



EG INDUSTRIES BERHAD

(222897-W)

(Incorporated in Malaysia)

Interim Financial Statements For The Financial Period Ended

30 June 2018



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FORTH QUARTER ENDED 30 JUNE 2018

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		<u>Unaudited</u>	<u>Restated</u>	Changes	<u>Unaudited</u>	<u>Audited</u>	Changes
		3 months ended			12 months ended		
		30.06.2018	30.06.2017	%	30.06.2018	30.06.2017	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		255,715	260,785	-1.9%	1,014,183	1,008,330	0.6%
Operating profit		12,516	9,834	27.3%	59,692	60,212	-0.9%
Interest income		160	320	-50.0%	607	581	4.5%
Interest expense		(2,175)	(2,361)	-7.9%	(8,609)	(10,917)	-21.1%
Depreciation & amortisation		(7,690)	(7,172)	7.2%	(32,391)	(27,527)	17.7%
Profit before tax		2,811	621	>100%	19,299	22,349	-13.6%
Tax expense	B6	109	1,601	-93.2%	(482)	(99)	>100%
Profit for the period		2,920	2,222	31.4%	18,817	22,250	-15.4%
Other comprehensive (expenses)/ income for the period							
Fair value of available-for-sale financial assets		912	(136)	>-100.0%	(1,216)	2,930	>-100.0%
Foreign currency translation difference for foreign operations		(919)	(8,145)	-88.7%	(2,920)	2,965	>-100.0%
		(7)	(8,281)	-99.9%	(4,136)	5,895	>-100.0%
Total other comprehensive (expenses)/ income for the period		2,913	(6,059)	>-100.0%	14,681	28,145	-47.8%
Profit attributable to:							
Owners of the Company		2,920	2,222	31.4%	18,817	22,250	-15.4%
Non-controlling Interest		-	-	-	-	-	-
Profit for the period		2,920	2,222	31.4%	18,817	22,250	-15.4%
Total comprehensive income attributable to:							
Owners of the Company		2,913	(6,059)	>-100.0%	14,681	28,145	-47.8%
Non-controlling Interest		-	-	-	-	-	-
Total comprehensive income for the period		2,913	(6,059)	>-100.0%	14,681	28,145	-47.8%
Basic earnings per ordinary share (sen)	B15	1.17	1.05		7.53	10.53	
Diluted earnings per ordinary share (sen)	B15	0.79	0.83		5.10	8.27	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2017. The accompanying notes are an integral part of this statement.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	Unaudited as at 30.06.2018 RM'000	Audited as at 30.06.2017 RM'000
Assets			
Property, plant and equipment		167,198	184,464
Investment property		3,770	3,197
Other investments		6,738	7,954
Intangible asset		20,049	21,173
Deferred tax assets		1,471	772
Total non-current assets		199,226	217,560
Inventories		151,869	130,082
Trade and other receivables	B7	242,389	307,400
Current tax assets		1,279	705
Fixed deposits with licensed banks		18,803	15,481
Cash and bank balances		41,137	17,979
Total current assets		455,477	471,647
Total assets		654,703	689,207
Equity			
Share capital		127,873	126,714
Equity component of redeemable convertible preference shares		48,044	-
Treasury shares		-	(137)
Reserves		150,301	136,999
Total equity attributable to shareholders of the Company		326,218	263,576
Non-controlling interests		(262)	(762)
Total equity		325,956	262,814
Liabilities			
Provision for retirement benefit		319	322
Loans and borrowings	B11	11,235	14,193
Deferred tax liabilities		121	121
Total non-current liabilities		11,675	14,636
Trade and other payables		143,658	209,357
Loans and borrowings	B11	172,611	201,600
Provisions		800	800
Current tax liabilities		3	-
Total current liabilities		317,072	411,757
Total liabilities		328,747	426,393
Total equity and liabilities		654,703	689,207
Net assets per ordinary share (RM)		1.22	1.24

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2017. The accompanying notes are an integral part of this Statement of Financial Position.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FORTH QUARTER ENDED 30 JUNE 2018**

