

Paragon Union Bhd(286457-V)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31st December 1999

The figures have not been audited

CONSOLIDATED INCOME STATEMENT		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/99 Rm'000	Preceding Year Corresponding Quarter 31/12/98 Rm'000	Current Year To date 31/12/99 Rm'000	Preceding Year Corresponding Period 31/12/98 Rm'000
1 (A)	Turnover	7,952	4,867	26,444	19,798
(B)	Investment Income	-	-	-	-
(C)	Other income including interest income	-	(12)	-	140
2 (A)	Operating profit(loss) before interest on borrowings,depreciation and amortisation,exceptional items,income tax, minority interests and extraordinary items	643	(3,699)	1,783	(4,094)
(B)	Interest on borrowings	318	612	2,525	4,401
(C)	Depreciation	533	718	2,065	2,317
(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	(208)	(5,041)	(2,807)	(10,672)
(F)	Share in results of associated companies	-	-	-	-
(G)	Profit(Loss) before taxation,minority interests and extraordinary items	(208)	(5,041)	(2,807)	(10,672)
(H)	Taxation	29	(226)	29	(105)
(I) (i)	Profit(loss) after taxation before deducting minority interests	(237)	(4,815)	(2,836)	(10,566)
(ii)	Less minority interests	38	384	203	654
(J)	Profit(Loss) after taxation attributable to members of the company	(199)	(4,431)	(2,633)	(9,912)
(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	(199)	(4,431)	(2,633)	(9,912)
3	Earnings per share based on 2(j) above after deducting any provision for preference dividends,if any:	-	-	-	-
(i)	Basic (based on 14,000,000 ordinary shares) sen	(1)	(32)	(19)	(71)
(ii)	diluted(based on 14,000,000 ordinary shares)sen	(1)	(32)	(19)	(71)

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CONSOLIDATED BALANCE SHEET

		As At End of Current Quarter 31/12/99 Rm'000	As At Preceding Financial Year end 31/12/98 Rm'000
1	Fixed Assets	31,284	31,185
2	Investment in Associated Companies	-	-
3	Long term Investments	-	-
4	Intangible Assets	-	-
5	Current Assets		
	Stocks	5,612	3,984
	Trade Debtors	4,967	5,154
	Short term Investments	-	-
	Cash	205	240
	Others	19,407	18,790
6	Current Liabilities		
	Short term borrowings	34,171	31,134
	Trade Creditors	3,388	2,454
	Hire Purchase Creditors	798	372
	Other Creditors	5,706	4,357
	Provision for taxation	764	806
	Others	-	-
7	Net Current Assets	(14,636)	(10,955)
8	Shareholders' Funds		
	Share Capital	14,000	14,000
	Reserves	(7,547)	(7,547)
	Share Premium	2,929	2,929
	Revaluation Reserve	8,892	8,892
	Capital Reserve	-	-
	Retained Profit(Loss)	(4,057)	(1,452)
	Others	-	-
9	Minority Interests	69	271
10	Long term borrowings	-	-
11	Other Long Term Liabilities	2,362	3,137
12	Net tangible assets per share(sen)	102	120

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 31st 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 had 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.

Approval from the Securities Commission was obtained on 24th November 1999. Subsequent approval from the Board of Directors for the proposals was obtained on 1st December 1999.

At the EGM held on 29th December 1999, shareholders of PUB approved the Rights Issue and ESOS scheme. Book closure pertaining to the rights issue is fixed on 9th February 2000 and the Abridged prospectus issuance is to be dated 16th February 2000.

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:

	31 st December 1999 <u>(Rm'000)</u>
Short Term	
Bills payable - Secured	2,553
Unsecured	851
Bank Overdraft - Secured	5,220
Unsecured	8,192
Revolving Credit, unsecured	16,314
Term loans	1,042
Hire Purchase	<u>798</u>
Total	<u>34,970</u>
Long Term	
Term Loans	516
Hire Purchase	<u>1,846</u>
Total	<u>2,362</u>

13) Contingent liabilities

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

14) Off-balance sheet financial instruments

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

13 Material litigation

A writ has been filed at the Shah Alam Court on 28th December 1999 against Transpac Capital Pte Ltd and Transpac Industrial Holdings for the recovery of Rm1,230,000 deposit sum paid and Rm1,230,000 in liquidated damages. To date, no hearing date has been fixed.

14 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(Loss) before tax comparison

Group loss before tax for the fourth quarter of 1999 recorded significant improvement by 96% to a loss of Rm208,000 compared to a loss of Rm5.0 million in the similar quarter of 1998, mainly due to improved turnover, lower operating costs, lower bank interest charges, lower provision for doubtful debts and non-recurring fixed assets write-off.

18) Performance review

Turnover

The increased in turnover achieved represents a growth of 63% 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.

15 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 expected.

20) Profit guarantee

Not applicable.

21) Dividend

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

22) Y2K Compliance

The company has not encountered any Y2K incidence.