

PARAGON UNION BERHAD (286457-V)

QUARTERLY REPORT

Quarterly report on consolidated results for the fourth quarter ended 31st December 2001.
The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2001 RM'000	Preceding Year Corresponding Quarter 31/12/2000 RM'000	Current Year To Date 31/12/2001 RM'000	Preceding Year Corresponding Period 31/12/2000 RM'000
1 (a)	Revenue	11,511	14,771	53,284	42,718
(b)	Investment Income	25	80	56	80
(c)	Other income	133	37	361	561
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interest and extraordinary items	1,745	2,219	7,492	6,722
(b)	Finance cost	(36)	(93)	(498)	(717)
(c)	Depreciation and amortisation	(663)	(571)	(2,656)	(2,181)
(d)	Exceptional items	-	-	-	(604)
(e)	Profit before income tax, minority interests and extraordinary items	1,046	1,555	4,338	3,220
(f)	Share of profits and losses of associated companies	-	-	-	-
(g)	Profit before income tax, minority interests and extraordinary items	1,046	1,555	4,338	3,220
(h)	Income tax	(205)	(23)	(291)	(84)
(i) (i)	Profit after income tax before deducting minority interests	841	1,532	4,047	3,136
(ii)	Less minority interests	-	-	-	-
(j)	Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k)	Net profit from ordinary activities attributable to members of the company	841	1,532	4,047	3,136
(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	841	1,532	4,047	3,136
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)	1.25	2.19	5.99	5.55
(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	67,507,000	56,522,000
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PARAGON UNION BERHAD (286457-V)

CONSOLIDATED BALANCE SHEET

	(UNAUDITED) As at End of Current Quarter 31/12/2001 RM'000	(AUDITED) As at Preceding Financial Year End 31/12/2000 RM'000
1 Property, Plant and Equipment	34,738	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	7,055	7,717
Trade Receivables	13,849	16,392
Other Receivables, Deposits and Prepayments	19,262	19,593
Tax Recoverable	80	-
Fixed Deposits	7	5,556
Cash and Bank balances	3,047	4,223
	<u>43,300</u>	<u>53,481</u>
9 Current Liabilities		
Trade Payables	2,898	5,496
Other Payables and Accruals	3,959	3,503
Amount Owing to A Director	-	199
Hire Purchase and Finance Lease Liabilities	49	73
Bank Borrowings	1,273	10,056
Taxation	68	61
	<u>8,247</u>	<u>19,388</u>
10 Net Current Assets	<u>35,053</u>	<u>34,093</u>
	<u>74,869</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	3,104	(943)
Less:2,681,000 Treasury Shares, At Cost	(2,758)	-
	<u>74,620</u>	<u>73,331</u>
12 Minority Interests	-	-
13 Bank Term Loans	-	-
14 Hire Purchase and Finance Lease Liabilities	-	43
15 Deferred Taxation	249	-
	<u>74,869</u>	<u>73,374</u>
16 Net Tangible Assets Per Share (RM)	1.1085	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 year under review.

3) Extraordinary Items

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

4) Taxation

The breakdown of tax charge for the financial year is as follows :

	31 December 2001 RM'000
Malaysian taxation based on results for the year	
- current	42
- deferred	249

	291

The effective tax rate of the Group for the current quarter and financial year is low compared to the statutory rate because of the availability of unabsorbed capital allowances, reinvestment 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 year under review.

6) Purchase and Disposal of Quoted Securities

a) There were no purchases or disposals of quoted securities for the financial year 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 31 Dec. 2001	2,611

7) Changes in the composition of the Group

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

8) Status of Corporate Proposals

Proposed Private Placement Of 7,000,000 New Ordinary Shares Of RM1.00 Each ("Placement Shares") In Paragon Union Berhad ("Proposed Private Placement").

Public Merchant Bank Berhad has been appointed as the advisor to Paragon Union Berhad for the Proposed Private Placement. The Proposed Private Placement is subject to, inter-alia, the following approvals:-

- i) the Securities Commission ("SC");
- ii) the Ministry of International Trade and Industry ("MITI");
- iii) the Foreign Investment Committee ("FIC"); and
- iv) the Kuala Lumpur Stock Exchange ("KLSE") for the listing of and quotation for the Placement Shares.

The applications to the SC, the MITI and the FIC for their approvals were made on 4 January 2002 whilst the approval of the KLSE will be sought at a later date.

Approval from the SC was obtained on 17 January 2002 while approvals from the MITI and the FIC are still pending.

As the shareholders have approved the Directors of the Company to allot and issue new ordinary shares of RM1.00 each, provided that the aggregate number of the ordinary shares to be issued shall not exceed 10% of the issued and paid-up share capital of the Company, pursuant to Section 132D of the Companies Act, 1965 in the Company's Annual General Meeting held on 15 May 2001, the approval from the shareholders is not required for the Proposed Private Placement.

9) Issuance and Repayment of Debt and Equity Securities

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

The particulars of shares buy-back for the financial year 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:

	31 December 2001 RM'000
<u>Short Term Bank Borrowings</u>	
Secured:	
Bills payable	1,009
Bank overdrafts	109

	1,118
Unsecured:	
Bills payable	155

Total	1,273

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 1 February 2002, 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 Court has fixed 28 March 2002 for a decision to be delivered by the Registrar in respect of the summary judgement. The suit is also fixed for case management on 9 March 2002. Paragon Union Berhad's (Paragon) 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's 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 7 May 2002 pending 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 RM11,511,000 in the current quarter compared to the preceding quarter of RM14,380,000 and the Group's profit before taxation stood at RM1,046,000 compared to RM1,257,000 in the preceding quarter.

16) Performance Review

The Group recorded a 25% increase in gross revenue in the current financial year compared to the preceding year from RM42,718,000 to RM53,284,000 and has achieved a 35% increase in profit before taxation of RM4,338,000 in the current financial year compared to a profit before taxation of RM3,220,000 in the preceding year.

The increase in gross revenue was due to better performances in the car carpets and automotive components as a result of the stronger growth in the automotive industry for the current financial year compared to the preceding year.

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 1 February 2002 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 year under review except in the 4th quarter (final quarter) performance of the company which was adversely affected by the year end festive seasons 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

- (a) (i) The Board of Directors propose a final dividend of 5% less tax at 28% in respect of the financial year ended 31 December 2001 subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.
- (ii) Gross amount per share : 5 sen
- (iii) Previous corresponding year : Nil
- (iv) Date of payment : To be determined at a later date
- (v) Date of entitlement : To be determined at a later date
- (b) Total dividend for the current year : RM2,423,484.