



# **EG INDUSTRIES BERHAD**

(222897-W)

(Incorporated in Malaysia)

## **Interim Financial Statements For The Financial Period Ended**

**30 June 2017**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
		3 months ended		12 months ended	
		30.06.2017	30.06.2016	30.06.2017	30.06.2016
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>262,577</b>	<b>160,363</b>	<b>1,008,122</b>	<b>712,689</b>
Operating profit		12,045	13,810	62,423	55,873
Interest income		320	376	581	688
Interest expense		(2,161)	(2,203)	(10,717)	(10,216)
Depreciation & amortisation		(7,161)	(6,307)	(27,516)	(25,121)
<b>Profit before tax</b>		<b>3,043</b>	<b>5,676</b>	<b>24,771</b>	<b>21,224</b>
Tax expense	B5	(91)	(3,194)	(1,791)	(4,194)
<b>Profit for the period</b>		<b>2,952</b>	<b>2,482</b>	<b>22,980</b>	<b>17,030</b>
<b>Other comprehensive income for the period</b>					
Foreign currency translation difference for foreign operations		(8,145)	(14,971)	2,965	(499)
Fair value of available-for-sale financial assets		(135)	1,274	2,931	1,483
		(8,280)	(13,697)	5,896	984
<b>Total other comprehensive income for the period</b>		<b>(5,328)</b>	<b>11,215</b>	<b>28,876</b>	<b>18,014</b>
Profit attributable to:					
Owners of the Company		2,952	2,483	22,980	17,032
Non-controlling Interest		-	(1)	-	(2)
<b>Profit for the period</b>		<b>2,952</b>	<b>2,482</b>	<b>22,980</b>	<b>17,030</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(5,328)	(11,214)	28,876	18,016
Non-controlling Interest		-	(1)	-	(2)
<b>Total comprehensive income for the period</b>		<b>(5,328)</b>	<b>(11,215)</b>	<b>28,876</b>	<b>18,014</b>
Basic earnings per ordinary share (sen)	B13	1.40	1.54	10.88	10.57
Diluted earnings per ordinary share (sen)	B13	1.10	1.14	8.55	7.79

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2016. The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2017**