	Non-distributable									Distributable			
	Share capital RM'000	Equity component of RCPS RM'000	Treasury shares RM'000	Warrant reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Capital reserve RM'000	Other reserve RM'000	Retained profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
At 1 July 2017	126,714	-	(137)	22,628	1,058	11,457	-	28,462	(22,628)	96,022	263,576	(762)	262,814
Foreign currency translation differences for foreign operations	-	-	-	-	-	(2,920)	-	-	-	-	(2,920)	-	(2,920)
Fair value of available-for-sale financial assets	-	-	-	-	(1,216)	-	-	-	-	-	(1,216)	-	(1,216)
Total other comprehensive(expenses)/ income for the period	-	-	-	-	(1,216)	(2,920)	-	-	-	-	(4,136)	-	(4,136)
Profit for the period	-	-	-	-	-	-	-	-	-	18,817	18,817	-	18,817
Total comprehensive(expenses)/ income for the period	-	-	-	-	(1,216)	(2,920)	-	-	-	18,817	14,681	-	14,681
Issuance of RCPS	-	50,246	-	-	-	-	-	-	-	-	50,246	-	50,246
Issuance of ordinary shares pursuant to:-													
- conversion of RCPS	1,159	(2,202)	-	-	-	-	-	1,043	-	-	-	-	-
Issuance of bonus shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalisation of right issue expenses	-	-	-	-	-	-	-	-	-	(2,018)	(2,018)	-	(2,018)
Resale of treasury shares	-	-	137	-	-	-	-	96	-	-	233	-	233
Dilution of interest arising from acquisition of additional equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	(500)	(500)	500	-
Total transactions with owners of the Company	1,159	48,044	137	-	-	-	-	1,139	-	(2,518)	47,961	500	48,461
At 30 June 2018 (Unaudited)	127,873	48,044	-	22,628	(158)	8,537	-	29,601	(22,628)	112,321	326,217	(262)	325,956
At 1 July 2016	105,782	-	(128)	22,628	(1,872)	8,492	20,932	28,462	(22,628)	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	-	-	-	-	2,930	-	-	-	-	-	2,930	-	2,930
Total other comprehensive income for the period	-	-	-	-	2,930	2,965	-	-	-	-	5,895	-	5,895
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	-	22,250	22,250	-	22,250
Total comprehensive (expense)/income for the year	-	-	-	-	2,930	2,965	-	-	-	22,250	28,145	-	28,145
Treasury shares acquired	-	-	(9)	-	-	-	-	-	-	-	(9)	-	(9)
Transfer in accordance with Sec 618(2) of the Companies Act 2016	20,932	-	-	-	-	-	(20,932)	-	-	-	-	-	-
Total transactions with owners of the Company	20,932	-	(9)	-	-	-	(20,932)	-	-	-	(9)	-	(9)
At 30 June 2017 (Audited)	126,714	-	(137)	22,628	1,058	11,457	-	28,462	(22,628)	96,022	263,576	(762)	262,814

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2017. The accompanying notes are integral part of this statement.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FORTH QUARTER ENDED 30 JUNE 2018**

	Unaudited 30.06.2018 RM'000	Audited 30.06.2017 RM'000
Cash flow from operating activities		
Profit before tax	19,299	22,349
Adjustments for:		
Depreciation of property, plant and equipment	31,065	26,972
Depreciation of investment property	114	33
Amortisation of intangible assets	1,212	522
Interest expenses	8,609	10,917
Dividend income	(2)	(2)
Gain on disposal of property, plant and equipment	(57)	(75)
Interest income	(607)	(581)
Provision of retirement benefit	-	85
Provision of slow moving stock	100	1,475
Impairment loss on plant and equipment	-	712
Gain on foreign exchange, net - unrealised	65	(1,212)
Operating profit before working capital changes	59,798	61,195
Inventories	(21,338)	(12,727)
Trade and other receivables	65,268	(43,702)
Trade and other payables	(72,608)	46,557
Cash generated from operations	31,120	51,323
Tax paid	1,282	(1,904)
Dividend received	2	2
Net cash generated from operating activities	32,404	49,421
Cash flow from investing activities		
Acquisition of intangible assets	(90)	(8,957)
Acquisition of property, plant and equipment	(14,431)	(49,702)
Acquisition of investment property	(687)	(145)
Acquisition of treasury shares	-	(9)
Interest income	607	581
Payment of RCPS expenses	(2,018)	-
Proceeds from resale of treasury shares	233	-
Proceeds from issuance of RCPS	50,246	-
Proceeds from disposal of property, plant and equipment	139	107
Net cash generated from/(used in) investing activities	33,999	(58,125)
Cash flows from financing activities		
(Repayment) / drawdown of bank borrowing, net	(24,549)	13,258
Repayment of finance lease liabilities	(3,201)	(4,588)
Repayment of term loans	(3,592)	(3,076)
Interest paid	(8,609)	(10,917)
Placement of fixed deposits	(3,322)	(5,168)
Net cash used in financing activities	(43,273)	(10,491)
Net increase / (decrease) in cash and cash equivalents	23,130	(19,195)
Cash and cash equivalents at beginning of the period	17,976	37,352
Effect of exchange rates on cash and cash equivalents	31	(181)
Cash and cash equivalents at end of the period	41,137	17,976
Cash and cash equivalents comprise the following :		
Cash and bank balances	41,137	17,979
Bank overdraft	-	(3)
	41,137	17,976

