

PARAGON UNION BERHAD (286457-V)

QUARTERLY REPORT

Quarterly report on consolidation results for the fourth financial quarter ended 31st December 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
		31/12/2000 RM'000	31/12/1999 RM'000	31/12/2000 RM'000	31/12/1999 RM'000
1 (a)	Turnover	14,771	7,952	42,718	26,444
(b)	Investment Income	80	-	80	-
(c)	Other income including interest income	37	-	561	-
2 (a)	Operating profit before interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	2,219	643	6,722	1,801
(b)	Interest on borrowings	(93)	(318)	(717)	(2,525)
(c)	Depreciation and amortisation	(571)	(533)	(2,181)	(2,065)
(d)	Exceptional items	-	-	(604)	-
(e)	Operating profit/(loss) after interest on borrowings, depreciation and amortisation and exceptional items but before income tax, minority interests and extraordinary items	1,555	(208)	3,220	(2,789)
(f)	Share in the results of associated companies	-	-	-	-
(g)	Profit/(Loss) before taxation, minority interests and extraordinary items	1,555	(208)	3,220	(2,789)
(h)	Taxation	(23)	(29)	(84)	(29)
(i) (i)	Profit/(Loss) after taxation before deducting minority interests	1,532	(237)	3,136	(2,818)
(ii)	Less minority interests	-	38	-	203
(j)	Profit/(Loss) after taxation attributable to members of the company	1,532	(199)	3,136	(2,615)
(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	1,532	(199)	3,136	(2,615)
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)	2.19	(1.42)	5.55	(18.68)
(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:

70,000,000	14,000,000	56,522,000	14,000,000
------------	------------	------------	------------

PARAGON UNION BERHAD (286457-V)

Quarterly Report On Consolidation Results For The Fourth Financial Quarter Ended 31 December 2000

Consolidated Balance Sheet

	(UNAUDITED) As at End of Current Quarter 31/12/2000 RM'000	(AUDITED) As at Preceding Financial Year End 31/12/1999 RM'000
1 Fixed Assets	34,203	31,366
2 Investment in Associated Companies	-	-
3 Long Term Investments	5,078	-
4 Intangible Assets	-	-
5 Current Assets		
Stocks	7,717	5,633
Trade Debtors	16,392	5,130
Sundry Debtors, Deposits and Prepayments	19,593	19,003
Time Deposits	5,556	7
Cash and Bank balances	4,223	346
	<u>53,481</u>	<u>30,119</u>
6 Current Liabilities		
Trade Creditors	5,496	2,925
Other Creditors and Accruals	3,405	5,081
Amount owing to Directors	267	-
Hire Purchase and Finance Lease Liabilities	73	726
Bank Borrowings	10,056	35,253
Taxation	61	757
	<u>19,358</u>	<u>44,742</u>
7 Net Current Assets/(Liabilities)	34,123	(14,623)
	<u>73,404</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	(913)	(4,049)
	<u>73,361</u>	<u>14,225</u>
9 Minority Interests	-	-
10 Bank Term Loans	-	499
11 Hire Purchase and Finance Lease Liabilities	43	2,019
	<u>73,404</u>	<u>16,743</u>
12 Net tangible assets per share (sen)	104.80	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 Items

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

3) Extraordinary Items

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

6) Profit on sale of Investments and/or Properties

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

7) Purchase and Disposal of Quoted Securities

a) There was no purchase or disposal of quoted securities for the financial quarter 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 Dec. 2000	2,612

8) Changes in the composition of the Group

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

11) Issuance and Repayment of Debt and Equity Securities

There were no issuances 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 quarter under review.

However, at the EGM held on 18th December 2000, the shareholders of Paragon Union Berhad approved the Share Purchase mandate which enable Paragon Union Berhad to purchase its own shares up to a maximum of 7,000,000 ordinary shares of RM1.00 each, representing 10% of the Company's issued and paid-up share capital and an amount not exceeding the retained profits and/or share premium account of the Company.

The first date of share purchase transaction was on 2nd January 2001. Between 2nd January 2001 and 9th February 2001, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, the particulars of the share purchase are as follows:

- i) The total number of shares purchased: 750,000 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: RM780,178.
- v) Total no. of shares retained in treasury: 750,000 Ordinary Shares.
- vi) The total issued capital as diminished: Nil.

12) Group Borrowings

The total group borrowings are as follows:

	31 December 2000 RM'000
<u>Short Term Bank Borrowings</u>	
Secured:	
Bills payable	1,405
Bank overdrafts	1,495

Sub-total	2,900

Unsecured:	
Bills payable	895
Bank overdrafts	6,261

Sub-total	7,156

Total	10,056
	=====

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 9th February 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 28th 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 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. 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 10th May 2000 due to a miscommunication between the Court and our solicitor. An application to reinstate the case was filed on 6th November 2000. Hearing has been fixed on 19th February 2001.

- 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 (Paragon) 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. A decision has been fixed on 10th August 2000. However, on that date the matter was postponed to 30th October 2000.

On 30th October 2000, the Senior Assistant Registrar of the Shah Alam High Court dismissed Paragon's application for summary judgement with costs. An appeal against the decision of the Senior Assistant Registrar was filed on 1st November 2000 and hearing has been fixed on 17 April 2001.

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 30% increased in turnover in the current quarter compared to the last quarter from RM11,350,000 to RM14,771,000 and the Group has achieved a profit before taxation of RM1,555,000 compared to RM1,277,000 in the preceding quarter.

The 22% increased in profit before taxation was mainly due to the growth in turnover and profit margins.

18) Performance Review

The Group recorded a 62% increased in turnover in the current financial year compared to the preceding year from RM26,444,000 to RM42,718,000 and has achieved a profit before taxation of RM3,220,000 in the current financial year compared to a loss before taxation of (RM2,789,000) in the preceding year.

The increased 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 automotive industry and property market for the current financial year compared to the preceding year.

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 increased 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 quarter under review.