

# PARAGON UNION BERHAD (286457-V)

## QUARTERLY REPORT

Quarterly report on consolidated results for the third quarter ended 30th September 2001.  
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
		30/09/2001 RM'000	30/09/2000 RM'000	30/09/2001 RM'000	30/09/2000 RM'000
1 (a)	Revenue	14,380	11,350	41,773	27,947
(b)	Investment Income	25	-	31	-
(c)	Other income	43	103	228	524
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interest and extraordinary items	2,001	1,934	5,747	4,503
(b)	Finance cost	(84)	(132)	(462)	(624)
(c)	Depreciation and amortisation	(660)	(525)	(1,993)	(1,610)
(d)	Exceptional items	-	-	-	(604)
(e)	Profit before income tax, minority interests and extraordinary items	1,257	1,277	3,292	1,665
(f)	Share of profits and losses of associated companies	-	-	-	-
(g)	Profit before income tax, minority interests and extraordinary items	1,257	1,277	3,292	1,665
(h)	Income tax	(67)	(28)	(86)	(61)
(i) (i)	Profit after income tax before deducting minority interests	1,190	1,249	3,206	1,604
(ii)	Less minority interests	-	-	-	-
(j)	Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k)	Net profit from ordinary activities attributable to members of the company	1,190	1,249	3,206	1,604
(l) (i)	Extraordinary Items	-	-	-	-
(ii)	Less Minority Interests	-	-	-	-
(iii)	Extraordinary Items attributable to members of the company	-	-	-	-
(m)	Net profit attributable to members of the company	1,190	1,249	3,206	1,604
3	Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any:				
(a)	Basic (based on ordinary shares - sen)	1.77	1.78	4.74	3.08
(b)	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:

67,319,000      70,000,000      67,570,000      51,996,000

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## CONSOLIDATED BALANCE SHEET

	(UNAUDITED) As at End of Current Quarter 30/9/2001 RM'000	(AUDITED) As at Preceding Financial Year End 31/12/2000 RM'000
1 Property, Plant and Equipment	35,006	34,203
2 Investment Property	-	-
3 Investment in Associated Companies	-	-
4 Long Term Investments	5,078	5,078
5 Goodwill On Consolidation	-	-
6 Intangible Assets	-	-
7 Other Long Term Assets	-	-
8 Current Assets		
Inventories	6,805	7,717
Trade Receivables	16,487	16,392
Other Receivables, Deposits and Prepayments	18,661	19,593
Fixed Deposits	7	5,556
Cash and Bank balances	3,326	4,223
	<u>45,286</u>	<u>53,481</u>
9 Current Liabilities		
Trade Payables	3,860	5,496
Other Payables and Accruals	3,689	3,503
Amount Owing to A Director	-	199
Hire Purchase and Finance Lease Liabilities	66	73
Bank Borrowings	3,912	10,056
Taxation	63	61
	<u>11,590</u>	<u>19,388</u>
10 Net Current Assets	33,696	34,093
	<u>73,780</u>	<u>73,374</u>
11 Shareholders' Funds		
Share Capital	70,000	70,000
Reserves		
Share Premium	2,929	2,929
Revaluation Reserve	8,892	8,892
Merger Reserve	(7,547)	(7,547)
Unappropriated Profit	2,263	(943)
Less:2,681,000 Treasury Shares, At Cost	(2,758)	-
	<u>73,779</u>	<u>73,331</u>
12 Minority Interests	-	-
13 Bank Term Loans	-	-
14 Hire Purchase and Finance Lease Liabilities	1	43
15 Deferred Taxation	-	-
	<u>73,780</u>	<u>73,374</u>
16 Net Tangible Assets Per Share (RM)	1.0960	1.0476

## 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 31 December 2000 Annual Report.

### 2) Exceptional Items

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

### 3) Extraordinary Items

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

### 4) Taxation

The provisions for taxation are based on results for the financial periods under review and do not contain any deferred taxation or adjustments in respect of prior years. The effective tax rate of the Group for the current quarter and financial year-to-date is low compared to the statutory rate because of the availability of unabsorbed capital allowances and tax losses brought forward in certain subsidiary companies.

### 5) Profit/(Loss) on sale of Unquoted Investments and/or Properties

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

### 6) Purchase and Disposal of Quoted Securities

- a) There were no purchases or disposals of quoted securities for the financial periods 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 30 Sept. 2001	2,407

### 7) Changes in the composition of the Group

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

### 8) Status of Corporate Proposals

There were no corporate proposals announced but not completed at the date of this announcement.

