



# PARAGON UNION BERHAD

Company No. 199401000779 (286457-V)  
(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL STATEMENTS

**1ST QUARTER ENDED 31 MARCH 2024**  
(FINANCIAL YEAR ENDED 31 DECEMBER 2024)

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# PARAGON UNION BERHAD

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(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2024

	Individual Quarter		Cumulative Quarter	
	3 months Unaudited Current Period Quarter 31/3/2024 RM'000	3 months Unaudited (restate) Preceding Corresponding Period Quarter 31/3/2023 RM'000	3 months Unaudited Current Period To Date 31/3/2024 RM'000	3 months Unaudited Preceding Period To Date 31/3/2023 RM'000
Revenue	24,818	16,915	24,818	16,915
Cost of Sales	(21,665)	(15,485)	(21,665)	(15,485)
Gross Profit	3,153	1,430	3,153	1,430
Operating expenses	(4,199)	(3,371)	(4,199)	(3,371)
Other incomes	206	213	206	213
Profit / (Loss) from operations	(840)	(1,728)	(840)	(1,728)
Finance costs	(154)	(285)	(154)	(285)
Profit / (Loss) before taxation	(994)	(2,013)	(994)	(2,013)
Taxation	-	-	-	-
Profit / (Loss) after taxation	(994)	(2,013)	(994)	(2,013)
<b>Other Comprehensive Income, net of tax Items that will not be reclassified subsequently to profit or loss</b>				
Revaluation surplus net of deferred tax liabilities arising from revaluation of land and buildings	-	-	-	-
Total comprehensive income for the period	(994)	(2,013)	(994)	(2,013)
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(994)	(2,013)	(994)	(2,013)
Non-controlling interest	-	-	-	-
	(994)	(2,013)	(994)	(2,013)
Loss per share (sen)				
- Basic and Diluted	(1.19)	(2.40)	(1.19)	(2.40)

(The Condensed Consolidated Statement of Profit or loss and other Comprehensive Income should be read in conjunction with the audited Annual Financial Statement for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements)

# PARAGON UNION BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2024

		(Unaudited) As at end of Current Quarter 31/3/2024 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2023 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	A10	74,157	74,379
		74,157	74,379
<b>Current Assets</b>			
Inventories		16,729	17,010
Trade receivables		9,014	9,085
Other receivables, deposits and prepayments		5,592	2,772
Tax recoverable		120	66
Cash and bank balances		1,788	4,522
		33,243	33,455
<b>TOTAL ASSETS</b>		<b>107,400</b>	<b>107,834</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share Capital		84,902	84,902
Merger Reserves		(4,618)	(4,618)
Revaluation Reserve		32,628	32,628
Accumulated Losses		(37,346)	(36,352)
<b>Equity attributable to equity holders of the company</b>		<b>75,566</b>	<b>76,560</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>75,566</b>	<b>76,560</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities		489	650
Bank Borrowings	B11	4,936	4,993
Deferred Tax Liabilities		11,252	11,252
		16,677	16,895
<b>Current Liabilities</b>			
Trade and Other Payables		12,373	8,885
Lease Liabilities		235	270
Bank Borrowings	B11	2,549	5,224
		15,157	14,379
<b>TOTAL LIABILITIES</b>		<b>31,834</b>	<b>31,274</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>107,400</b>	<b>107,834</b>
<b>Net Assets Per Share (Sen)</b>		<b>90.14</b>	<b>91.33</b>

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

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

	←	<i>Non Distributable</i>		→				
	Share Capital	Merger Reserve	Revaluation Reserve	Assets	Accumulated Losses	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2024</b>	84,902	(4,618)	32,628		(36,352)	76,560	-	76,560
Total comprehensive profit/(loss) for the financial year/period	-	-			(994)	(994)	-	(994)
<b>Balance as at 31 March 2024</b>	84,902	(4,618)	32,628		(37,346)	75,566	-	75,566
<b>Balance as at 1 January 2023</b>	84,902	(4,618)	-		(45,501)	34,783	6	34,789
Total comprehensive (loss) for the financial year	-	-			9,149	9,149	-	9,149
Elimination of Non-Controlling interest at deregistration of 'Paragon Precision Industries Sdn Bhd' and 'Paragon Metal Components Sdn Bhd'						-	(6)	(6)
<b>Other Comprehensive Income</b> Revaluation surplus, net of tax	-	-	32,628		-	32,628	-	32,628
<b>Balance as at 31 December 2023</b>	84,902	(4,618)	32,628		(36,352)	76,560	-	76,560

