

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results
For the Second Quarter ended 30 June 2024**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 30 June 2024**

	Note	As at 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
<u>ASSETS</u>			
Property, plant and equipment		407,434	420,522
Right-of-use assets		50,116	43,305
Investment properties		38,404	38,878
Investment in an associate		51	48
Deferred tax assets		9,767	8,508
Total non-current assets		505,772	511,261
Inventories		525,860	542,436
Receivables, deposits and prepayments		404,943	452,272
Current tax assets		3,622	3,102
Cash and cash equivalents		102,528	91,824
Assets classified as held for sale	A4	16,109	-
Total current assets		1,053,062	1,089,634
TOTAL ASSETS		1,558,834	1,600,895
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		545,958	536,054
Total equity attributable to Owners of the Company		815,892	805,988
Non-controlling interests		20,990	20,496
TOTAL EQUITY		836,882	826,484
<u>LIABILITIES</u>			
Loans and borrowings	B7	27,536	28,732
Lease liabilities		2,387	2,496
Deferred tax liabilities		12,289	11,487
Total non-current liabilities		42,212	42,715
Payables and accruals		82,280	110,942
Loans and borrowings	B7	586,659	616,637
Lease liabilities		215	211
Dividend payable	A9	3,325	-
Current tax liabilities		7,261	3,906
Total current liabilities		679,740	731,696
TOTAL LIABILITIES		721,952	774,411
TOTAL EQUITY AND LIABILITIES		1,558,834	1,600,895
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.89	1.86

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 30 June 2024**

	Note	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue		329,198	348,627	712,742	726,571
Cost of sales		(297,319)	(316,360)	(634,270)	(655,814)
Gross profit		31,879	32,267	78,472	70,757
Administrative expenses		(13,750)	(14,016)	(28,686)	(28,213)
Distribution costs		(9,760)	(10,675)	(21,641)	(22,891)
Net gain/(loss) on impairment of financial instruments		126	58	(938)	(31)
Other operating expenses		(15)	(54)	(20)	(115)
Other operating income		560	767	1,130	1,246
Operating profit		9,040	8,347	28,317	20,753
Finance costs		(6,643)	(7,461)	(14,084)	(14,009)
Finance income		1,027	1,809	3,325	2,396
Share of profit of an equity-accounted associate, net of tax		4	-	3	-
Profit before tax	B11	3,428	2,695	17,561	9,140
Tax expense	B5	(1,987)	(1,051)	(6,064)	(3,597)
Profit and total comprehensive income for the financial period		1,441	1,644	11,497	5,543
Profit and total comprehensive income attributable to:					
Owners of the Company		1,604	1,655	11,003	5,414
Non-controlling interests		(163)	(11)	494	129
Profit and total comprehensive income for the financial period		1,441	1,644	11,497	5,543
Basic earnings per ordinary shares (sen)	B10	0.36	0.38	2.49	1.25
Diluted earnings per ordinary shares (sen)	B10	0.43	0.38	2.27	1.25

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes In Equity
For the financial period ended 30 June 2024**

	/-----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				
At 1 January 2024	269,934	(1,502)	2,924	534,632	805,988	20,496	826,484	
Profit and total comprehensive income for the financial period	-	-	-	11,003	11,003	494	11,497	
Own shares sold	A6	-	1,502	-	724	2,226	-	2,226
Dividends to owners of the Company	A9	-	-	-	(3,325)	(3,325)	-	(3,325)
Total transactions with owners of the Company		-	1,502	-	(2,601)	(1,099)	-	(1,099)
At 30 June 2024	<u>269,934</u>	<u>-*</u>	<u>2,924</u>	<u>543,034</u>	<u>815,892</u>	<u>20,990</u>	<u>836,882</u>	
At 1 January 2023	269,934	(8,178)	2,924	531,179	795,859	20,466	816,325	
Profit and total comprehensive income for the financial period	-	-	-	5,414	5,414	129	5,543	
Acquisition of a subsidiary	-	-	-	-	-	60	60	
At 30 June 2023	<u>269,934</u>	<u>(8,178)</u>	<u>2,924</u>	<u>536,593</u>	<u>801,273</u>	<u>20,655</u>	<u>821,928</u>	

* Denotes amount less than RM100.