	Note	Unaudited as at 30.06.2017 RM'000	Audited as at 30.06.2016 RM'000
<b>Assets</b>			
Property, plant and equipment		184,886	151,216
Investment property		3,197	1,405
Other investments		7,954	5,024
Intangible asset		21,174	12,729
<b>Total non-current assets</b>		<b>217,211</b>	<b>170,374</b>
Inventories		132,431	124,359
Trade and other receivables		306,955	273,258
Current tax assets		740	603
Fixed deposits with licensed banks		15,481	9,812
Cash and bank balances		17,975	39,334
<b>Total current assets</b>		<b>473,582</b>	<b>447,366</b>
<b>Total assets</b>		<b>690,793</b>	<b>617,740</b>
<b>Equity</b>			
Share capital		105,782	105,782
Reserves		158,525	129,658
<b>Total equity attributable to shareholders of the Company</b>		<b>264,307</b>	<b>235,440</b>
Non-controlling interests		(762)	(762)
<b>Total equity</b>		<b>263,545</b>	<b>234,678</b>
<b>Liabilities</b>			
Provision for retirement benefit		235	215
Borrowings	B9	17,368	15,162
Deferred tax liabilities		1,053	1,057
<b>Total non-current liabilities</b>		<b>18,656</b>	<b>16,434</b>
Trade and other payables		209,331	170,950
Borrowings	B9	198,437	194,878
Provisions		801	800
Current tax liabilities		23	-
<b>Total current liabilities</b>		<b>408,592</b>	<b>366,628</b>
<b>Total liabilities</b>		<b>427,248</b>	<b>383,062</b>
<b>Total equity and liabilities</b>		<b>690,793</b>	<b>617,740</b>
<b>Net assets per ordinary share (RM)</b>		<b>1.25</b>	<b>1.11</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2016. The accompanying notes are an integral part of this Statement of Financial Position.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	Non-distributable				Distributable				Total RM'000	Minority Interest RM'000	Total equity RM'000	
	Share capital RM'000	Warrant reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Other reserve RM'000				Retained profit RM'000
<b>At 1 July 2015 (Restated)</b>	77,117	-	(1,373)	7,009	15,170	(120)	-	-	46,644	144,447	(760)	143,687
Foreign currency translation differences for foreign operations	-	-	-	1,483	-	-	-	-	-	1,483	-	1,483
Fair value of available-for-sale financial assets	-	-	(499)	-	-	-	-	-	-	(499)	-	(499)
Total other comprehensive income for the period	-	-	(499)	1,483	-	-	-	-	-	984	-	984
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	17,032	17,032	(2)	17,030
<b>Total comprehensive income/(expense) for the year</b>	-	-	(499)	1,483	-	-	-	-	17,032	18,016	(2)	18,014
Par Value Reduction	(38,558)	-	-	-	-	-	28,462	-	10,096	-	-	-
Treasury shares acquired	-	-	-	-	-	(8)	-	-	-	(8)	-	(8)
Issue of ordinary shares pursuant to Rights Issue with Warrants	57,620	-	-	-	-	-	-	-	-	57,620	-	57,620
Issue of ordinary shares pursuant to Private Placement	9,603	-	-	-	5,762	-	-	-	-	15,365	-	15,365
<b>Total transactions with owners of the Company</b>	28,665	-	-	-	5,762	(8)	28,462	-	10,096	72,977	-	72,977
<b>At 30 June 2016 (Restated)</b>	<b>105,782</b>	-	(1,872)	8,492	20,932	(128)	28,462	-	73,772	235,440	(762)	234,678
<b>At 1 July 2016</b>	<b>105,782</b>	<b>22,268</b>	(1,872)	8,492	20,932	(128)	28,462	(22,268)	73,772	235,440	(762)	234,678
Foreign currency translation differences for foreign operations	-	-	-	2,965	-	-	-	-	-	2,965	-	2,965
Fair value of available-for-sale financial assets	-	-	2,931	-	-	-	-	-	-	2,931	-	2,931
Total other comprehensive income for the period	-	-	2,931	2,965	-	-	-	-	-	5,896	-	5,896
Profit for the period	-	-	-	-	-	-	-	-	22,980	22,980	-	22,980
<b>Total comprehensive income for the period</b>	-	-	2,931	2,965	-	-	-	-	22,980	28,876	-	28,876
Treasury shares acquired	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
<b>At 30 June 2017</b>	<b>105,782</b>	<b>22,268</b>	<b>1,059</b>	<b>11,457</b>	<b>20,932</b>	<b>(137)</b>	<b>28,462</b>	<b>(22,268)</b>	<b>96,752</b>	<b>264,307</b>	<b>(762)</b>	<b>263,545</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2016. The accompanying notes are integral part of this statement.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	<b>Unaudited 30.06.2017 RM'000</b>	<b>Audited 30.06.2016 RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax	24,771	21,224
Adjustments for:		
Amortisation of intangible assets	521	295
Depreciation of investment property	34	115
Depreciation of property, plant and equipment	26,961	24,711
Dividend income	(2)	(4)
Interest expenses	10,717	10,216
Interest income	(581)	(688)
Gain on disposal of property, plant and equipment	(284)	(1,877)
Gain on disposal of investment properties	-	(3,233)
Loss on disposal of plant and equipment	-	362
Inventories written down	-	433
Plant and equipment written off	-	180
Provision of retirement benefit	-	57
Provision of warranties	1	133
Operating profit before working capital changes	62,138	51,924
Increase in inventories	(8,072)	(31,754)
Increase in trade and other receivables	(23,277)	(110,447)
Decrease in trade and other payables	36,094	58,809
<b>Cash generated from / (used in) operations</b>	<b>66,883</b>	<b>(31,468)</b>
Dividend received	2	4
Income taxes paid	(1,904)	(1,678)
<b>Net cash generated from / (used in) operating activities</b>	<b>64,981</b>	<b>(33,142)</b>
<b>Cash flow from investing activities</b>		
Acquisition of intangible assets	(8,966)	-
Acquisition of investment property	(1,826)	(168)
Acquisition of property, plant and equipment	(60,347)	(28,840)
Acquisition of treasury shares	(9)	(8)
Interest income	581	688
Proceeds from disposal of property, plant & equipment	-	3,297
Proceeds from disposal of investment property	-	5,800
<b>Net cash used in investing activities</b>	<b>(70,567)</b>	<b>(19,231)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	-	72,985
Interest paid	(10,717)	(10,216)
Net drawdown of bank borrowing	3,123	332
Repayment of finance lease liabilities	446	(7,162)
Repayment of term loans	(792)	(6,837)
Proceed from term loans	-	803
Placement of pledged deposits	(5,670)	(1,255)
<b>Net cash (used in) / generated from financing activities</b>	<b>(13,610)</b>	<b>48,650</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,196)</b>	<b>(3,723)</b>
Cash and cash equivalents at beginning of the period	37,352	40,838
Effect of exchange rates on cash and cash equivalents	(181)	237
<b>Cash and cash equivalents at end of the period</b>	<b>17,975</b>	<b>37,352</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (CONTINUED)**