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2017. 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 Malaysian Financial Reporting Standards (“MFRSs”) 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 2017. 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 2017. The audited financial statements of the Group as at and for the year ended 30 June 2017 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 2017 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty Over Income Tax Treatments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*



A2. Significant Accounting policies (Continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2017 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 are no unusual items affecting assets, liabilities, equity, net income, and cash flows for the period under review.

A6. Material changes in Estimates

There was no material changes in estimates used in the preparation of the financial statements in the current quarter and financial period-to-date as compared to the preceding corresponding financial quarter.

A7. Issuance of Equity or Debt Securities

As at 30 June 2018, the number of outstanding ordinary shares each in issue is 266,772,762.

The Group has completed the corporate exercises and 52,890,970 Redeemable Convertible Preference Shares (RCPS) together with 52,890,970 Bonus Shares issued pursuant to the Rights Issue and Bonus Issue respectively, and 11,342,586 additional Warrants-C issued pursuant to the Rights Adjustments were listed on 19 October 2017.

In addition, the number of issued share capital of the Group has also increased by way of allotment and issuance of 2,317,800 new ordinary shares arising from conversion of RCPS during the current financial year-to-date.

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 period ended 30 June 2018.



A8. Dividend Paid

No dividend has been paid for the current financial year ended 30 June 2018.

A9. Segmental Reporting

The segment analysis for the Group's results as follows:

Segment for the Group	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u>	<u>Restated</u>	Change %	<u>Unaudited</u>	<u>Audited</u>	Change %
	30.06.2018 RM'000	30.06.2017 RM'000		30.06.2018 RM'000	30.06.2017 RM'000	
Segment revenue						
- Electronic Manufacturing Services	254,824	260,743	-2.3%	1,013,135	1,008,241	0.5%
- Other	891	42	>100.0%	1,048	89	>100.0%
Total Segment Revenue	255,715	260,785	-1.9%	1,014,183	1,008,330	0.6%
Segment Result						
- Electronic Manufacturing Services	2,036	(1,351)	>-100.0%	19,684	22,110	-11.0%
- Other	775	1,972	>-60.7%	(385)	239	>-100.0%
Profit before tax	2,811	621	>100.0%	19,299	22,349	-13.6%
Segment assets						
- Electronic Manufacturing Services	(29,464)	16,179	>-100.0%	615,733	647,482	-4.9%
- Other	3,439	888	>100.0%	38,970	41,725	-6.6%
	(26,025)	17,067	>-100.0%	654,703	689,207	-5.0%

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial year ended 30 June 2018.

A11. Material Subsequent Events

There were no material events or transactions subsequent to the end of current financial year ended 30 June 2018.

A12. Changes in the Composition of the Group

During the current financial year, the Group had on 28 February 2018 disposed EG Global Sdn Bhd, a wholly owned subsidiary for a total cash consideration of RM50,000.

Save as disclosed above, there were no changes in the composition of the group for the current 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 period.

A14. Capital Commitments

As at 30 June 2018, the Group has no material capital commitment in respect of property, plant and equipment.

A15. Related party transactions

Significant related party transactions of the Group are as follows: -

Transactions with companies in which certain Directors have a substantial financial interest

	Unaudited As at 30.06.2018 RM'000	Audited As at 30.06.2017 RM'000
Sales	-	6,462
Purchase of raw materials	2,102	2,871
Purchase of tooling	45	119

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

A16. Fair Value

The Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



A16. Fair Value (Continued)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM'000	Carrying Amount RM'000
	Level 1	Total	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
30.06.2018						
Financial asset						
Quoted shares	6,738	6,738	-	-	6,738	6,738
Financial liabilities						
Term loans – variable rate	-	-	(7,642)	(7,642)	(7,642)	(7,642)
Finance lease liabilities	-	-	(8,436)	(8,436)	(8,436)	(8,436)
	-	-	(16,078)	(16,078)	(16,078)	(16,078)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM'000	Carrying Amount RM'000
	Level 1	Total	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
30.06.2017						
Financial asset						
Quoted shares	7,954	7,954	-	-	7,954	7,954
Financial liabilities						
Term loans – variable rate	-	-	(11,251)	(11,251)	(11,251)	(11,251)
Finance lease liabilities	-	-	(11,927)	(11,927)	(11,927)	(11,637)
	-	-	(23,178)	(23,178)	(23,178)	(22,888)

There have been no transfers between any levels during the current quarter under review and the comparative period.

