



EG INDUSTRIES BERHAD

(222897-W)

(Incorporated in Malaysia)

Interim Financial Statements For The Financial Period Ended

30 September 2018



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

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		<u>Unaudited</u>	<u>Unaudited</u>	Changes	<u>Unaudited</u>	<u>Unaudited</u>	Changes
		3 months ended			3 months ended		
		30.09.2018	30.09.2017	%	30.09.2018	30.09.2017	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		256,650	247,914	3.5%	256,650	247,914	3.5%
Operating profit		14,767	18,113	-18.5%	14,767	18,113	-18.5%
Interest income		141	91	54.9%	141	91	54.9%
Interest expense		(1,447)	(2,160)	-33.0%	(1,447)	(2,160)	-33.0%
Depreciation & amortisation		(8,134)	(8,358)	-2.7%	(8,134)	(8,358)	-2.7%
Profit before tax		5,327	7,686	-30.7%	5,327	7,686	-30.7%
Tax expense	B6	(50)	(50)	-	(50)	(50)	-
Profit for the period		5,277	7,636	-30.9%	5,277	7,636	-30.9%
Other comprehensive (expenses)/ income for the period							
Fair value of available-for-sale financial assets		(786)	(29)	>100.0%	(786)	(29)	>100.0%
Foreign currency translation difference for foreign operations		(2,422)	2,206	>-100.0%	(2,422)	2,206	>-100.0%
		(3,208)	2,177	>-100.0%	(3,208)	2,177	>-100.0%
Total other comprehensive income for the period		2,069	9,813	-78.9%	2,069	9,813	-78.9%
Profit attributable to:							
Owners of the Company		5,277	7,636	-30.9%	5,277	7,636	-30.9%
Non-controlling Interest		-	-	-	-	-	-
Profit for the period		5,277	7,636	-30.9%	5,277	7,636	-30.9%
Total comprehensive income attributable to:							
Owners of the Company		2,069	9,813	-78.9%	2,069	9,813	-78.9%
Non-controlling Interest		-	-	-	-	-	-
Total comprehensive income for the period		2,069	9,813	-78.9%	2,069	9,813	-78.9%
Basic earnings per ordinary share (sen)	B15	1.97	3.61		1.97	3.61	
Diluted earnings per ordinary share (sen)	B15	1.65	2.84		1.65	2.84	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2018. The accompanying notes are an integral part of this statement.



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

	Note	Unaudited as at 30.09.2018 RM'000	Audited as at 30.06.2018 RM'000
Assets			
Property, plant and equipment		174,654	167,206
Investment property		3,754	3,770
Other investments		5,953	6,738
Intangible asset		19,744	20,049
Deferred tax assets		1,494	1,493
Total non-current assets		205,599	199,256
Inventories		159,588	151,869
Trade and other receivables	B7	267,023	242,397
Current tax assets		1,666	1,279
Fixed deposits with licensed banks		18,937	18,822
Cash and bank balances		35,660	41,139
Total current assets		482,874	455,506
Total assets		688,473	654,762
Equity			
Share capital		103,420	102,080
Redeemable convertible preference shares – Equity component		40,778	42,118
Reserves		180,074	178,005
Total equity attributable to shareholders of the Company		324,272	322,203
Non-controlling interests		(361)	(361)
Total equity		323,911	321,842
Liabilities			
Loans and borrowings	B11	9,370	9,370
Redeemable convertible preference shares – Liability component		3,353	4,025
Provision for retirement benefit		435	431
Deferred tax liabilities		121	121
Total non-current liabilities		13,279	13,947
Loans and borrowings	B11	174,021	174,480
Trade and other payables		176,459	143,690
Provisions		800	800
Current tax liabilities		3	3
Total current liabilities		351,283	318,973
Total liabilities		364,562	332,920
Total equity and liabilities		688,473	654,762
Net assets per ordinary share (RM)		1.21	1.21

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2018. The accompanying notes are an integral part of this Statement of Financial Position.



Interim Financial Statements for the Financial Period Ended 30 September 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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	Capital reserve RM'000	Retained profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
At 1 July 2018	102,080	42,118	-	26,836	(158)	8,537	28,558	114,232	322,203	(361)	321,842
Foreign currency translation differences for foreign operations	-	-	-	-	-	(2,422)	-	-	(2,422)	-	(2,422)
Fair value of available-for-sale financial assets	-	-	-	-	(786)	-	-	-	(786)	-	(786)
Total other comprehensive (expenses)/ income for the period	-	-	-	-	(786)	(2,422)	-	-	(3,208)	-	(3,208)
Profit for the period	-	-	-	-	-	-	-	5,277	5,277	-	5,277
Total comprehensive (expenses)/ income for the period	-	-	-	-	(786)	(2,422)	-	5,277	2,069	-	2,069
Issuance of ordinary shares pursuant to:- - conversion of redeemable convertible preference shares	1,340	(1,340)	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	1,340	(1,340)	-	-	-	-	-	-	-	-	-
At 30 September 2018 (Unaudited)	103,420	40,778	-	26,836	(944)	6,115	28,558	119,509	324,272	(361)	323,911
At 1 July 2017 (Restated)	104,086	-	(137)	22,628	1,058	11,457	28,462	96,022	263,576	(762)	262,814
Foreign currency translation differences for foreign operations	-	-	-	-	-	2,206	-	-	2,206	-	2,206
Fair value of available-for-sale financial assets	-	-	-	-	(29)	-	-	-	(29)	-	(29)
Total other comprehensive income for the period	-	-	-	-	(29)	2,206	-	-	2,177	-	2,177
Profit for the period	-	-	-	-	-	-	-	7,636	7,636	-	7,636
Total comprehensive (expense)/income for the year	-	-	-	-	(29)	2,206	-	7,636	9,813	-	9,813
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	-	-	137	-	-	-	96	(500)	(267)	500	233
At 30 September 2017 (Unaudited)	104,086	-	-	22,628	1,029	13,663	28,558	103,158	273,122	(262)	272,860