**Cash and cash equivalents comprise the following :**

Cash and bank balances	17,975	39,334
Bank overdrafts	-	(1,982)
	<u>17,975</u>	<u>37,352</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2016. The accompanying notes are an integral part of this statement.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A. MFRS 134 – Interim Financial Reporting

#### A1. **Basis of Preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. 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 2016. The audited financial statements of the Group as at and for the year ended 30 June 2016 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 2016 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 2017**

- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transaction*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, *Leases*

The Directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

#### A3. **Audit Report**

The auditors’ report of the Group’s financial statements for the year ended 30 June 2016 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 no 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 was 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**

As at 30 June 2017, the number of outstanding ordinary shares of RM0.50 each in issue is 211,563,992. The Company held 304,000 of its shares as at 30 June 2017. The number of outstanding ordinary shares of RM0.50 each in issue after the set-off is 211,259,992.

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

**A8. Dividend Paid**

No dividend has been paid for the current financial quarter ended 30 June 2017.

**A9. Segmental Reporting**

The segment analysis for the Group's results for the current financial quarter ended 30 June 2017 as follows:

<b>Current Year-to-date Segment for the Group</b>	<b>Turnover RM'000</b>	<b>Profit before tax RM'000</b>	<b>Total Assets RM'000</b>
Electronic Manufacturing Services	1,008,034	24,532	649,274
Others	88	239	41,519
<b>Total</b>	<b>1,008,122</b>	<b>24,771</b>	<b>690,793</b>

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

There were no valuation of property, plant and equipment during the current financial quarter ended 30 June 2017.





#### **A11. Material Subsequent Events**

Resale of treasury shares as follows:-

- (i) On 16 August 2017, the Company has disposed 30,000 treasury shares in the open market for a net consideration of RM23,222.70.
- (ii) On 17 August 2017, the Company has disposed 114,400 treasury shares in the open market for a net consideration RM87,857.33.
- (iii) On 18 August 2017, the Company has disposed 139,600 treasury shares in the open market for a net consideration RM105,866.88.
- (iv) On 21 August 2017, the Company has subsequently disposed 20,000 treasury shares in the open market for a net consideration RM15,479.82.

After the above disposals, the Company has no longer held any treasury shares.

#### **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 June 2017, 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 (“Q4 2017”) and the preceding correspondence quarter (“Q4 2016”)**

The Group recorded revenue of RM262.6 million for the current quarter ended 30 June 2017, an increase of 63.7% as compared to RM160.4 million recorded in the previous year corresponding quarter. The increase in revenue was mainly driven by higher customer’s demand for data storage products.