**B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS****B1. Review of Performance****Comparison between the current quarter (“Q4 2018”) and the preceding correspondence quarter (“Q4 2017”)**

For the current quarter ended 30 June 2018, the Group recorded revenue of RM255.7 million, a decrease of 1.9% as compared to RM260.8 million recorded in the previous year corresponding quarter. The slight decrease in revenue was mainly due to lower sales of data storage products, which was offset by the higher sales of consumer electronics products.

Despite the decrease in sales revenue, the Group’s profit before tax for the current quarter increased by RM2.19 million to RM2.81 million from RM0.62 million in previous year corresponding quarter due to higher margins generated from the increased in sales of consumer electronics products.

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

For the current financial year-to-date, the Group recorded revenue of RM1,014.2 million, an increase of 0.6% as compared to RM1,008.3 million in the last year corresponding period which mainly attributed to higher sales from existing consumer electronics products.

However, the Group’s profit before tax decreased by 13.6% or RM3.0 million to RM19.3 million from RM22.3 million in previous year corresponding period which mainly due to one-off corporate exercise expenses, higher depreciation costs arising from enlarged machinery base and higher freight inward cost to obtain spot buy components.

B2. Variation of Results against Preceding Quarter

Description	4 th Quarter 2018 RM’000	3 rd Quarter 2018 RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	255,715	256,058	(343)	-0.1
Profit before tax	2,811	4,246	(1,435)	-33.8
Profit after tax	2,920	4,205	(1,285)	-30.6

Revenue for the current quarter decreased by RM0.3 million or 0.1% as compared to the immediate preceding quarter of RM256.1 million. The slight decrease in revenue was mainly caused by lower sales of data storage and consumer electronics products due to seasonal cycle effect.

Correspondingly, the Group’s profit before tax in the current quarter decreased to RM2.8 million from RM4.2 million in the immediate preceding quarter.

B3. Prospect

Moving into last quarter financial year 2018, the Group expects to face continue challenges on the overall macro economy such as increase of raw material pricing and longer delivery lead-time due to global shortage of passive electronic components and fluctuation of US Dollar against Malaysia Ringgit.

In light of these challenges, the Group will continue its efforts to improve its product margins through strengthening of its product mix with the expansion of revenue contribution from its vertical integrated EMS and widen the revenue base from either new or existing customers to optimize its current production capacity from the ready enlarged machineries based.

**B3. Prospect (Continued)**

The Company expects the raw material shortfall to be normalized in the 2nd half of the next financial year as certain critical electronic components delivery lead-time is around 6 to 9 months.

Besides, the Group's has obtained approval from MIDA in year 2016 to set up its International Procurement Hub ("IPC") in Sungai Petani, Kedah. The construction of IPC has completed in February 2018 and the Group has obtained final approval from Custom Malaysia in April 2018. With the commencement of IPC operations, the Group is expected to obtain more competitive raw material prices through larger scale of procurement activities to maintain its competitiveness in global Electronic Manufacturing Services ("EMS") market and reduce components delivery lead time.

Barring any unforeseen circumstances and adverse external economic factors, the Board of Directors is optimistic that the Group's financial performance for the financial year ending 30 June 2018 will remain positive.

B4. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

B5. Variance on Forecast Profit / Shortfall in Profit Guarantee

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

B6. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.06.2018 RM'000	Restated 30.06.2017 RM'000	Unaudited 30.06.2018 RM'000	Audited 30.06.2017 RM'000
Current tax expense	(159)	102	1,182	1,802
Deferred tax expense / (income)	50	(1,703)	(700)	(1,703)
Tax expense	(109)	(1,601)	482	99

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.

B7. Trade and other receivables

The trade and other receivables of the Group were as follows:

	Unaudited As at 30.06.2018 RM'000	Audited As at 30.06.2017 RM'000
Trade	215,556	284,254
Non-trade	26,833	23,146
	<u>242,389</u>	<u>307,400</u>

**B7. Trade and other receivables (Continued)**

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	As at 30.06.2018 RM'000	As at 30.06.2017 RM'000
Not past due	142,333	214,667
Past due 1 - 30 days	67,689	61,732
Past due 31 - 60 days	2,566	6,629
Past due 61 - 90 days	2,964	433
Past due more than 90 days	4	793
	<u>215,556</u>	<u>284,254</u>

B8. 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.

