

**Engtex Group Berhad**

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results  
For the Fourth Quarter ended 31 December 2023**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position  
As at 31 December 2023**

	Note	As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
<b><u>ASSETS</u></b>			
Property, plant and equipment		420,522	397,535
Right-of-use assets		43,305	41,270
Investment properties		38,878	39,699
Investment in an associate		48	-
Deferred tax assets		8,508	4,337
<b>Total non-current assets</b>		<b>511,261</b>	<b>482,841</b>
Inventories		542,283	511,940
Receivables, deposits and prepayments		448,754	403,578
Current tax assets		3,102	2,896
Cash and cash equivalents		91,824	130,355
Assets classified as held for sale		-	681
<b>Total current assets</b>		<b>1,085,963</b>	<b>1,049,450</b>
<b>TOTAL ASSETS</b>		<b>1,597,224</b>	<b>1,532,291</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital		269,934	269,934
Reserves		536,023	525,925
<b>Total equity attributable to Owners of the Company</b>		<b>805,957</b>	<b>795,859</b>
<b>Non-controlling interests</b>		<b>20,496</b>	<b>20,466</b>
<b>TOTAL EQUITY</b>		<b>826,453</b>	<b>816,325</b>
<b><u>LIABILITIES</u></b>			
Loans and borrowings	B7	28,732	31,846
Lease liabilities		2,496	72
Deferred tax liabilities		11,487	10,808
<b>Total non-current liabilities</b>		<b>42,715</b>	<b>42,726</b>
Payables and accruals		107,302	112,188
Loans and borrowings	B7	616,637	555,839
Lease liabilities		211	135
Current tax liabilities		3,906	5,078
<b>Total current liabilities</b>		<b>728,056</b>	<b>673,240</b>
<b>TOTAL LIABILITIES</b>		<b>770,771</b>	<b>715,966</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,597,224</b>	<b>1,532,291</b>
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.86	1.84

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.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the financial year ended 31 December 2023**

	Note	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>		370,139	351,125	1,469,767	1,443,921
Cost of sales		(336,085)	(323,992)	(1,330,207)	(1,277,199)
<b>Gross profit</b>		34,054	27,133	139,560	166,722
Administrative expenses		(14,598)	(14,115)	(57,296)	(57,044)
Distribution costs		(10,636)	(9,571)	(44,193)	(41,184)
Net gain/(loss) on impairment of financial instruments		828	(6,131)	1,489	(6,227)
Other operating expenses		(37)	(64)	(179)	(209)
Other operating income		760	1,092	2,801	3,709
<b>Operating profit/(loss)</b>		10,371	(1,656)	42,182	65,767
Finance costs		(7,501)	(5,535)	(28,570)	(19,772)
Finance income		1,177	506	4,483	1,935
Share of loss of an equity-accounted associate, net of tax		(1)	-	(1)	-
<b>Profit/(Loss) before tax</b>	B11	4,046	(6,685)	18,094	47,930
Tax expense	B5	(2,815)	(114)	(7,935)	(13,606)
<b>Profit/(Loss) and total comprehensive income/(loss) for the financial year</b>		1,231	(6,799)	10,159	34,324
<b>Profit/(Loss) and total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		1,495	(6,321)	10,094	32,503
Non-controlling interests		(264)	(478)	65	1,821
<b>Profit/(Loss) and total comprehensive income/(loss) for the financial year</b>		1,231	(6,799)	10,159	34,324
Basic and diluted earnings/(loss) per ordinary shares (sen)	B10	0.34	(1.46)	2.31	7.48

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.