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

# PARAGON UNION BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

	<b>3 months Unaudited Current Period to date 31/03/2024 RM'000</b>	<b>(Restated) 3 months Unaudited Preceding Period to date 31/03/2023 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	(994)	(2,013)
Adjustments for:		
Depreciation of Property, Plant and Equipment ("PPE")	258	593
Net gain on disposal of PPE	(63)	-
Interest expenses	154	285
Other non-operation income	(143)	(13)
<b>Operating profit/(loss) before working capital changes</b>	<u>(788)</u>	<u>(1,148)</u>
Changes in working capital:		
Inventories	281	357
Trade & Other Receivables	(2,749)	(195)
Trade & Other Payables	3,488	285
<b>Cash generated from operations</b>	<u>232</u>	<u>(701)</u>
Interest paid	(154)	(285)
Bad debts recovered	-	9
Tax paid	(54)	-
Proceed from non-operations	4	4
Proceed from insurance claims	139	-
<b>Net cash generated from/(used in) operating activities</b>	<u>167</u>	<u>(973)</u>
<b>Cash flows from investing activities</b>		
Purchase of PPE	(50)	(85)
Net proceed from disposal of PPE	76	-
<b>Net cash used in investing activities</b>	<u>26</u>	<u>(85)</u>
<b>Cash flows from financing activities</b>		
Repayment of term loans	(53)	(240)
Net addition/(repayment) of bills payable	(112)	(1,069)
Repayment of lease liabilities	(196)	(65)
<b>Net cash generated from financing activities</b>	<u>(361)</u>	<u>(1,374)</u>
<b>Net changes in cash and cash equivalents</b>	(168)	(2,432)
<b>Cash and cash equivalent at beginning of period</b>	1,865	(3,530)
<b>Cash and cash equivalent at end of period</b>	<u>1,697</u>	<u>(5,962)</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	1,788	626
Bank overdraft	(91)	(6,588)
Net cash/(debts) at end of the period	<u>1,697</u>	<u>(5,962)</u>
	-	-

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

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

### **Selected Explanatory Notes:**

- **Part A – Explanatory Notes Pursuant to MFRS 134 (Interim Financial Reporting)**
- **Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad**

### **Part A - Explanatory Notes Pursuant to MFRS134**

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#### **A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting”, paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements (“Main LR”) Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited Financial Statements for the financial year ended 31 December 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31<sup>st</sup> December 2023.

#### **A2. Accounting policies**

The material accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31<sup>st</sup> December 2023.

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- i. The following are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company.

	<b>Effective date</b>
• Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 107, Statement of Cashflows – Supplier Finance Arrangement	1 January 2024
• Amendments to MFRS 7, Financial Instrument: Disclosures - Supplier Finance Arrangements	1 January 2024
• Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
• Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date be deferred as announced by MASB

The adoption of the above accounting standards and/ or interpretations (including the consequential amendments, if any) is not expected to have any material impact on the Group’s financial statements upon their initial application.

**A3. Qualification of Annual Financial Statements**

The auditors’ annual financial statement of the Group for the financial year ended 31 December 2023 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

The Group’s business operation results were not materially affected by any seasonal or cyclical factors during the current quarter under review.

**A5. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group during the financial year under review.

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**A6. Material changes in estimates**

There were no material changes in estimates of amounts reported in the previous financial years which have a material impact on the current quarter and the financial year under review.

**A7. Issuances, cancellation, repurchase, resale and repayment of debts and equity**

There were no other issuances, cancellations, repurchases, resales or repayment of debt and equity securities for the financial period under review.

**A8. Dividends paid**

There was no dividend paid by the Company during the period from 1 January 2024 to 31 March 2024 (1 January 2023 to 31 December 2023: Nil).



