

## QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30th September 1999

The figures have not been audited

## CONSOLIDATED INCOME STATEMENT

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/99 Rm'000	Preceding Year Corresponding Quarter 30/09/98 Rm'000	Current Year To date 30/09/99 Rm'000	Preceding Year Corresponding Period 30/09/98 Rm'000
1 (a)	Turnover	7,147,928	4,760,468	18,491,536	14,931,355
(b)	Investment Income	-	-	-	-
(c)	Other income including interest income	4,387	49,001	11,310	151,979
2 (a)	Operating profit(loss) before interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	539,624	(100,399)	1,147,214	(394,700)
(b)	Interest on borrowings	387,086	1,300,279	2,207,391	3,789,412
(c)	Depreciation and amortisation	499,074	535,140	1,532,045	1,598,865
(d)	Exceptional items	-	-	-	-
(e)	Operating profit(loss) after interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	(290,756)	(1,785,575)	(2,416,398)	(5,481,642)
(f)	Share in results of associated companies	-	-	-	-
(g)	Profit(Loss) before taxation, minority interests and extraordinary items	(342,148)	(1,886,817)	(2,580,911)	(5,630,998)
(h)	Taxation	-	5,343	-	121,424
(I) (i)	Profit(loss) after taxation before deducting minority interests	(342,148)	(1,892,160)	(2,580,911)	(5,752,422)
(ii)	Less minority interests	51,392	106,585	164,513	270,780
(j)	Profit(Loss) after taxation attributable to members of the company	(290,756)	(1,785,575)	(2,416,398)	(5,481,642)
(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	(290,756)	(1,785,575)	(2,416,398)	(5,481,642)
3 (1)	Earnings per share based on 2(j) above after deducting any provision for preference dividends, if any:		-		-
(I)	Basic (based on ordinary shares) sen	(0.02)	(0.13)	(0.17)	(0.39)

**Paragon Union Bhd**

**CONSOLIDATED BALANCE SHEET**

		<b>As At End of Current Quarter 30/09/99 Rm'000</b>	<b>As At Preceding Financial Year end 31/12/98 Rm'000</b>
<b>1</b>	<b>Fixed Assets</b>	<b>30,286,419</b>	<b>31,185,003</b>
<b>2</b>	<b>Investment in Associated Companies</b>	<b>-</b>	<b>-</b>
<b>3</b>	<b>Long term Investments</b>	<b>-</b>	<b>-</b>
<b>4</b>	<b>Intangible Assets</b>	<b>-</b>	<b>-</b>
<b>5</b>	<b>Current Assets</b>		
	<b>Stocks</b>	<b>5,066,038</b>	<b>3,984,393</b>
	<b>Trade Debtors</b>	<b>5,033,996</b>	<b>5,154,039</b>
	<b>Short term Investments</b>	<b>-</b>	<b>-</b>
	<b>Cash</b>	<b>737,534</b>	<b>240,149</b>
	<b>Others - provide details,if materials</b>	<b>19,026,869</b>	<b>18,790,346</b>
<b>6</b>	<b>Current Liabilities</b>		
	<b>Short term borrowings</b>	<b>33,800,854</b>	<b>31,134,215</b>
	<b>Trade Creditors</b>	<b>3,222,370</b>	<b>2,454,370</b>
	<b>Other Creditors</b>	<b>5,644,277</b>	<b>4,729,282</b>
	<b>Provision for taxation</b>	<b>735,090</b>	<b>806,250</b>
	<b>Others - provide details,if materials</b>	<b>-</b>	<b>-</b>
<b>7</b>	<b>Net Current Assets</b>	<b>(13,538,154)</b>	<b>(10,955,190)</b>
<b>8</b>	<b>Shareholders' Funds</b>		
	<b>Share Capital</b>	<b>14,000,000</b>	<b>14,000,000</b>
	<b>Reserves</b>	<b>(7,547,231)</b>	<b>(7,547,231)</b>
	<b>Share Premium</b>	<b>2,928,750</b>	<b>2,928,750</b>
	<b>Revaluation Reserve</b>	<b>8,892,003</b>	<b>8,892,003</b>
	<b>Capital Reserve</b>	<b>-</b>	<b>-</b>
	<b>Retained Profit(Loss)</b>	<b>(3,858,075)</b>	<b>(1,452,379)</b>
	<b>Others</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Minority Interests</b>	<b>107,453</b>	<b>271,968</b>
<b>10</b>	<b>Long term borrowings</b>	<b>-</b>	<b>-</b>
<b>11</b>	<b>Other Long Term Liabilities</b>	<b>2,225,365</b>	<b>3,136,702</b>
<b>12</b>	<b>Net tangible assets per share(sen)</b>	<b>103</b>	<b>120</b>