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### Condensed Consolidated Statement of Changes In Equity For the financial year ended 31 December 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 year	-	-	-	10,094	10,094	65	10,159
Acquisition of a subsidiary	-	-	-	-	-	60	60
Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	151	151
Effects arising from changes in equity interest in a subsidiary	-	-	-	4	4	(4)	-
Dividends to owners of the Company	-	6,676	-	(6,676)	-	-	-
<b>Total transactions with owners of the Company</b>	-	6,676	-	(6,672)	4	(4)	-
Dividends to non-controlling interests	-	-	-	-	-	(242)	(242)
<b>At 31 December 2023</b>	<b>269,934</b>	<b>(1,502)</b>	<b>2,924</b>	<b>534,601</b>	<b>805,957</b>	<b>20,496</b>	<b>826,453</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 year	-	-	-	32,503	32,503	1,821	34,324
Own shares acquired	-	(1,577)	-	-	(1,577)	-	(1,577)
Dividends to owners of the Company	-	-	-	(4,352)	(4,352)	-	(4,352)
<b>Total transactions with owners of the Company</b>	-	(1,577)	-	(4,352)	(5,929)	-	(5,929)
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	(2,622)	(2,622)
Dividends to non-controlling interests	-	-	-	-	-	(260)	(260)
<b>At 31 December 2022</b>	<b>269,934</b>	<b>(8,178)</b>	<b>2,924</b>	<b>531,179</b>	<b>795,859</b>	<b>20,466</b>	<b>816,325</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.

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**Condensed Consolidated Statement of Cash Flows  
For the financial year ended 31 December 2023**

	<b>12 months ended 31 December</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	18,094	47,930
<i>Adjustments for:</i>		
Bad debts recovered	(3)	(5)
Bad debt written off	-*	123
Depreciation of:		
- investment properties	948	960
- property, plant and equipment	21,437	20,491
- right-of-use assets	952	796
Finance costs	28,570	19,772
Finance income	(4,483)	(1,935)
Gain on derecognition of right-of-use assets	(3)	(36)
Loss/(Gain) on disposal of:		
- assets classified as held for sale	31	(512)
- property, plant and equipment	(715)	(348)
Inventories written down	5,924	4,824
Net (gain)/loss on impairment of financial instruments	(1,489)	6,227
Plant and equipment written off	21	30
Share of loss of an equity-accounted associate, net of tax	1	-
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	69,285	98,317
Changes in:		
Inventories	(35,502)	(32,529)
Receivables, deposits and prepayments	(43,684)	(35,790)
Payables and accruals	(4,891)	(4,502)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	(14,792)	25,496
Interest paid	(1,647)	(966)
Net tax paid	(12,811)	(22,664)
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	(29,250)	1,866
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of:		
- a right-of-use assets	(275)	-
- a subsidiary, net of cash acquired	71	-
- an investment property	(127)	-
- investment in an associate	(49)	-
- property, plant and equipment	(41,496)	(63,265)
Interest received	4,483	1,935
Proceeds from disposal of:		
- assets classified as held for sale	650	8,038
- property, plant and equipment	835	450
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<b>Net cash used in investing activities</b>	(35,908)	(52,842)
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**Condensed Consolidated Statement of Cash Flows  
For the financial year ended 31 December 2023**

	<b>12 months ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid to:		
- non-controlling interests	(242)	(260)
- owners of the Company	-	(4,352)
Interest paid	(28,278)	(20,031)
Issuance of shares to non-controlling interests of a subsidiary	151	-
Net proceeds from:		
- bankers' acceptances	8,111	72,544
- revolving credit	52,231	15,282
Proceeds from term loan	7,055	9,516
Payment of lease liabilities	(209)	(158)
Repayment of:		
- hire purchase liabilities	(3,014)	(1,268)
- term loans	(16,825)	(16,716)
Repurchase of treasury shares	-	(1,577)
<b>Net cash from financing activities</b>	<u>18,980</u>	<u>52,980</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(46,178)	2,004
Cash and cash equivalents at the beginning of financial year	<u>112,546</u>	<u>110,542</u>
<b>Cash and cash equivalents at the end of financial year</b>	<u><u>66,368</u></u>	<u><u>112,546</u></u>

\* Denotes amount less than RM500.

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

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	52,416	61,501
Deposits placed with licensed banks	39,404	34,249
Highly liquid investments with other institutions	4	34,605
	<u>91,824</u>	<u>130,355</u>
Less:		
Deposit pledged	(600)	(600)
Bank overdrafts	(24,856)	(17,209)
	<u><u>66,368</u></u>	<u><u>112,546</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.