## 9) Issuance and Repayment of Debt and Equity Securities

There were no issuances and repayment of debt and equity securities for the financial period-to-date except for shares buy-back.

The particulars of shares buy-back for the financial period-to-date are as follows:

- i) The total number of shares purchased: 2,681,000 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: RM2,758,037.
- v) Total no. of shares retained in treasury: 2,681,000 Ordinary Shares.
- vi) No. of shares purchased which were cancelled: Nil
- vii) The total issued capital as diminished: Nil.

## 10) Group Borrowings

The total group borrowings are as follows:

	30 September 2001 RM'000
<u>Short Term Bank Borrowings</u>	
Bills payable - secured	1,617
- unsecured	2,295
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Total	3,912
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## 11) 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.

## 12) Off-Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 31 October 2001, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## 13) Material Litigation

- i) A writ was filed at the Shah Alam Court on 28 December 1999 against Transpac Capital Pte Ltd (TCPL) and Transpac Industrial Holdings Ltd (TIHL) for the recovery of RM 1,230,000 deposit sum paid and RM1,230,000 in liquidated damages. An application for summary judgement was filed on 31 January 2000 and the application is currently fixed for mention on 13 December 2001 pending settlement. Paragon's solicitors received a Defence and Counterclaim dated 28 May 2001 from TCPL and TIHL's solicitors. In their Counterclaim, TCPL and TIHL claimed damages together with interest thereon and cost. In respect of the damages, no quantum is provided in the Counterclaim.

- ii) A writ was filed at the Shah Alam Court on 27 January 2000 against Wong Chee Kong and Poh Hock Leng ("Wong & Poh") for the recovery of RM16,540,000 (being a deposit paid) and RM3,821,850 (being liquidated damages). Paragon Union Berhad's (Paragon) solicitors received a Defence and Counterclaim from Wong & Poh's solicitors on 18 February 2000. In their Counterclaim, Wong & Poh claimed inter alia RM4,470,000 as liquidated damages, RM105,875 as special damages and general damages. An application for summary judgement was filed on 1 March 2000 by Paragon.

On 30 October 2000, the Senior Assistant Registrar dismissed Paragon's application for summary judgement with costs. An appeal against the decision of the Senior Assistant Registrar was filed by Paragon on 1 November 2000. The appeal is currently fixed for mention on 6 December 2001 pending the receipt of the Senior Assistant Registrar's grounds of decision.

#### 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.

#### 15) Quarterly Profit Before Taxation Comparison

The Group recorded a gross revenue of RM14,380,000 in the current quarter compared to the last quarter of RM14,572,000 and the Group's profit before taxation stood at RM1,257,000 compared to RM1,323,000 in the preceding quarter.

#### 16) Performance Review

The Group recorded a 49% increase in gross revenue in the current financial year-to-date compared to the corresponding period in the preceding year from RM27,947,000 to RM41,773,000 and has achieved a 98% increase in profit before taxation of RM3,292,000 in the current financial year-to-date compared to a profit before taxation of RM1,665,000 in the corresponding period in the preceding year.

The increase in gross revenue 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 for the first 9 months of the current period compared to the preceding year corresponding 9 months.

Besides the strong growth in the automotive industry, the management commitment to invest in capital expenditure for better manufacturing efficiency, quality and cost reduction, have also contributed to the increase in profit before taxation.

#### 17) Subsequent Material Events

There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period, made up to 31 October 2001 which is not earlier than 7 days from the date of issue of this quarterly report.

#### 18) Seasonal or Cyclical Factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors for the financial periods under review. However, the management expect the 4<sup>th</sup> quarter (final quarter) performance of the company to be adversely affected in view of the coming year end festive season because of shorter number of working days.

#### 19) Current Year Prospects

The low interest rates, easing of car financing terms and the Government's moves to stimulate consumer spending, coupled with the continuous management efforts for better manufacturing efficiency, quality and cost reduction will help to minimise the adverse effect of the current global economic and political uncertainties and barring unforeseen circumstances, the performance of the Group is expected to be satisfactory.

#### 20) Profit Forecast or Profit Guarantee

Not applicable

#### 21) Dividend

No dividend has been declared for the financial periods under review.