

# PARAGON UNION BERHAD (286457-V)

## QUARTERLY REPORT

Quarterly report on consolidation results for the financial quarter ended 31st March 2001  
The figures have not been audited.

### CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2001 RM'000	Preceding Year Corresponding Quarter 31/03/2000 RM'000	Current Year To Date 31/03/2001 RM'000	Preceding Year Corresponding Period 31/03/2000 RM'000
1 (a) Turnover	12,821	6,975	12,821	6,975
(b) Investment income	-	-	-	-
(c) Other income including interest income	145	190	145	190
2 (a) Operating profit before interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	1,567	690	1,567	690
(b) Interest on borrowings	(176)	(339)	(176)	(339)
(c) Depreciation and amortisation	(679)	(554)	(679)	(554)
(d) Exceptional items	-	-	-	-
(e) Operating profit/(loss) after interest on borrowings, depreciation and amortisation and exceptional items but before income tax, minority interests and extraordinary items	712	(203)	712	(203)
(f) Share in the results of associated companies	-	-	-	-
(g) Profit/(Loss) before taxation, minority interests and extraordinary items	712	(203)	712	(203)
(h) Taxation	(12)	-	(12)	-
(i) (i) Profit/(Loss) after taxation before deducting minority interests	700	(203)	700	(203)
(ii) Less minority interests	-	-	-	-
(j) Profit/(Loss) after taxation attributable to members of the company	700	(203)	700	(203)
(k) (i) Extraordinary Items	-	-	-	-
(ii) Less Minority Interests	-	-	-	-
(iii) Extraordinary Items attributable to members of the company	-	-	-	-
(l) Profit/(Loss) after taxation and extraordinary items attributable to members of the company	700	(203)	700	(203)
3 Earnings per share based on 2(j) above after deducting any provision for preference dividends, if any:				
(i) Basic (based on ordinary shares - sen)	1.03	(1.45)	1.03	(1.45)
(ii) Fully diluted (based on ordinary shares - sen)	-	-	-	-

#### Remarks :

The basic earnings per share for the current and preceding year are based on the weighted ordinary shares of RM1 each as follows:

68,071,000	14,000,000	68,071,000	14,000,000
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# PARAGON UNION BERHAD (286457-V)

Quarterly Report On Consolidation Results For The Financial  
Quarter Ended 31 March 2001

## Consolidated Balance Sheet

	(UNAUDITED)	(AUDITED)
	As at End of Current Quarter 31/3/2001 RM'000	As at Preceding Financial Year End 31/12/2000 RM'000
1 Property, Plant and Equipment	35,564	34,203
2 Investment in Associated Companies	-	-
3 Investments	5,078	5,078
4 Intangible Assets	-	-
5 Current Assets		
Inventories	8,152	7,717
Trade Debtors	16,364	16,392
Other Debtors, Deposits and Prepayments	19,285	19,593
Fixed Deposits	5,078	5,556
Cash and Bank balances	1,018	4,223
	<u>49,897</u>	<u>53,481</u>
6 Current Liabilities		
Trade Creditors	4,187	5,496
Other Creditors and Accruals	3,499	3,503
Amount Owing to A Director	-	199
Hire Purchase and Finance Lease Liabilities	73	73
Bank Borrowings	10,652	10,056
Taxation	70	61
	<u>18,481</u>	<u>19,388</u>
7 Net Current Assets	31,416	34,093
	<u>72,058</u>	<u>73,374</u>
8 Shareholders' Funds		
Share Capital	70,000	70,000
Reserves		
Share Premium	2,929	2,929
Revaluation Reserve	8,892	8,892
Merger Reserve	(7,547)	(7,547)
Accumulated Loss	(242)	(942)
Less: 1,929,000 Treasury Shares, At Cost	(2,000)	-
	<u>72,032</u>	<u>73,331</u>
9 Minority Interests	-	-
10 Bank Term Loans	-	-
11 Hire Purchase and Finance Lease Liabilities	26	43
	<u>72,058</u>	<u>73,374</u>
12 Net tangible assets per share (sen)	105.82	104.76

## Notes

### 1) Accounting Policies

The quarterly financial statements have been prepared based on accounting policies and methods of computation which are consistent with those adopted in the 31<sup>st</sup> December 2000 Annual Report.

### 2) Exceptional Items

There were no exceptional items for the financial period under review.

### 3) Extraordinary Items

There were no extraordinary items for the financial period under review.

### 4) Taxation

The provisions for income tax do not contain any deferred taxation or adjustments in respect of prior years.

### 5) Pre-acquisition Profits

There were no pre-acquisition profits for the financial period under review.

### 6) Profit on sale of Investments and/or Properties

There were no disposals of investments or properties for the financial period under review.

### 7) Purchase and Disposal of Quoted Securities

a) There was no purchase or disposal of quoted securities for the financial period under review.

b) Summary details of all investments in quoted securities at the end of the reporting period are as follows:

	RM
	'000
Total investments at cost	5,130
Total investments at book value	5,078
Total investments at market value as at 31st March 2001	2,415

#### 8) Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period under review.

#### 9) Status of Corporate Proposals

There were no corporate proposals announced but not completed at the date of this announcement.

#### 10) Seasonal or Cyclical Factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors for the financial period under review.