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### **Notes to the interim financial report for the financial quarter ended 31 December 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 year ended 31 December 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.

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### **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 year to date, the Company distributed 8,654,342 treasury shares to entitled shareholders as share dividend.

As of 31 December 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**

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 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	696,969	753,609	8,800	10,389	1,469,767
Inter segment revenue	110,132	231,571	319	88	342,110
<b>Total reportable revenue</b>	<b>807,101</b>	<b>985,180</b>	<b>9,119</b>	<b>10,477</b>	<b>1,811,877</b>
<b>Reportable segment profit/(loss)*</b>	<b>36,391</b>	<b>33,219</b>	<b>(392)</b>	<b>(910)</b>	<b>68,308</b>
<b>Reportable segment assets</b>	<b>527,437</b>	<b>831,137</b>	<b>141,540</b>	<b>73,813</b>	<b>1,573,927</b>
<b>Reportable segment liabilities</b>	<b>(364,828)</b>	<b>(386,354)</b>	<b>(3,845)</b>	<b>(15,015)</b>	<b>(770,042)</b>

*Reconciliation of reportable segment profit or loss for the financial year ended 31 December 2023*

	<b>RM'000</b>
Total profit for reportable segments	68,308
Other non-reportable segment loss	(1,461)
Elimination of inter-segment transactions	(1,328)
Depreciation	(23,337)
Finance costs	(28,570)
Finance income	4,483
Share of loss of an equity-accounted associate, net of tax	(1)
<b>Consolidated profit before tax</b>	<b>18,094</b>

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

### A9. Subsequent event

There were no material subsequent events since the end of the date of the last annual reporting period until 20 February 2024, 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

- (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 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>31 December 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	643,739	585,579
- suppliers for credit facilities granted to its subsidiaries	3,830	8,466
	<hr/> 647,569	<hr/> 594,045

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

#### B1. Review of performance

	<b>12 months ended 31 December</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Revenue	1,469,767	1,443,921
Segmental profit	66,847	88,921
Profit before tax	18,094	47,930
Profit after tax	10,159	34,324
Profit attributable to Owners of the Company	10,094	32,503

The Group recorded an increase in net revenue for the current financial year ended 31 December 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 inventories and production costs for most of the manufactured steel products, and the lower selling prices arising from the increased market competition in light of the volatility prevailing presently and slowdown in the domestic market demand.

On the financial review for the financial year ended 31 December 2023, the Group's equity attributable to owners of the Company increased marginally by 1.3% from RM795.9 million as of 31 December 2022 to RM806.0 million as of 31 December 2023 resulted from 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 31 December 2023. The increase in net gearing ratio from 0.56 times as of 31 December 2022 to 0.67 times as of 31 December 2023 was mainly due to the increased drawdown of bank borrowings to procure raw materials and stocking up of trading inventories, besides financing the trade receivables and to support other working capital requirements.

#### *Wholesale and distribution segment*

The wholesale and distribution segment recorded a net revenue of RM697.0 million (2022: RM671.1 million) which represented an increase of 3.9% and the segment contributed 47.4% of the Group's total net revenue. This segment recorded a lower segmental profit and profit before tax of RM36.4 million (2022: RM40.2 million) and RM19.1 million (2022: RM26.2 million) which

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represented a decline of 9.5% and 26.7% respectively from the preceding year. This segment accounted for 54.4% of the Group's segmental profit and the Group's profit before tax.

The decrease in the segmental profit and profit before tax was mainly due to higher procurement cost for its trading inventories and the lower selling prices arising from the increased market competition in light of the volatility prevailing presently and slowdown in the domestic market demand. The net (gain)/loss on allowance for impairment of trade receivables and inventories written down during the financial year were approximately -RM1.4 million (2022: RM6.3 million) and RM5.2 million (2022: RM4.2 million) respectively.

### ***Manufacturing segment***

The manufacturing segment recorded a net revenue of RM753.6 million (2022: RM757.9 million) which represented a decrease of 0.6% and the segment contributed 51.3% of the Group's total net revenue. Correspondingly, this segment recorded a lower segmental profit and profit before tax of RM33.2 million (2022: RM51.4 million) and RM7.8 million (2022: RM30.5 million) which represented a decline of 35.3% and 74.4% respectively from the preceding year. This segment accounted for 49.7% of the Group's segmental profit and 43.1% of the Group's profit before tax.

