Quarter of 2023)*

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. 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 in the current year remains challenging as it is dependent on the domestic demand and economic activities.

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

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

Not applicable as no profit forecast was published.

**B5. Tax expense**

	<b>Individual quarter 3 months ended 30/9/23 RM'000</b>	<b>Cumulative quarter 9 months ended 30/9/23 RM'000</b>
Income tax expense		
- current financial year	1,568	6,326
- overprovision in prior financial year	(90)	(90)
Deferred tax expense		
- origination and reversal of temporary differences	45	(1,116)
	<u>1,523</u>	<u>5,120</u>
<b>Reconciliation of tax expense</b>		
Income tax using Malaysian tax rate of 24%	1,178	3,372
Non-deductible expenses	404	2,065
Income not subjected to tax	31	(227)
Overprovision in prior financial year	(90)	(90)
	<u>1,523</u>	<u>5,120</u>

**B6. Status of Corporate Proposals Announced**

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

**B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2023 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	827	-	827
Term loans	29,985	-	29,985
	<u>30,812</u>	<u>-</u>	<u>30,812</u>
<b>Current</b>			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	7,847	15,056	22,903
Hire purchase liabilities	2,787	-	2,787
Revolving credit	-	121,193	121,193
Bankers' acceptances	77,024	332,474	409,498
Term loans	11,443	-	11,443
	<u>99,101</u>	<u>468,723</u>	<u>567,824</u>

**B8. Changes in Material Litigation**

There was no impending material litigation as at 16 November 2023, being the date not earlier than 7 days from the date of this announcement.

## Engtex Group Berhad

Registration No. 200101000937 (536693-X)

### B9. Dividend declared

The Directors does not recommend any interim dividend for the financial quarter ended 30 September 2023.

### 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 2023 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 September		Cumulative quarter 9 months ended 30 September	
	2023	2022	2023	2022
Profit attributable to owners of the Company (RM'000)	3,185	5,415	8,599	38,824
<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	(2,134)	(8,597)	(7,747)	(8,281)
Weighted average number of ordinary shares as at 30 September	441,185	434,722	435,572	435,038
Basic and diluted earnings per ordinary share (sen)*	0.72	1.25	1.97	8.92

\* 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 3 months ended 30/9/23 RM'000	Cumulative quarter 9 months ended 30/9/23 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>		
Bad debt recovered	-	(3)
Depreciation of:		
- investment properties	236	709
- property, plant and equipment	5,247	16,057
- right-of-use assets	263	736
Finance costs	7,060	21,069
Finance income	(910)	(3,306)
Loss/(Gain) on disposal of:		
- assets classified as held for sale	-	31
- property, plant and equipment	(228)	(489)
Inventories written down	1,470	4,750
Net gain on impairment of financial instruments		
- trade receivables	(692)	(661)
Plant and equipment written off	1	10
Realised gain on foreign exchange, net	(49)	(182)

	<b>Individual quarter 3 months ended 30/9/23 RM'000</b>	<b>Cumulative quarter 9 months ended 30/9/23 RM'000</b>
Rental income:		
- land and buildings	(300)	(839)
- vehicle	(69)	(148)
	=====	=====

**B12. Capital commitment**

	<b>30 September 2023 RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not contracted for	2,720
Contracted but not provided for	3,647
	<u>6,367</u>

**B13. Related party transactions**

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 September 2023 were as follows:

	<b>RM'000</b>
Sales	(1,930)
Purchases	11,655
Rental income	(126)
Expenses relating to short-term leases	1,193
Consultancy fee expenses	411
	=====

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 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	68,941	88,066
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	350	376
	<u>69,291</u>	<u>88,442</u>

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