#### 11) Issuance and Repayment of Debt and Equity Securities

There were no issuances and repayment of debt and equity securities for the financial period under review except for shares buy-back.

The particulars of shares buy-back for the financial period to date are as follows:

- i) The total number of shares purchased: 1,929,000 Ordinary Shares of RM1.00 each.
- ii) The minimum price paid for each share purchased: RM0.91 each.
- iii) The maximum price paid for each share purchased: RM1.18 each.
- iv) The total amount paid for the shares purchased: RM2,000,018.
- v) Total no. of shares retained in treasury: 1,929,000 Ordinary Shares.
- vi) No. of shares purchased which were cancelled: Nil
- vii) The total issued capital as diminished: Nil.

#### 12) Group Borrowings

The total group borrowings are as follows:

	31 March 2001 RM'000
<u>Short Term Bank Borrowings</u>	
Secured:	
Bills payable	1,881
Bank overdrafts	2,701
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Sub-total	4,582
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31 March 2001  
RM'000

Unsecured:	
Bills payable	789
Bank overdrafts	5,281
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Sub-total	6,070
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Total	10,652
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### 13) Contingent Liabilities

There were no contingent liabilities which, in the opinion of the Board of Directors, will or may substantially affect the ability of the Group to meet their obligations as and when they fall due.

### 14) Off-Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 9<sup>th</sup> May 2001, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

### 15) Material Litigation

- i) A writ has been filed at the Shah Alam Court on 28 December 1999 against Transpac Capital Pte Ltd and Transpac Industrial Holdings Ltd for the recovery of RM 1,230,000 deposit sum paid and RM1,230,000 in liquidated damages. An application for summary judgement has been filed on 31 January 2000 and the application was fixed for hearing on 10 May 2000. On that date the matter was not listed and Paragon Union Berhad's (Paragon) solicitor has since written to Court for a new hearing date. No hearing has been fixed by the Court. However, upon a search conducted on the Court file, this application was in fact struck off on 10 May 2000 due to a miscommunication between the Court and Paragon's solicitor. An application to reinstate the case was filed on 6 November 2000. The hearing of the application to reinstate the summary judgement which was fixed on 19 February 2001 was erroneously listed before the Judge instead of the Senior Assistant Registrar. As such, the Judge accordingly directed that the application be heard by the Senior Assistant Registrar and instructed Paragon's solicitors to liaise with the Court Registry to procure the next hearing date for application. The application to restore the summary judgement application to the hearing list has been fixed for hearing on 15 May 2001. On 15 May 2001, the Court has granted the application for summary judgement and fixed the summary judgement application for hearing on 17 July 2001.

- ii) A writ was filed at the Shah Alam Court on 27 January 2000 against Wong Chee Kong and Poh Hock Leng (“Wong & Poh”) for the recovery of RM16,540,000 (being a deposit paid) and RM3,821,850 (being liquidated damages). Paragon Union Berhad’s (Paragon) solicitors received a Defence and Counterclaim from Wong & Poh’s solicitors on 18 February 2000. In their Counterclaim, Wong & Poh claimed inter alia RM4,470,000 as liquidated damages, RM105,875 as special damages and general damages. An application for summary judgement was filed on 1 March 2000 by Paragon. The application was heard on 10 August 2000 and the Senior Assistant Registrar deferred her decision to 20 September 2000. However, the decision was subsequently postponed to 30 October 2000.

On 30 October 2000, the Senior Assistant Registrar dismissed Paragon’s application for summary judgement with costs. An appeal against the decision of the Senior Assistant Registrar was filed by Paragon on 1 November 2000 and the appeal has been fixed for hearing on 17 April 2001. On that date, the hearing of the appeal has been adjourned to 23 August 2001 by the Judge.

#### 16) Segmental Reporting

No segmental analysis is presented as the Group is involved in a single industry segment relating to the manufacturing of carpets. The business of the Group is entirely carried out in Malaysia.

#### 17) Quarterly Profit Before Tax Comparison

There is a 13% decrease in turnover in the current quarter compared to the last quarter from RM14,771,000 to RM12,821,000 and the Group has achieved a profit before taxation of RM712,000 compared to RM1,555,000 in the preceding quarter.

The lower turnover and profit before taxation was due to last quarter year end festival demand and shorter working weeks for some of our customers in the current quarter.

#### 18) Performance Review

The Group recorded a 84% increase in turnover in the current quarter compared to the preceding year quarter from RM6,975,000 to RM12,821,000 and has achieved a profit before taxation of RM712,000 in the current quarter compared to a loss before taxation of (RM203,000) in the preceding year quarter.

The increase in turnover was due to better performances in the car carpets, automotive components and commercial carpets as a result of the stronger growth in the industry for the current quarter compared to the preceding year quarter.

Besides the growth in these industries, the management commitment to invest in capital expenditure for better manufacturing efficiency, quality and cost reduction, have also contributed to the increase in profit before tax.

19) Current Year Prospects

With the stronger automotive industry and expected spending on Government projects, refurbishment of existing hotels, upgrading of corporate offices, and replacement market for mosques, current year prospects look favourable and barring unforeseen circumstances, further improvements in the performance of the Group are expected.

20) Profit Guarantee

Not applicable

21) Dividend

No dividend has been declared for the financial period under review.