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**A9. Segment Information**

Segmental information in respect of the Group's business segments for the 1<sup>st</sup> quarter ended 31 March 2024 is as follows

	Investment and Others		Automotive		Commercial		Recycling		Elimination		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000 (restate)	RM'000	RM'000 (restate)	RM'000	RM'000 (restate)	RM'000	RM'000 (restate)	RM'000	RM'000 (restate)	RM'000	RM'000 (restate)
Revenue from external customers	-	-	14,549	12,644	2,234	2,613	8,035	1,658	-	-	24,818	16,915
Inter-segment revenue	-	-	-	-	883	1,394	-	-	(883)	(1,394)	-	-
Total Revenue	-	-	14,549	12,644	3,117	4,007	8,035	1,658	(883)	(1,394)	24,818	16,915
Profit / (Loss) before taxation	(211)	(239)	110	(1,095)	(671)	(666)	(239)	(16)	(15)	3	(994)	(2,013)
Less: Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated Profit / (Loss) after taxation	-	-	-	-	-	-	-	-	-	-	(994)	(2,013)

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**A10. Property, plant & equipment**

The property, plant and equipment (“PPE”) of the Group have been brought forward from previous annual audited accounts as of 31 December 2023.

- i. The Group does not revalue the property, plant and equipment for the current quarter under review.
- ii. There was no impairment of property, plant and equipment assets in the quarter under review.

**A11. Subsequent material events**

There are no other subsequent material events as of the date of this announcement.

**A12. Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the current quarter under review.

**A13. Changes in contingent assets or contingent liabilities**

There were no material changes to the contingent assets or contingent liabilities disclosed since the last annual financial report for the financial year ended 31<sup>st</sup> December 2023 up to the date of the issue of this quarterly report.

**A14 Capital commitments**

Capital expenditures at the balance sheet date but not recognized in the financial statements:

	RM'000
Approved and contracted for Property, plant and equipment	RM1,131

**A15 Significant Related Party Transactions**

Save for the Recurrent Related Party Transactions (“RRPTs”) with parties outside the Group as mandated by the shareholders as in the circular issued on 28 April 2023, where shareholders' approval has been obtained at the annual general meetings held on 26 June 2023,

- (i) there were no Related Party Transactions (“RPT”) outside the Group in the current quarter under review and the prior twelve (12) months from 1 January 2023 to 31 December 2023.
- (ii) The RRPTs transacted value does not exceed the estimated value of RRPTs as disclosed in the circulars up to the date of this quarterly report.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of performance**

**Group Performance**

Description	(Unaudited) 3 months Current Period to date 31/3/2024 RM'000	3 months Preceding Period To date 31/3/2023 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	24,818	16,915	7,903	46.72%
Profit / (Loss) before taxation	(994)	(2,013)		

The Group registered revenue of RM24.82 million in the current reporting period as compared to RM16.92 million in the previous corresponding reporting period, an increase of 46.72%.

The automotive segment registered revenue of RM14.55 million in the current reporting period as compared to RM12.64 million in the previous corresponding period, an increase of 15.11%. The commercial segment registered revenue of RM2.23 million compared to RM2.61 million, a decrease of 14.56%. Whereas, the revenue for the recycling segment which commenced operation in the previous corresponding quarter, has its revenue increased from RM1.66 million to RM8.04 million, an increase of more than 100%.

The Group recorded a loss before taxation of RM0.99 million for the current reporting period compared to a loss before taxation of RM2.01 million in the previous corresponding period. The performance was mainly attributable to the following:

- i. The automotive segment generated higher revenue and with improved profit margins. The increase in demand from automotive customers resulted in higher revenue generated.
- ii. The commercial segment made marginal losses due to lower revenue generated in current reporting period compared to previous corresponding period. The lower revenue was due to lower progress claims in the current reporting period.

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- iii. Due to the weak market in the first quarter of 2024, the revenue generated for the recycling business in the current reporting period could not cover the operation cost which resulted in a marginal loss for the segment.

**B2. Comparison with the immediate preceding quarter's result**

**Group Performance**

Description	3 months Current Quarter  31/3/2024 RM'000	3 months Immediate Preceding Quarter 31/12/2023 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	24,818	29,416	(4,598)	15.63%
Profit / (Loss) before taxation	(994)	2,111		

The Group recorded revenue of RM24.82 million in the current quarter compared with the immediate previous quarter of RM29.42 million, a decrease of RM4.60 million. The Group registered a loss before taxation of RM0.99 million in the current period as compared to the immediate preceding period profit before taxation of RM2.11 million.

The comparison of Group performance for the current and immediate previous quarter can be identified as follows:

- i. In the previous immediate reporting quarter, the Group recognized the proceeds from insurance compensation and non-operation income of RM3.56 million compared to RM0.21 million in the current reporting quarter.
- ii. The Group registered lower revenue from the recycling segment with revenue decreased from RM14.34 million in the previous immediate reporting quarter to RM8.03 million in the current reporting quarter which resulted in a marginal loss in the recycling segment.

