

PARAGON UNION BERHAD (286457-V)

QUARTERLY REPORT

Quarterly report on consolidated results for the first quarter ended 31st March 2002.
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
	31/03/2002 RM'000	31/03/2001 RM'000	31/03/2002 RM'000	31/03/2001 RM'000
1 (a) Revenue	11,693	12,821	11,693	12,821
(b) Investment Income	9	-	9	-
(c) Other income	11	145	11	145
2 (a) Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interest and extraordinary items	1,385	1,567	1,385	1,567
(b) Finance cost	(40)	(176)	(40)	(176)
(c) Depreciation and amortisation	(689)	(679)	(689)	(679)
(d) Exceptional items	-	-	-	-
(e) Profit before income tax, minority interests and extraordinary items	656	712	656	712
(f) Share of profits and losses of associated companies	-	-	-	-
(g) Profit before income tax, minority interests and extraordinary items	656	712	656	712
(h) Income tax	(5)	(12)	(5)	(12)
(i) (i) Profit after income tax before deducting minority interests	651	700	651	700
(ii) Less minority interests	-	-	-	-
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit from ordinary activities attributable to members of the company	651	700	651	700
(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	651	700	651	700
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)	0.97	1.03	0.97	1.03
(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	68,071,000	67,319,000	68,071,000
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PARAGON UNION BERHAD (286457-V)

CONSOLIDATED BALANCE SHEET

	(UNAUDITED)	(AUDITED)
	As at End of Current Quarter 31/3/2002 RM'000	As at Preceding Financial Year End 31/12/2001 RM'000
1 Property, Plant and Equipment	35,874	34,738
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	6,290	7,055
Trade Receivables	14,681	13,849
Other Receivables, Deposits and Prepayments	19,610	19,262
Tax Recoverable	240	80
Fixed Deposits	7	7
Cash and Bank balances	2,894	3,047
	<u>43,722</u>	<u>43,300</u>
9 Current Liabilities		
Trade Payables	2,643	2,897
Other Payables and Accruals	4,326	3,960
Hire Purchase and Finance Lease Liabilities	32	49
Bank Borrowings	2,118	1,273
Taxation	35	68
	<u>9,154</u>	<u>8,247</u>
10 Net Current Assets	<u>34,568</u>	<u>35,053</u>
	<u>75,520</u>	<u>74,869</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)
Retained Profit	3,755	3,104
Less:2,681,000 Treasury Shares, At Cost	(2,758)	(2,758)
	<u>75,271</u>	<u>74,620</u>
12 Minority Interests	-	-
13 Bank Term Loans	-	-
14 Hire Purchase and Finance Lease Liabilities	-	-
15 Deferred Taxation	249	249
	<u>75,520</u>	<u>74,869</u>
16 Net Tangible Assets Per Share (RM)	1.1181	1.1085

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 2001 Annual Report.

2) Exceptional Items

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

3) Extraordinary Items

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

4) Taxation

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

	31 March 2002 RM'000
Malaysian taxation based on results for the period	3
Underprovision in prior years	2

	5

The effective tax rate of the Group for the current quarter 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 period under review.

6) Purchase and Disposal of Quoted Securities

a) There were no purchases or disposals of quoted securities for the financial period 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 March 2002	3,801

7) Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period 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 on the Proposed Private Placement 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 were obtained on 20 February 2002.

The list of placees in relation to the Proposed Private Placement was submitted to the SC and MITI on 13 May 2002.

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 previous Annual General Meeting ("AGM") held on 15 May 2001 and the authority was renewed in the Company's latest AGM held on 23 May 2002, 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, share buy-backs, share cancellations and resale of treasury shares for the financial period under review. However, shares held as treasury shares as at 31 March 2002 remain at 2,681,000 ordinary shares of RM1.00 each which were purchased earlier in the year 2001 at a total cost of RM2,758,037.

10) Group Borrowings

The total group borrowings are as follows:

	31 March 2002 RM'000
<u>Short Term Bank Borrowings</u>	
Secured:	
Bills payable	1,668
Bank overdrafts	258

	1,926
Unsecured:	
Bills payable	192

Total	2,118

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 17 May 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 RM1,230,000 deposit sum paid and RM1,230,000 in liquidated damages. An application for summary judgement was filed on 31 January 2000. On 17 May 2002, the Deputy Registrar has granted Paragon Union Berhad's (Paragon) summary judgement application with costs and accordingly has entered judgement against the Defendants jointly and severally in the sum of RM2,460,000 together with interest thereon at the rate of 8% per annum from 9 April 1999 until the date of full payment and costs to be taxed. The suit is also fixed for further case management on 24 May 2002. 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'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 17 October 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 RM11,693,000 in the current quarter compared to the immediate preceding quarter of RM11,511,000 and the Group's profit before taxation stood at RM656,000 compared to RM1,046,000 in the immediate preceding quarter.

The higher profit before taxation in the immediate preceding quarter was due to the reversal of certain expenses overprovided.

16) Performance Review

The Group recorded a gross revenue of RM11,693,000 in the current quarter compared to the preceding year quarter of RM12,821,000 and the Group's profit before taxation stood at RM656,000 compared to RM712,000 in the preceding year quarter.

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 17 May 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 period under review.

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 period under review.