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2024**

	6 months ended 30 June	
	2024	2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	17,561	9,140
<i>Adjustments for:</i>		
Bad debts recovered	-	(3)
Bad debts written off	8	-
Depreciation of:		
- investment properties	474	473
- property, plant and equipment	10,867	10,810
- right-of-use assets	401	473
Finance costs	14,084	14,009
Finance income	(3,325)	(2,396)
(Gain)/Loss on disposal of:		
- assets classified as held for sale	-	31
- property, plant and equipment	(192)	(261)
Inventories written down	1,864	3,280
Net loss on impairment of financial instruments	938	31
Plant and equipment written off	-*	9
Share of profit of an equity-accounted associate, net of tax	(3)	-
	<u>42,677</u>	<u>35,596</u>
Operating profit before changes in working capital	42,677	35,596
Changes in:		
Inventories	15,267	(43,252)
Receivables, deposits and prepayments	46,383	(15,349)
Payables and accruals	(28,662)	(29,928)
	<u>75,665</u>	<u>(52,933)</u>
Cash generated from/(used in) operations	75,665	(52,933)
Interest paid	(877)	(634)
Tax paid	(4,248)	(5,433)
	<u>70,540</u>	<u>(59,000)</u>
Net cash from/(used in) operating activities	<u>70,540</u>	<u>(59,000)</u>
Cash flows from investing activities		
Acquisition of:		
- right-of-use assets	-	(258)
- a subsidiary, net of cash acquired	(6,650)	71
- an investment property	-	(127)
- property, plant and equipment	(12,579)	(15,624)
Interest received	3,325	2,396
Proceeds from disposal of:		
- assets classified as held for sale	-	650
- property, plant and equipment	321	270
	<u>(15,583)</u>	<u>(12,622)</u>
Net cash used in investing activities	<u>(15,583)</u>	<u>(12,622)</u>

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2024**

	6 months ended 30 June	
	2024 RM'000	2023 RM'000
Cash flows from financing activities		
Interest paid	(14,511)	(14,264)
Net (repayment of)/proceeds from:		
- bankers' acceptances	(11,883)	74,360
- revolving credit	(13,321)	10,200
Proceeds from:		
- hire purchase liabilities	3,708	-
- term loans	-	5,044
- treasury shares disposed	2,226	-
Payment of lease liabilities	(105)	(133)
Repayment of:		
- hire purchase liabilities	(1,974)	(1,386)
- term loans	(5,584)	(9,018)
Net cash (used in)/from financing activities	<u>(41,444)</u>	<u>64,803</u>
Net increase/(decrease) in cash and cash equivalents	13,513	(6,819)
Cash and cash equivalents at the beginning of financial period	<u>66,368</u>	<u>112,546</u>
Cash and cash equivalents at the end of financial period	<u><u>79,881</u></u>	<u><u>105,727</u></u>

* Denotes amount less than RM500.

Note:*Cash and cash equivalents comprise:*

	As at 30 June	
	2024 RM'000	2023 RM'000
Cash and bank balances	79,306	30,247
Deposits placed with licensed banks	23,217	49,569
Highly liquid investments with other institutions	5	44,111
	<u>102,528</u>	<u>123,927</u>
Less:		
Deposit pledged	(600)	(600)
Bank overdrafts	(22,047)	(17,600)
	<u><u>79,881</u></u>	<u><u>105,727</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report for the financial quarter ended 30 June 2024

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 Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023. 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 2023 except for the following:

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

In the current financial period ended 30 June 2024, the Group adopted the following standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2024 to its financial statement:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 quarter.

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

In April 2024, a wholly-owned subsidiary entered into an agreement with a third party to dispose of the 72-room hotel located at Kuala Lumpur for a cash consideration of RM22.0 million, of which 10% deposit had been paid. The disposal is expected to be completed by the third quarter of 2024 and the subsidiary is allowed to operate the hotel until the handover of vacant possession of the property on an “as is where is” basis within one year from the full payment of balance purchase price. The hotel property was classified as asset held for sale in the current financial quarter.

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

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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 2023.

A6. Debt and Equity Securities

On 23 May 2024, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Twenty-Third Annual General Meeting held on even-date.

During the current financial quarter, the Company disposed 1,946,400 of its treasury shares for a total consideration of RM2,225,588 in the open market at an average price of RM1.14 per share. The proceeds from the resale were utilised for working capital purposes.

As of 30 June 2024, the Company held a total of 58 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

There was no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A7. Dividend paid

No dividend was paid during the current financial quarter.