The decline in net revenue, segmental profit and profit before tax was mainly due to the lower selling prices arising from the increased market competition and higher procurement and production costs for most of the manufactured steel products in light of the volatility prevailing presently in the domestic steel market and prices. The inventories written down during the financial year was approximately RM0.2 million (2022: RM0.5 million).

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

This segment recorded a higher net revenue of RM8.8 million (2022: RM6.8 million) and contributed 0.6% to the Group's net revenue. The revenue was mainly derived from the sale of property in Tiara Residence project and Emerald Avenue project located at Selayang and Amanja project located at Kepong. The total percentages of residential units sold as of 31 December 2023 for Tiara Residence project was 95.7% (2022: 91.3%) and Amanja project was 92.9% (2022: 89.7%).

There are still 2 unsold units at Tiara Residence project, 16 unsold residential units at Amanja project and 26 unsold commercial and residential units at Emerald Avenue project remaining for sale. This segment incurred a loss before tax of RM2.0 million (2022: RM1.2 million) to maintain these unsold properties. The unsold property inventories located at Selayang written down during the financial year was approximately RM0.6 million (2022: Nil).

### ***Hospitality segment***

This segment recorded an increase in net revenue of RM10.4 million (2022: RM8.2 million) due to higher number of rooms sold of 46,763 (2022: 39,227) at 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 36.1% in 2022 to 38.2% in 2023.

As a result, this segment registered a lower loss before tax of RM5.2 million (2022: RM6.3 million) which included largely the borrowing cost and depreciation of RM4.8 million (2022: RM5.0 million).

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

	3 months ended	
	31/12/23	30/9/23
	RM'000	RM'000
Revenue	370,139	373,057
Profit before tax	4,046	4,908

The decrease in revenue and profit before tax as compared to the preceding quarter ended 30 September 2023 was mainly due to the lower selling prices arising from the increased market competition, and higher procurement and production costs for most of the manufactured steel products in light of the volatility prevailing presently in the domestic steel market and prices.

### B3. Prospects

The Malaysian economy expanded by 3% in the fourth quarter of 2023 (3Q 2023: 3.3%; 2Q 2023: 2.9%). Household spending remained supported by improving labour market conditions and easing cost pressures. The growth in investment activity was underpinned by the progressive realisation of multi-year projects and capacity expansion by firms. Exports, however, remained subdued due to prolonged weakness in external demand amid stronger imports. On the supply side, there was a broad-based expansion. The commodities sector grew. This was supported by higher oil and gas production as well as expansion in the agriculture sector amid improved labour supply. The services and construction sectors continued to expand. The manufacturing sector remained soft from continued weakness in the electrical and electronics industry. In terms of monthly GDP, December recorded a growth of 1.4%, lower than November (3.8%) and October (3.9%), attributed mainly to the shorter school holiday period during the month and weaker export-oriented manufacturing sector. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.1% (3Q 2023: +2.6%). Overall, the 2023 growth for the Malaysian economy normalised to 3.7% following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. On the domestic front, despite the lapse of large policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023. In addition, the solid growth performance of the economy is reinforced by a resilient external position.

Growth in 2024 will be driven by resilient domestic expenditure and improvement in external demand. On the external front, the IMF is projecting a rebound in global trade growth from 0.4% in 2023 to 3.3% in 2024. Together with the tech upcycle, the stronger external demand and continued improvement in the tourism sector will provide support to Malaysia's exports. On the domestic front, household spending will be supported by continued employment and wage growth. Investment activity will be underpinned by further progress of multi-year projects, by both the private and public sectors, as well as the implementation of catalytic initiatives under the various national master plans. Improvement in tourist arrivals and spending are expected to continue. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand and larger declines in commodity production. Nonetheless, there are upside risks to growth emanating from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of existing and new projects. (*Source: Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the Fourth 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

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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, or sale of hotel property if opportunity arises.

