

**EG INDUSTRIES BERHAD**  
(Company No: 222897-W)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**A. FRS134 – Interim Financial Reporting**

**A1. Basis Preparation**

This interim financial report is unaudited and is prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read together with the Group’s Audited Financial Statement for the year ended 30 June 2014.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2014. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014. The audited financial statements of the Group as at and for the year ended 30 June 2014 were prepared under Malaysian Financial Reporting Standards (MFRSs).

**A2. Significant Accounting policies**

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2014 except for the adoption of the following new and revised MFRSs:

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116 and 141, *Agriculture : Bearer Plants*

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- MFRS 15, *Revenue from Contracts with Customers*

**MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

**A3. Audit Report**

The auditors’ report of the Group’s financial statements for the year ended 30 June 2014 was not subject to any qualification.

A4. **Seasonal or Cyclical Factors**

The business operations of the Group are subject to seasonal or cyclical factors that are common in the industry in which the Group operates in.

A5. **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were exceptional items that occurred during the current financial quarter under review which affect the assets, liabilities, equity, net income or cash flows of the Group except for those disclosed in Note B14.

A6. **Material changes in Estimates**

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared to the preceding corresponding financial quarter.

A7. **Issuance of Equity or Debt Securities**

During the current quarter, the Company repurchased 5,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.735 per share. The total consideration paid for the shares repurchase was amounted to RM3,720 including transaction costs of RM45. The repurchase was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with the provision of Section 67A of the Companies Act 1965.

As of 30 September 2014, the Company held 111,000 of its shares. The number of outstanding ordinary shares of RM1 each in issue after the set-off is 74,905,600.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury sales during the current financial quarter.

A8. **Dividend Paid**

There was no dividend paid for the financial quarter ended 30 September 2014.

A9. **Segmental Reporting**

The segment analysis for the Group's results for the financial quarter ended 30 September 2014 is as follows:

<b>Current Year-to-date</b>	<b>Turnover</b>	<b>Profit before</b>
<b>Segment for the Group</b>	<b>RM'000</b>	<b>Taxation</b>
		<b>RM'000</b>
EMS	243,612	1,354
Others	24	6,405
Total	<u>243,636</u>	<u>7,759</u>

A10. **Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment during the current financial quarter.

A11. **Material Subsequent Events**

There were no material events or transactions subsequent to the end of current financial quarter ended 30 September 2014.

A12. **Changes in the Composition of the Group**

There were no changes in the composition of the group for the current financial quarter and financial period to date.

A13. **Changes in Contingent Liabilities or Contingent Assets**

There were no material changes in contingent liabilities or contingent assets as at the end of the current financial quarter.

A14. **Capital Commitments**

As at 30 September 2014, the Group has no material capital commitment in respect of property, plant and equipment.

**B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

B1. **Review of Performance**

**Comparison between the current quarter (“Q1 2015”) and the immediate preceding quarter (“Q1 2014”)**

The Group achieve revenue of RM244 million for the current quarter ended 30 September 2014 as compared to RM247 million recorded in the previous year corresponding quarter. Despite the slight decreased in revenue of 1.5%, the Group’s profit before tax in the current quarter increased by RM6.9 million to RM7.8 million. The improvement is mainly due to the higher margins generated from the business operations and fair value gain on the realisation of available-for-sale financial assets.

B2. **Variation of Results Against Preceding Quarter**

Description	1 <sup>st</sup> Quarter 2015 RM’000	4 <sup>th</sup> Quarter 2014 RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	243,636	233,389	10,247	4%
Profit before tax	7,759	2,446	5,313	>100

Revenue for the current quarter registered at approximately RM244 million, rose RM10million or 4% as compared to the immediate preceding quarter of approximately RM233 million.

The Group’s profit before tax had shown an improvement of approximately RM5.3 million compared to the immediate quarter. The improvement is mainly due to fair value gain on the realisation of available-for-sale financial assets and offset by the higher depreciation charges compared with the preceding quarter.