A8. Operating segment information

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

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

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The reportable segment information for the financial period ended 30 June 2024 is as follows:

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	324,055	378,560	4,242	5,885	712,742
Inter segment revenue	24,061	89,296	237	91	113,685
Total reportable revenue	348,116	467,856	4,479	5,976	826,427
Reportable segment profit/(loss)*	14,526	26,167	66	(182)	40,577
Reportable segment assets	511,542	794,917	139,233	74,139	1,519,831
Reportable segment liabilities	(328,218)	(368,856)	(2,681)	(15,455)	(715,210)

Reconciliation of reportable segment profit or loss for the financial period ended 30 June 2024

	RM'000
Total profit for reportable segments*	40,577
Other non-reportable segment loss	(524)
Elimination of inter-segment transactions	6
Depreciation	(11,742)
Finance costs	(14,084)
Finance income	3,325
Share of profit of an equity-accounted associate, net of tax	3
Consolidated profit before tax	17,561

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

A9. Subsequent events

i) Dividend paid

The approved single-tier dividend of 0.75 sen per ordinary share totalling RM3,324,897 in respect of the financial year ended 31 December 2023 has been subsequently paid on 3 July 2024 to depositors whose names in the Record of Depositors on 14 June 2024.

ii) Bonus Issue of Shares

On 7 June 2024, the Company announced the bonus issue of up to 414,303,807 new ordinary shares in Engtex ("Bonus Shares") on the basis of 3 Bonus Shares for every 4 existing ordinary shares in Engtex ("Engtex Shares") held by the entitled shareholders ("Bonus Issue of Shares").

On 21 June 2024, the Company announced that the Bursa Securities had approved the Bonus Issue of Shares as follows:

- listing and quotation of up to 414,303,807 Bonus Shares to be issued pursuant to the Bonus Issue of Shares;
- listing of and quotation of up to 81,814,331 additional Warrants B arising from the adjustment made pursuant to the Bonus Issue of Shares; and
- listing of and quotation of up to 81,814,331 additional Engtex Shares to be issued pursuant to the exercise of the additional Warrants B.

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On 24 July 2024, the Company had obtained the approval for the Bonus Issue of Shares from the shareholders during an Extraordinary General Meeting held on even-date. The Bonus Issue of Shares was completed following the listing and quotation for 333,816,580 Bonus Shares (inclusive of 43 Bonus Shares to be held as treasury shares) and 80,486,763 additional Warrant B on the Main Market of Bursa Securities on 12 August 2024.

iii) Issuance of shares pursuant to exercise of warrants

A total of 1,770,000 Warrants B were exercised by the registered warrant holders to subscribe for 1,770,000 new Engtex Shares at RM0.70 per Warrants B.

Other than the above, there were no material subsequent events since the end of the date of the last annual reporting period until 15 August 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

On 25 June 2024, the Company acquired 1,000 ordinary shares representing 100% equity interest in Variglobal Sdn. Bhd. ("VGSB") for a total cash consideration of RM6,650,000. The principal activity of VGSB is that of investment holding.

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:

	30 June 2024 RM'000	31 December 2023 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	612,694	643,739
- suppliers for credit facilities granted to its subsidiaries	2,339	3,830
	615,033	647,569

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

B1. Review of performance

	6 months ended 30 June	
	2024 RM'000	2023 RM'000
Revenue	712,742	726,571
Segmental profit	40,577	32,513
Profit before tax	17,561	9,140
Profit after tax	11,497	5,543
Profit attributable to Owners of the Company	11,003	5,414

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The Group recorded a decrease in net revenue for the current financial period ended 30 June 2024 as compared to the preceding year mainly attributable to the weakening market demand for its metal-related trading products. However, the increase in the corresponding profit before tax was mainly attributable to the recovery of market demand for certain manufactured steel products, especially the increase in production output and delivery of mild steel concrete-lined pipes and wire mesh, albeit the volatility in the international and domestic metal prices.

On the financial review for the six months ended 30 June 2024, the Group's equity attributable to owners of the Company increased marginally by 1.2% from RM806.0 million as of 31 December 2023 to RM815.9 million as of 30 June 2024 resulted from the increase in retained earnings. Consequently, the net assets per share of the Group increased from RM1.86 as of 31 December 2023 to RM1.89 as of 30 June 2024. The improvement in net gearing ratio from 0.67 times as of 31 December 2023 to 0.61 times as of 30 June 2024 was mainly due to the decrease in bank borrowings to procure raw materials and stocking up of inventories, finance the trade receivables and support other working capital requirements.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM324.0 million (2023: RM352.2 million) which represented a decrease of 8.0% and the segment contributed 45.5% of the Group's total net revenue. This segment recorded a lower segmental profit and profit before tax of RM14.5 million (2023: RM16.5 million) and RM7.5 million (2023: RM9.0 million) which represented a decline of 12.0% and 16.4% respectively from the preceding year. This segment accounted for 36.3% of the Group's segmental profit and 42.7% of the Group's profit before tax.