## ***Segmental Analysis***

***As at 30th September 1999***

	<b><i>Turnover</i></b>	<b><i>Loss before taxation</i></b>	<b><i>Assets employed</i></b>
<b><i>Manufacturing &amp; trading in carpets &amp; automotive components</i></b>	<b><i>18,491,536</i></b>	<b><i>(2,416,398)</i></b>	<b><i>41,856,188</i></b>
<b><i>Machining &amp; production of stamped parts</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>475,934</i></b>
<b><i>Investment holding</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>17,816,071</i></b>
	<b><i>18,491,536</i></b>	<b><i>(2,416,398)</i></b>	<b><i>60,148,193</i></b>

## **Notes**

### **1) Accounting Policies**

The quarterly financial statements have been prepared based on accounting policies and methods of computation consistent with those adopted in the 31<sup>st</sup> December 1998 Annual Report.

### **2) Exceptional Item**

There was no exceptional item during the current period under review.

### **3) Extraordinary Item**

There was no extraordinary item during the current period under review.

### **4) Taxation**

No tax was provided for the current period as there were no profits recorded.

### **5) Pre-Acquisition profits**

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

### **6) Profits on sale of Investment/Properties**

There were no disposal of Investment or properties for the current period under review.

### **7) Purchase and Sale of Quoted Securities**

There were no purchase or sale of quoted securities for the current period under review.

### **8) Changes in the composition of the group**

There were no changes in the composition of the group.

### **9 Status of Corporate Proposals**

The company has submitted to the Securities Commission on 30th September 1999 for the following :

- A proposed rights issue of 56 million new ordinary shares of Rm1 each at par on the basis of four(4) new ordinary shares for each existing ordinary share held;
- A proposed employees' share option scheme;
- A listing and quotation of the new ordinary shares of Rm1 each to be issued pursuant to the proposed rights issue and the proposed employees' share option scheme on the Kuala Lumpur Stock Exchange.

### **10 Explanatory comments about the seasonality and cyclicity of the operations**

The business operations of the group are not affected by any significant seasonal and cyclical factors.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares for the current period.

## 12 Group Borrowings

The classification of the group's borrowings are as follows:  
(Rm'000)

	30 <sup>th</sup> Sept 1999
<u>Short Term</u>	
Bills payable - Secured	2,758
Unsecured	746
Bank Overdraft - Secured	4,775
Unsecured	8,158
Revolving Credit, unsecured	16,294
Term loans	1,070
Hire Purchase	412
Total	<u>34,213</u>
<u>Long Term</u>	
Term Loans	823
Hire Purchase	1,402
Total	<u>2,225</u>

## 13) Contingent liabilities

There were no contingent liabilities at the date of this report.

## 14) Off-balance sheet financial instruments

There were no financial instruments with off-balance sheet risk for the current period under review.

## 13 Material litigation

There were no material litigation involving the group which might materially and adversely affect the financial position or business of the company or it's subsidiaries for the current period.

## 14 Segmental Reporting

Segment reporting for the current financial period are as follow:  
(RM'000)

	Turnover	(Loss) before taxation	Assets Employed
Investment Holding	-	(147)	17,818
Commercial Carpet	6,942	(1,341)	22,033
Automotive Carpets & Components	<u>11,549</u>	<u>(1,093)</u>	<u>20,299</u>
	<u>18,491</u>	<u>( 2,581)</u>	<u>60,150</u>

## 17) Quarterly Profit(Loss) before tax comparison

Group loss before tax for the third quarter of 1999 recorded significant improvement by 69% to (Rm342,000) compared to (Rm1.1million) in the second quarter of 1999 mainly due to improved turnover, lower operating costs and bank interest charges.

**18) Performance review**

**Turnover**

The increased in turnover achieved represents a growth of 50% over previous year quarter, mainly attributed to increased sales of car carpet and automotive components from it's subsidiary, Paragon Car Carpets & Components Sdn Bhd (Formerly Known As Union Car Carpets & Components Sdn Bhd) due to increased demand for cars and rising consumer confidence.

**19) Current year prospects**

In view of signs of current economic recovery, the automotive industry has improved significantly. Coupled with the expected growth in the hospitality industry and residential property market, current year prospects look favourable and further improvement is also expected in the following year.

**20) Profit guarantee**

Not applicable.

**21) Dividend**

No interim dividend has been declared for the financial year ending 31<sup>st</sup> December 1999.

**22) Year 2000 Compliance**

The Company is Y2K ready.

By order of the Board

LIM PHOOI KEE  
Company Secretary

Kuala Lumpur

Date : 12<sup>th</sup> November 1999