**B3. Current Year Prospects**

The Group continue to monitor the inflation and the exchange of foreign currency that may have an impact on the performance of the Group. Barring unforeseen headwinds, the Group anticipates the performance of the automotive, commercial and recycling business will grow at a slow and steady pace.

**B4. Explanatory notes on variances with profit forecasts or profit guarantee**

Not applicable as the Group did not make any profit forecast for the current financial period in any public document.

**B5. Taxation**

There is no taxation provided in the current quarter and the cumulative 3 months as of 31 March 2024.

**B6. Status of Corporate proposals**

On 7 December 2023, the company announced that its wholly owned subsidiary, Paragon Carpet Art Sdn Bhd has entered into an Assets Purchase Agreement with Carpet Art Manufacturing Sdn Bhd (“CAMSB”) for the acquisition of CAMSB’s assets (including the rights, titles and interest in and to the Plants and Machineries, the office equipment, the inventories and receivable less banker’s acceptance and the agreed indebtedness) for total consideration of RM2.5 million.

Save as above, there are no corporate proposals announced but not completed as to the date of this announcement.

**B7. Long-Term Incentive Scheme (“LTIS”)**

The Group has implemented the LTIS of up to fifteen per cent (15%) of the issued and paid-up share capital to eligible employees, executive directors and non-executive directors as to the Circular issued on 20 December 2022.

At the Extraordinary General Meeting held on 6 January 2023, shareholders approved the Proposed LTIS resolution. The effective date for the implementation of the LTIS is 20 April 2023 and was announced on the event date.

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As of the effective date of 20 April 2023 to the current reporting date, there were no share options and share grant allocation and/or exercise by the employees, executive directors and non-executive directors.

**B8. Utilization proceeds from corporate proposal**

There is no utilization of proceeds from corporate proposals announced but not completed and/or presented as to the date of this announcement.

**B9. Profit / (Loss) before taxation**

Profit / (Loss) before taxation is derived after (crediting)/ or charging the following:

Description	Current Period Quarter (3 months) 31 March 2024 RM'000	Cumulative Period To-Date (3 months) 31 March 2024 RM'000
Other Incomes		
- Insurance compensation received	139	139
- Non-operation income	4	4
- Net Gain/(Loss) on disposal of PPE	63	63
Interest expenses	154	154
Depreciation and amortization of PPE	258	258

**B10. Details of treasury shares**

There is no treasury share held by the Company as of 31 March 2024.

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**B11. Group borrowings**

The total group borrowings are as follows:

		As at 31 March 2024 RM'000	(Audited) As at 31 December 2023 RM'000
<b><u>Short Term (Current)</u></b>			
Secured:	Bills payables	2,242	2,354
	Bank Overdraft	91	2,658
	Term loans	216	212
	Sub-Total	2,549	5,224
<b><u>Long-term (Non-Current)</u></b>			
Secured:	Term loans	4,936	4,993
	Total	7,485	10,217

**B 12. Derivatives**

There were no derivatives entered by the Group as of 31 March 2024.

**B13. Changes in material litigation**

There was no material litigation for the current quarter under review as of 24 May 2024.

**B14. Dividends payable**

The Board does not recommend any dividend in the current quarter under review (31<sup>st</sup> December 2023: Nil).



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**B15. Earnings/(Loss) per share**

The basic earnings/loss per share (“EPS”) is derived by dividing total comprehensive income / (Loss) attributable to the owner of the Company by the weighted average number of 83,829,652 ordinary shares of the Company in issue during the financial period under review.

	Individual Quarter (3 months)		Cumulative Period (3 months)	
	Current Period Quarter 31 March 2024 RM'000	Preceding Period Quarter 31 March 2023 RM'000	Current Year To-Date 31 March 2024 RM'000	Preceding Year-To- Date 31 March 2023 RM'000
<b>i) Earnings</b>				
Total comprehensive income / (Loss) attributable to the owner of the company (RM'000)	(994)	(2,013)	(994)	(2,013)
<b>ii) the Weighted average number of ordinary shares</b>				
The weighted average number of shares in issue ('000)	83,829	83,829	83,829	83,829
Basic earnings/loss per share (sen)	(1.19)	(2.40)	(1.19)	(2.40)

The diluted earnings/(loss) per share is not disclosed as the Group does not have any dilutive potential ordinary shares.

**B16. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2024.