The decrease in the segmental profit and profit before tax was mainly due to the lower selling prices arising from the increased market competition in light of the volatility prevailing presently and weak domestic market demand.

Manufacturing segment

The manufacturing segment recorded a net revenue of RM378.6 million (2023: RM364.2 million) which represented an increase of 3.9% and the segment contributed 53.1% of the Group's total net revenue. Correspondingly, this segment recorded an improved segmental profit and profit before tax of RM26.2 million (2022: RM17.5 million) and RM13.2 million (2023: RM4.6 million) which represented an increase of 49.7% and 184.0% respectively from the preceding year. This segment accounted for 65.3% of the Group's segmental profit and 75.0% of the Group's profit before tax.

The increase in net revenue, segmental profit and profit before tax was mainly due to the increase in production output and delivery of mild steel concrete-line pipes and wire mesh albeit the volatility in the international and domestic steel prices.

Property development segment

This segment recorded a net revenue of RM4.2 million (2023: RM5.4 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 located at Selayang and Amanja project located at Kepong. The total percentages of residential units sold as of 30 June 2024 for Tiara Residence project was 97.8% (2023: 93.5%) and Amanja project was 94.6% (2023: 92.0%).

There are still 1 unsold unit at Tiara Residence project, 12 unsold residential units at Amanja project and 25 unsold commercial and residential units at Emerald Avenue project remaining for sale. This segment incurred a loss before tax of RM0.6 million (2023: RM0.7 million) to maintain these unsold properties.

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Hospitality segment

This segment recorded an increase in net revenue of RM5.9 million (2023: RM4.8 million) due to higher number of rooms sold of 26,538 (2023: 20,590) at all three operating hotels and the increase in average occupancy rate from 33.9% in 2023 to 43.5% in 2024 and higher meetings, incentives, conferences and exhibitions (“MICE”) activities.

As a result, this segment registered a lower loss before tax of RM1.9 million (2023: RM3.0 million) which included largely the borrowing cost and depreciation of RM2.1 million (2022: RM2.5 million).

B2. Comparison with preceding financial quarter’s results

	3 months ended	
	30/6/24	31/3/24
	RM’000	RM’000
Revenue	329,198	383,544
Profit before tax	3,428	14,133

The decrease in revenue and profit before tax as compared to the preceding quarter ended 31 March 2024 was mainly due to the high production costs on the back of the decreased production and delivery output 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 weak domestic market condition.

B3. Prospects

The Malaysian economy advanced by 5.9% in the second quarter of 2024 (1Q 2024: 4.2%). The growth is driven by stronger domestic demand and further expansion in exports. Household spending increased amid sustained positive labour market conditions and larger policy support. Investment activity was underpinned by continued progress in multi-year projects and capacity expansion by firms. Exports improved amid higher external demand and positive spillovers from the global tech upcycle. Most supply-side sectors registered higher growth. The manufacturing sector was supported by broad-based improvement across all clusters, particularly in electrical and electronics (E&E). The services sector recorded strong growth, driven by consumer and business-related subsectors. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.9% (1Q 2024: 1.5%). Growth in the second half of 2024 will be driven by domestic spending with continued strong support from external demand. On the domestic front, household spending will be underpinned by continued employment and wage growth as well as policy measures. Investment activities will be driven by progress in multi-year projects across private and public sectors. Catalytic initiatives announced in national master plans and the higher realisation of approved investments are also key drivers for investment activities. Externally, the ongoing global tech upcycle and continued strong demand for non-electrical and electronics goods are expected to lift exports. Improvement in tourist arrivals and spending are expected to continue. Upside risks to growth include greater spillover from the tech upcycle, robust tourism activities, and faster implementation of existing and new investment projects. Downside risks to Malaysia’s growth prospects stem from a downturn in external demand, an escalation in geopolitical conflicts and lower-than-expected commodity production. *(Source: Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the Second Quarter of 2024)*

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

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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 MICE activities to achieve higher gross operating profits.

