

PARAGON UNION BERHAD (286457-V)

QUARTERLY REPORT

Quarterly report on consolidation results for the financial quarter ended 30th June 2000
The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		30/06/2000 RM'000	30/06/1999 RM'000	30/06/2000 RM'000	30/06/1999 RM'000
1 (a)	Turnover	9,622	6,281	16,597	11,349
(b)	Investment Income	-	-	-	-
(c)	Other income including interest income	231	-	421	-
2 (a)	Operating profit before interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	1,879	141	2,569	622
(b)	Interest on borrowings	(153)	(899)	(492)	(1,744)
(c)	Depreciation and amortisation	(531)	(515)	(1,085)	(1,027)
(d)	Exceptional items	(604)	-	(604)	-
(e)	Operating profit/(loss) after interest on borrowings, depreciation and amortisation and exceptional items but before income tax, minority interests and extraordinary items	591	(1,273)	388	(2,149)
(f)	Share in the results of associated companies	-	-	-	-
(g)	Profit/(Loss) before taxation, minority interests and extraordinary items	591	(1,273)	388	(2,149)
(h)	Taxation	(33)	-	(33)	-
(i) (i)	Profit/(Loss) after taxation before deducting minority interests	558	(1,273)	355	(2,149)
(ii)	Less minority interests	-	67	-	105
(j)	Profit/(Loss) after taxation attributable to members of the company	558	(1,206)	355	(2,045)
(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	558	(1,206)	355	(2,045)
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)	0.91	(8.61)	0.83	(14.60)
(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:

61,467	14,000	42,895	14,000
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PARAGON UNION BERHAD (286457-V)

Quarterly Report On Consolidation Results For The Financial
Quarter Ended 30 June 2000

Consolidated Balance Sheet

	(UNAUDITED) As at End of Current Quarter 30/6/2000 RM'000	(AUDITED) As at Preceding Financial Year End 31/12/1999 RM'000
1 Fixed Assets	30,864	31,366
2 Investment in Associated Companies	-	-
3 Long Term Investments	5,071	-
4 Intangible Assets	-	-
5 Current Assets		
Stocks	7,187	5,633
Trade Debtors	9,444	5,130
Sundry Debtors, Deposits and Prepayments	19,980	19,003
Time Deposits	8,507	7
Cash and Bank balances	281	346
	<u>45,399</u>	<u>30,119</u>
6 Current Liabilities		
Trade Creditors	2,991	2,925
Other Creditors and Accruals	3,373	5,081
Hire Purchase and Finance Lease Liabilities	74	726
Bank Borrowings	3,458	35,253
Taxation	790	757
	<u>10,686</u>	<u>44,742</u>
7 Net Current Assets/(Liabilities)	34,713	(14,623)
	<u>70,648</u>	<u>16,743</u>
8 Shareholders' Funds		
Share Capital	70,000	14,000
Reserves		
Share Premium	2,929	2,929
Revaluation Reserve	8,892	8,892
Merger Reserve	(7,547)	(7,547)
Accumulated Loss	(3,694)	(4,049)
	<u>70,580</u>	<u>14,225</u>
9 Minority Interests	-	-
10 Bank Term Loans	-	499
11 Hire Purchase and Finance Lease Liabilities	68	2,019
	<u>70,648</u>	<u>16,743</u>
12 Net tangible assets per share (sen)	100.83	101.61

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 31st December 1999 Annual Report.

2) Exceptional Item

	RM'000
Exceptional item	604
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The exceptional item for the financial period under review were Rights Issue expenses written off upon successful completion of the Rights Issue exercise in April 2000.

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) Summary of dealings in quoted securities for the current financial period to date are as follows:

	RM
	'000
Total Purchases	5,071
Total Disposals	-
Total Profit/(Loss) on Disposal	-

- 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	5,071
Total investments at book value	5,071
Total investment at market value as at 30 th June 2000	4,460

8) Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period under review except for the increased in the Group's effective interest in Paragon Carpetmaker Sdn Bhd (formerly known as Union Carpetmaker Sdn Bhd) and Paragon Carpet Distributor Sdn Bhd (formerly known as Union Carpet Distributor Sdn Bhd) from 88% to 100%.

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 issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review except for the Rights Issue of 56,000,000 new ordinary shares of RM1.00 each, which was successfully completed in April 2000.

12) Group Borrowings

The total group borrowings are as follows:

	30 June 2000 RM'000
<u>Short Term Bank Borrowings</u>	
Secured:	
Bills payable	1,263
Bank overdrafts	1,328

Sub-total	2,591

Unsecured:	
Bills payable	651
Bank overdrafts	216

Sub-total	867

Total	3,458
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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 22nd July 2000, 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 28th December 1999 against Transpac Capital Pte Ltd and Transpac Industrial Holdings 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 31st January 2000 and the application was fixed for hearing on 10th May 2000. However, on that date the matter was not listed and our solicitor has since written to court for a new hearing date. At present, no hearing has been fixed by the Court.

- ii) A writ has been filed at the Shah Alam Court on 27th January 2000 against Wong Chee Kong and Poh Hock Leng ("Wong & Poh") for the recovery of RM16,540,000 deposit sum paid and RM3,821,850 in liquidated damages. Paragon Union Berhad received the Defence and Counterclaim from Wong & Poh's solicitor on 18th February 2000 for the sum of RM4,470,000 in liquidated damages and RM105,875 for special damages. An application for summary judgement has been filed on 1st March 2000 by Paragon Union Berhad. Hearing has been fixed on 10th August 2000.

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 38% increased in turnover in the current quarter compared to the last quarter from RM6,975,000 to RM9,622,000 and the Group has achieved a profit before taxation of RM591,000 compared to the last quarter which was at a loss before taxation of (RM203,000).

The increased in profit before taxation was mainly due to the growth in turnover, increased in profit margins and interest savings.

18) Performance Review

The Group recorded a turnover of RM16,597,000 in the current financial year to date compared to RM11,349,000 in the preceding year to date and profit before taxation of RM388,000 in the current financial year compared to a loss before taxation of (RM2,149,000) in the preceding year to date.

The increased in turnover was due to better performance in the car carpets and automotive components as a result of the stronger growth in the automotive industry for the first 6 months of the current period compared to the preceding year corresponding 6 months.

19) Current Year Prospects

With the stronger automotive industry and expected growth in the hospitality industry and residential property market, current year prospects look favourable and barring unforeseen circumstances, substantial improvements in the performance of the Company are expected.

20) Profit Guarantee

Not applicable

21) Dividend

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