B3. **Prospect**

The Group will continue to focus its efforts in the exploring of new market opportunities, maintaining good customer relationships with high quality products; and improve its design and development capabilities to offer better solutions to customers. The Group is also actively seeking potential merger and acquisition (“M&A”) opportunities within the Electronic Manufacturing Services and its related sectors, establishing a comprehensive one stop electrical and electronics solution to leverage on organic growth and opportunities for further expansion. Besides, the Group is able to extend the products and service offerings beyond its current networks through integration with Jubilee Industries Holdings Limited, a Company listed in Singapore Exchange Catalist which principally engaged in design, fabrication and sale of precision plastic injection moulds, precision plastic injection moulding for customers’ electronics, computer peripherals, automotive and household appliances.

In addition, the Group will strive to enhance its operational and cost efficiencies by taking prudent measures to achieve satisfactory results. The results of the Group for the financial year 2015 is expected to remain positive.

**B4. Variance on Forecast Profit / Shortfall in Profit Guarantee**

The Group did not issue any profit forecast/profit guarantee for the current financial quarter.

**B5. Taxation**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Current tax expense	200	100	200	100
	<u>200</u>	<u>100</u>	<u>200</u>	<u>100</u>

The effective tax rate of the Group for the current quarter and year to date is lower than the statutory income tax rate mainly due to the availability of reinvestment allowance by a subsidiary and a foreign subsidiary was granted promotional privileges under the Investment Promotional Act B.E. 2520 for a period of 8 years.

**B6. Profit/ (Loss) on Sale of Unquoted Investment and /or Property**

There were no sales of unquoted investments or properties during the current financial quarter under review.

**B7. Purchase or Disposal of Quoted Securities Other Than Securities in Existing Subsidiaries and Associated Company**

During the financial quarter ended 30 September 2014, the Group has disposed partial of its investment in available-for-sale financial assets and the disposal gave rise to a gain of RM6.73 million.

**B8. Status of Uncompleted Corporate Announcement**

There is no uncompleted corporate announcement at the date of this quarterly report.

**B9. Group Borrowings and Debt Securities**

Total Group borrowings as at 30 September 2014 are as follows:

	30/09/2014 RM'000
(a) Secured:	
Term Loan	23,640
Revolving Credit	1,500
Banker Acceptance	128,341
Bank Overdraft	495
Hire Purchase Payable	18,437
Trust receipt	11,084
	<u>183,497</u>
(b) Current	152,844
Non-current	30,653
	<u>183,497</u>
(c) Denominated in Malaysia Ringgit	139,654
Denominated in Thai Baht	43,843
	<u>183,497</u>

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at date of this report.

**B11. Changes in Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**B12. Dividend**

The Board of Directors does not recommend any dividend for the current financial quarter.

**B13. Earnings Per Share**

The basic earnings per share for the current financial quarter and financial period have been calculated by dividing the net profit attributable to owners of the Company for the financial quarter and financial period by weighted average number of ordinary shares in issue during the financial quarter and financial period.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Net profit attributable to owners of the Company (RM'000)	7,560	780	7,560	780
Weighted average number of ordinary shares outstanding	74,909,078	74,919,404	74,909,078	74,919,404
Basic earnings per share (Sen)	10.09	1.04	10.09	1.04

**B14. Notes to the Statement of Comprehensive Income**

Profit before tax is stated after charging / (crediting):

	<b>Current quarter ended 30/09/2014 RM'000</b>	<b>Current year-to-date 30/09/2014 RM'000</b>
Depreciation and amortization	6,140	6,140
Interest expense	2,381	2,381
Interest income	(2)	(2)
Net foreign exchange gain	(145)	(145)
Realisation of fair value gain from available-for-sale financial assets to profit or loss	(6,725)	(6,936)

**B15. Realised or Unrealised Profit of the Group**

	<b>Current quarter ended 30/09/2014 RM'000</b>
Total retained earnings of the Group	
- Realised	27,402
- Unrealised	(683)
	<hr/> 26,719
Less: Consolidation adjustments	(2,694)
Total retained earnings	<hr/> 24,025 <hr/>

**BY ORDER OF THE BOARD**

Kang Pang Kiang  
Group CEO / ED  
Date : 28 November 2014