The performance of the Group in the second half of current 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

	Individual quarter 3 months ended 30/6/24 RM'000	Cumulative quarter 6 months ended 30/6/24 RM'000
Income tax expense		
- current financial year	2,929	7,083
Deferred tax expense		
- origination and reversal of temporary differences	(942)	(1,019)
	<u>1,987</u>	<u>6,064</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	823	4,215
Non-deductible expenses	1,164	1,849
	<u>1,987</u>	<u>6,064</u>

B6. Status of Corporate Proposals Announced

Other than the Proposed Bonus Issue of Shares as described in **Note A9(ii)** above, there were no corporate proposals announced but not completed for the financial quarter under review and financial year-to-date.

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B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2024 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	2,700	-	2,700
Term loans	24,836	-	24,836
	<u>27,536</u>	<u>-</u>	<u>27,536</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	6,196	15,851	22,047
Hire purchase liabilities	2,678	-	2,678
Revolving credit	-	129,493	129,493
Bankers' acceptances	103,866	321,292	425,158
Term loans	7,283	-	7,283
	<u>120,023</u>	<u>466,636</u>	<u>586,659</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 15 August 2024, being the date not earlier than 7 days from the date of this announcement.

B9. Dividend declared

The Directors does not recommend any interim dividend for the financial quarter ended 30 June 2024.

B10. Basic and diluted earnings per ordinary share**Basic earnings per share**

The calculation of basic earnings per ordinary share for the current financial quarter and the financial period ended 30 June 2024 are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2024 '000	2023 '000	2024 '000	2023 '000
Profit attributable to owners of the Company (RM)	1,604	1,655	11,003	5,414
<i>Weighted average number of ordinary shares</i>				
Issued ordinary shares as at 1 January	443,319	443,319	443,319	443,319
Effects of treasury shares held	(1,515)	(10,601)	(1,731)	(10,601)
Weighted average number of ordinary shares as at 30 June	<u>441,804</u>	<u>432,718</u>	<u>441,588</u>	<u>432,718</u>
Basic earnings per ordinary share (sen)	<u>0.36</u>	<u>0.38</u>	<u>2.49</u>	<u>1.25</u>

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Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the current financial quarter and the financial period ended 30 June 2024 are based on the adjusted profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2024	2023	2024	2023
	'000	'000	'000	'000
Profit attributable to owners of the Company (RM)	1,604	1,655	11,003	5,414
Effects of exercise of warrants (RM)	756	-	1,511	-
Adjusted profit attributable to owners of the Company (RM)	<u>2,360</u>	<u>1,655</u>	<u>12,514</u>	<u>5,414</u>
Weighted average number of ordinary shares (basic) as at 30 June	441,804	432,718	441,588	432,718
Effects of exercise of warrants	109,086	-	109,086	-
Weighted average number of ordinary shares (diluted) as at 30 June	<u>550,890</u>	<u>432,718</u>	<u>550,674</u>	<u>432,718</u>
Diluted earnings per ordinary share (sen)*	<u>0.43</u>	<u>0.38</u>	<u>2.27</u>	<u>1.25</u>

* The diluted earnings per ordinary share in 2023 was 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	6 months ended
	30/6/24	30/6/24
	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):		
Bad debts written off	8	8
Depreciation of:		
- investment properties	236	474
- property, plant and equipment	5,395	10,867
- right-of-use assets	238	401
Finance costs	6,643	14,084
Finance income	(1,027)	(3,325)
Gain on disposal of property, plant and equipment	(109)	(192)
Inventories (write back)/written down	(530)	1,864
Net (gain)/loss on impairment of financial instruments		
- trade receivables	(126)	938
Plant and equipment written off	_*	_*
Realised gain on foreign exchange, net	(35)	(59)

	Individual quarter 3 months ended 30/6/24 RM'000	Cumulative quarter 6 months ended 30/6/24 RM'000
Rental income:		
- land and buildings	(251)	(526)
- machine	(2)	(2)
- vehicle	(69)	(138)
Share of profit of an equity-accounted associate, net of tax	(4)	(3)
	=====	=====

* Denotes amount less than RM500.

B12. Capital commitment

	30 June 2024 RM'000
Property, plant and equipment	
Authorised but not contracted for	7,616
Contracted but not provided for	17,277
	<u>24,893</u>

B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 June 2024 were as follows:

	RM'000
Sales	(1,392)
Purchases	11,865
Rental income	(174)
Expenses relating to short-term leases	767
Consultancy fee expenses	299
	=====

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:

	30 June 2024 RM'000	31 December 2023 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	90,908	81,601
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	530	357
	<u>91,438</u>	<u>81,958</u>

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