B9. Purchase or Disposal of Quoted Securities Other Than Securities in Existing Subsidiaries and Associated Company

During the financial year ended 30 June 2018, the Group has disposed its investment in quoted securities for a net cash consideration of RM41 and the disposal gave rise to a loss of RM2.

B10. Status of Uncompleted Corporate Announcement**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.

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

**B11. Group Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2018 are as follows:

	Unaudited As at 30.06.2018 RM'000	Audited As at 30.06.2017 RM'000
(a) Secured:		
Bank overdrafts	-	3
Bankers' acceptances	106,376	155,824
Term Loan	7,642	11,251
Trade Financing	61,392	26,986
Trust Receipt	-	10,092
Hire Purchase Payable	8,436	11,637
	<u>183,846</u>	<u>215,793</u>
(b) Current	172,611	201,600
Non-current	11,235	14,193
	<u>183,846</u>	<u>215,793</u>
(c) Denominated in Malaysia Ringgit	34,192	49,869
Denominated in US Dollar	133,952	99,668
Denominated in Thai Baht	15,702	66,256
	<u>183,846</u>	<u>215,793</u>

B12. Off Balance Sheet Financial Instruments

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

B13. 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.

B14. Dividend

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

**B15. 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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Restated	Unaudited	Audited
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Net profit attributable to owners of the Company (RM'000)	2,920	2,222	18,817	22,250
Weighted average number of ordinary shares outstanding ('000)	249,779	211,264	249,779	211,264
Basic earnings per ordinary share (sen)	1.17	1.05	7.53	10.53
Net profit attributable to owners of the Company (RM'000)	2,920	2,222	18,817	22,250
Weighted average number of ordinary shares outstanding ('000)	249,779	211,264	249,779	211,264
Adjusted for:				
Full exercise of warrants ('000)	68,963	57,621	68,963	57,621
Full conversion of RCPS ('000)	50,573	-	50,573	-
Adjusted weighted average number of ordinary shares ('000)	369,315	268,885	369,315	268,885
Diluted earnings per ordinary share (sen)	0.79	0.83	5.10	8.27

B16. 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	
	Unaudited	Restated	Unaudited	Audited
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	7,690	7,172	32,391	27,527
Interest expense	2,175	2,361	8,609	10,917
Interest income	(160)	(320)	(607)	(581)
Net foreign exchange (gain) / loss	(1,311)	(3,551)	65	(1,212)
(Gain) / loss on disposal of property, plant and equipment	(56)	222	(57)	(75)
Provision for slow moving stocks	100	1,475	100	1,475

**B17. 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	
	Unaudited 30.06.2018 RM'000	Audited 30.06.2017 RM'000
Total retained earnings of the Group		
- Realised	113,528	95,865
- Unrealised	(1,897)	(562)
	111,631	95,303
Less: Consolidation adjustments	690	719
Total retained earnings	112,321	96,022

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.

B18. Utilisation of Proceeds raised from The Completed 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 proceeds of RM57.62 million from the Right Issue with Warrants have been fully utilised as at 30 June 2018.

- (ii) On 19 October 2017, the Company has completed the Rights Issue of 52,890,970 Redeemable Convertible Preference Shares (RCPS) together with 52,890,970 Bonus Shares issued pursuant to the Rights Issue and Bonus Issue respectively and 11,342,586 additional Warrants-C issued pursuant to the Rights Adjustments. ("Rights Issue of RCPS").

The details and status of the utilisation of proceeds of RM50.25 million from the Rights Issue of RCPSs are as follows:

**B18. Utilisation of Proceeds raised from The Completed Rights Issue and Private Placement (Continued)**

Details	Proposed Utilisation	Actual Utilisation 30.06.18	Intended Timeframe of Utilisation (from 19 Oct 2017)
	RM'000	RM'000	
Purchase of equipment and machinery	15,000	6,578	Within 18 months
Purchase of raw materials for box-build segment	10,000	10,000	Within 12 months
Expansion of R&D facilities	1,400	-	Within 12 months
Acquisition of intellectual property	1,000	-	Within 12 months
Repayment of bank borrowings	10,000	10,000	Within 12 months
Acquisition of new businesses or assets	10,000	-	Within 24 months
Working capital comprising general operating expenses and salaries	746	746	Within 12 months
Estimated expenses in relation to the Corporate Exercises	2,100	2,100	Within 2 months
	50,246	29,424	

BY ORDER OF THE BOARD

DATO' KANG PANG KIANG
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR

30 AUGUST 2018