The performance of the Group in the forthcoming year remains challenging as it is dependent on the 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 31/12/23 RM'000</b>	<b>Cumulative quarter 12 months ended 31/12/23 RM'000</b>
Income tax expense		
- current financial year	5,191	11,517
- overprovision in prior financial year	-	(90)
Deferred tax expense		
- origination and reversal of temporary differences	(2,376)	(3,492)
	<u>2,815</u>	<u>7,935</u>
<b>Reconciliation of tax expense</b>		
Income tax using Malaysian tax rate of 24%	970	4,342
Non-deductible expenses	971	3,036
Income not subjected to tax	(13)	(240)
Effect of deferred tax benefits not recognised	2,496	2,496
Utilisation of previously unrecognised deferred tax benefits	(281)	(281)
Utilisation of reinvestment allowance	(1,328)	(1,328)
Overprovision in prior financial year	-	(90)
	<u>2,815</u>	<u>7,935</u>

### B6. Status of Corporate Proposals Announced

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

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**B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 December 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	449	-	449
Term loans	28,283	-	28,283
	<u>28,732</u>	<u>-</u>	<u>28,732</u>
<b>Current</b>			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	7,039	17,817	24,856
Hire purchase liabilities	2,506	-	2,506
Revolving credit	-	142,814	142,814
Bankers' acceptances	113,850	323,191	437,041
Term loans	9,420	-	9,420
	<u>132,815</u>	<u>483,822</u>	<u>616,637</u>

**B8. Changes in Material Litigation**

There was no impending material litigation as at 20 February 2024, 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 0.75 sen per share totalling RM3,310,296 in respect of the year ended 31 December 2023 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.

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

The calculation of basic and diluted earnings/(loss) per ordinary share for the current financial quarter and the financial year ended 31 December 2023 are based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	<b>Individual quarter 3 months ended 31 December</b>		<b>Cumulative quarter 12 months ended 31 December</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit/(Loss) attributable to owners of the Company (RM'000)	1,495	(6,321)	10,094	32,503
<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	(1,946)	(9,298)	(6,285)	(8,537)
Weighted average number of ordinary shares as at 31 December	<u>441,373</u>	<u>434,021</u>	<u>437,034</u>	<u>434,782</u>
Basic and diluted earnings per ordinary share (sen)*	<u>0.34</u>	<u>(1.46)</u>	<u>2.31</u>	<u>7.48</u>

\* The diluted earnings/(loss) 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/(Loss) before tax**

	<b>Individual quarter 3 months ended 31/12/23 RM'000</b>	<b>Cumulative quarter 12 months ended 31/12/23 RM'000</b>
<b>Profit/(Loss) before tax is arrived at after charging/(crediting):</b>		
Bad debt recovered	-	(3)
Bad debt written off	_*	_*
Depreciation of:		
- investment properties	239	948
- property, plant and equipment	5,380	21,437
- right-of-use assets	216	952
Finance costs	7,501	28,570
Finance income	(1,177)	(4,483)
Gain on derecognition of right-of-use assets	(3)	(3)
Loss/(Gain) on disposal of:		
- assets classified as held for sale	-	31
- property, plant and equipment	(226)	(715)
Inventories written down	1,174	5,924
Net gain on impairment of financial instruments		
- trade receivables	(828)	(1,489)
Plant and equipment written off	11	21
Realised gain on foreign exchange, net	(105)	(287)
Rental income:		
- land and buildings	(252)	(1,090)
- vehicle	(69)	(217)
	=====	=====

\* Denotes amount less than RM500.

**B12. Capital commitment**

	<b>31 December 2023 RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not contracted for	8,894
Contracted but not provided for	2,975
	<hr/>
	11,869
	<hr/>

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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 2023 were as follows:

	<b>RM'000</b>
Sales	(3,182)
Purchases	16,343
Rental income	(290)
Expenses relating to short-term leases	1,582
Consultancy fee expenses	533
	=====

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>31 December 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	81,601	88,066
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	350	376
	<u>81,951</u>	<u>88,442</u>

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