However, Group’s profit before tax for the current quarter was RM3.04 million, a decrease of 46.4% as compared to RM5.68 million recorded in the previous year corresponding quarter as there was one-off disposal gain of investment properties of RM3.2 million recorded in previous corresponding quarter.

**Comparison between the current financial year-to-date and the preceding correspondence financial year-to-date**

In the financial year-to-date under review, the Group’s revenue increased by 41.5% to RM1,008.1 million compared to the last year corresponding period of RM712.7 million. The increase in revenue was mainly driven by several new box build projects launched during the year and higher customer’s demand for existing data storage and consumer electronic products.

The Group’s profit before tax in the current financial year-to-date increased to RM24.77 million from RM21.22 million which was mainly due to higher sales generated, offset by the one-off gain from the disposal of investment properties of RM3.2 million in last financial year, increased in labour cost due to revision of minimum wage rate and net foreign exchange loss incurred in current financial year.

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

Description	4 <sup>th</sup> Quarter 2017 RM’000	3 <sup>rd</sup> Quarter 2017 RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	262,577	253,138	9,439	3.7%
Profit before tax	3,043	5,972	(2,929)	-49.0%

Revenue for the current quarter was approximately RM262.6 million, increased by RM9.4 million or 3.7% as compared to the immediate preceding quarter. The increase in revenue was mainly driven by higher customer’s demand for data storage products. Despite the increased in sales, Group’s profit before tax decreased by RM2.9 million or 49.0% during the quarter under review. The decrease was mainly due to lower margin generated from data storage products during the seasonal low sales cycle for box build products.

**B3. Prospect**

Moving into financial year 2017, the Group expects to face increasing challenges due to the prevailing economic uncertainties resulting in greater degree of volatility in the overall customer orders.

In light of these challenges, the Group will continue its focus on moving up the value-chain by offering one-stop electronic manufacturing services (EMS) solutions including design and development services to strengthen its position as a one-stop vertically-integrated EMS provider.

**B3. Prospect (continued)**

During the last financial year 2016, the Group has invested approximately RM30 million in capital expenditure to enhance the plant capacity and capabilities. Moving forward, the Group intends to embark on its next growth phase as a vertically-integrated EMS provider by further strengthening its product mix to have more revenue contribution from the box-build segment and at the same time widen its overall revenue base aimed at achieve greater economies of scale and improve efficiency of its capital resources to enhance its competitive edge.

In addition, the Group is committed to enhance its operational and cost efficiencies by taking prudent measures to achieve satisfactory results.

Barring any unforeseen circumstances and adverse external economic factors, the Board of Directors is of the view that the Group's financial performance for the financial year ending 30 June 2017 will 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. Tax Expense**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	91	11	1,791	1,011
Deferred tax expense	-	3,183	-	3,183
Tax expense	91	3,194	1,791	4,194

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 was no sale of unquoted investments or properties during the current financial period under review.

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

During the current financial period ended 30 June 2017, there was no purchase or disposal of quoted securities.

**B8. Status of Uncompleted Corporate Announcement**
**(a) Proposed Listing of SMT Industries Co., Ltd (“SMTI”)**

On 25 March 2016, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake the listing of SMTI, a wholly owned subsidiary of EGIB on the Market for Alternative Investment (“Mai Market”) of the Stock Exchange of Thailand (“Proposed Listing”). The Company will engage several advisers to undertake the Proposed Listing and announcement will be made upon finalization of appointment at a later date.

The Proposed Listing is still in progress.

**(b) Right Issue**

On 15 February 2017, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake the following proposals:

- (i) a renounceable rights issue of up to 67,296,172 Redeemable Convertible Preference Shares (“RCPS”) at an indicative issue price of RM0.95 per RCPS on the basis of 1 RCPS for every 4 existing EGIB Shares held on the Entitlement Date;
- (ii) a bonus issue of up to 67,296,172 Bonus Shares on the basis of 1 Bonus Share for every RCPS subscribed under the Proposed Rights Issue; and
- (iii) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the issuance of RCPS

(“Collectively referred to as the “proposals”)

Save as disclosed above, there were no other corporate proposals announced but not completed during the quarter under review.

**B9. Group Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2017 are as follows:

	As at 30.06.2017 RM’000	As at 30.03.2017 RM’000
(a) Secured:		
Term Loan	11,251	12,228
Trade Financing	182,815	192,913
Trust Receipt	10,092	19,369
Hire Purchase Payable	11,647	9,196
	215,805	233,706
(b) Current	198,437	214,476
Non-current	17,368	19,230
	215,805	233,706
(c) Denominated in Malaysia Ringgit	76,860	89,196
Denominated in US Dollar	72,683	120,909
Denominated in Thai Baht	66,262	23,601
	215,805	233,706

**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**

No dividend has been recommended or declared for current quarter and current financial period under review.

**B13. Earnings Per Ordinary 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>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
Net profit attributable to owners of the Company (RM'000)	2,952	2,483	22,980	17,032
Weighted average number of ordinary shares outstanding ('000)	211,264	161,126	211,264	161,126
Basic earnings per ordinary share (sen)	1.40	1.54	10.88	10.57

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
Net profit attributable to owners of the Company (RM'000)	2,952	2,483	22,980	17,032
Weighted average number of ordinary shares outstanding ('000)	211,264	161,126	211,264	161,126
Adjusted for:				
Full exercise of warrants ('000)	57,621	57,621	57,621	57,621
Adjusted weighted average number of ordinary shares ('000)	268,885	218,747	268,885	218,747
Diluted earnings per ordinary share (sen)	1.10	1.14	8.55	7.79

**B14. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	7,161	6,307	27,516	25,121
Interest expense	2,161	2,203	10,717	10,216
Interest income	(320)	(376)	(581)	(688)
Net foreign exchange loss/(gain)	2,882	(343)	5,221	(1,305)
Loss/(gain) on disposal of property, plant and equipment	13	(1,885)	(284)	(1,515)
Gain on disposal of investment properties	-	(3,233)	-	(3,233)
Inventories written down	-	433	-	433
Plant and equipment written off	-	180	-	180
Provision of retirement benefit	-	57	-	57
Provision of warranties	1	133	1	133

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

The following analysis of realised and unrealised profit of the Group is prepared in accordance with Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad's Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Cumulative Quarter Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	96,845	76,983
- Unrealised	(1,018)	(3,680)
	<u>95,827</u>	<u>73,303</u>
Less: Consolidation adjustments	925	469
Total retained earnings	<u>96,752</u>	<u>73,772</u>

The disclosure of realised and unrealised retained earnings above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

**B16. Utilisation of Proceeds raised from Rights Issue and Private Placement**

- (i) On 11 November 2015, the Company has completed the renounceable Rights Issue of 115,241,392 new ordinary shares of RM0.50 each in EG Industries Berhad (“EG”) (Rights Shares) together with 57,620,696 free detachable warrants (Warrants) on the basis of three (3) Rights Shares for every two (2) existing ordinary shares of RM0.50 each held on 12 October 2015 together with one (1) Warrant for every two (2) Rights Shares subscribed at an issue price of RM0.50 per Rights Share (“Rights Issue with Warrants”).

The details and status of the utilisation of proceeds of RM57.62 million from the Rights Issue with Warrants are as follows:

<b>Details</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation 30.06.17</b>	<b>Intended Timeframe of Utilisation</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>(from 11 Nov 2015)</b>
Repayment of bank borrowings	2,960	2,960	Within 6 months
Purchase and upgrade of machinery	16,000	16,000	Within 24 months
Expansion and upgrade of factory	20,000	16,063	Within 12 months
Purchase of inventory such as electronic component, printed circuit board and plastic resin	5,000	5,000	Within 12 months
Acquisition of new businesses or assets	8,000	-	Within 24 months
Working capital	3,660	3,660	Within 12 months
Expenses relating to the Proposals	2,000	2,000	Immediately
	<b>57,620</b>	<b>45,683</b>	

**BY ORDER OF THE BOARD**

KANG PANG KIANG  
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR

29 AUGUST 2017