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2018. The accompanying notes are integral part of this statement.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**

	Unaudited 30.09.2018 RM'000	Unaudited 30.09.2017 RM'000
Cash flow from operating activities		
Profit before tax	5,327	7,686
Adjustments for:		
Depreciation of property, plant and equipment	7,812	8,049
Depreciation of investment property	16	10
Amortisation of intangible assets	306	299
Interest expenses	1,447	2,160
Gain on disposal of property, plant and equipment	(16)	(1)
Interest income	(141)	(91)
Reversal of impairment loss on plant and equipment	-	(713)
Loss on foreign exchange, net - unrealised	631	401
Operating profit before working capital changes	15,382	17,800
Inventories	(8,319)	(5,603)
Trade and other receivables	(26,207)	69,796
Trade and other payables	31,317	(36,453)
Cash (used in) / generated from operations	12,173	45,540
Tax paid	(436)	(448)
Net cash generated from operating activities	11,737	45,092
Cash flow from investing activities		
Acquisition of property, plant and equipment	(14,413)	(1,483)
Interest income	141	91
Proceeds from resale of treasury shares	-	233
Proceeds from disposal of property, plant and equipment	16	-
Net cash used in investing activities	(14,256)	(1,159)
Cash flows from financing activities		
Drawdown / (repayment) of bank borrowing, net	1,398	(779)
Repayment of finance lease liabilities	(1,105)	(1,256)
Repayment of term loans	(900)	(852)
Dividend paid	(672)	-
Interest paid	(1,447)	(2,160)
Placement of fixed deposits	(115)	(3,058)
Net cash used in financing activities	(2,841)	(8,105)
Net (decrease) / increase in cash and cash equivalents	(5,360)	35,828
Cash and cash equivalents at beginning of the period	41,139	17,976
Effect of exchange rates on cash and cash equivalents	(119)	(83)
Cash and cash equivalents at end of the period	35,660	53,721
Cash and cash equivalents comprise the following :		
Cash and bank balances	35,660	53,724
Bank overdraft	-	(3)
	35,660	53,721

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2018. 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 2018. 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 2018. The audited financial statements of the Group as at and for the year ended 30 June 2018 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 2018 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 2019

- MFRS 16, *Leases*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features With Negative Compensation*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures – Long-term interest in Associates and Joint Ventures*
- IC Interpretation 23, *Uncertainty Over Income Tax Treatments*
- Amendments to MFRS 3 – *Business Combinations (Annual Improvements to MFRSs 2015 – 2017 Cycle)*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRSs 2015 – 2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRSs 2015 – 2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRSs 2015 – 2017 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Share-Based Payment*
- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendment to IC Interpretation 12, *Service Concession Arrangements*
- Amendment to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendment to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to IC Interpretation 132, *Intangible Assets—Web Site Costs*



A2. Significant Accounting policies (Continued)

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

- MFRS 17, *Insurance Contracts*

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 2018 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 September 2018, the number of outstanding ordinary shares each in issue is 268,182,962.

The number of issued share capital of the Company has increased by way of allotment and issuance of 1,410,200 new ordinary shares arising from conversion of redeemable convertible preference shares during the current financial period-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 September 2018.

**A8. Dividend Paid**

During the current financial period ended 30 September 2018, the Company has paid a first annual preference dividend of 2% per annum, amounting to RM671,306, in respect of the financial period ended 30 June 2018 for the Redeemable Convertible Preference Shares.

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> 30.09.2018 RM'000	<u>Unaudited</u> 30.09.2017 RM'000	Change %	<u>Unaudited</u> 30.09.2018 RM'000	<u>Unaudited</u> 30.09.2017 RM'000	Change %
Segment revenue						
- Electronic						
Manufacturing Services	256,511	247,821	3.5%	256,511	247,821	3.5%
- Other	139	93	48.9%	139	93	48.9%
Total Segment Revenue	256,650	247,914	3.5%	256,650	247,914	3.5%
Segment Result						
- Electronic						
Manufacturing Services	5,399	7,919	-31.8%	5,399	7,919	-31.8%
- Other	(72)	(233)	-69.2%	(72)	(233)	-69.2%
Profit before tax	5,327	7,686	-30.7%	5,327	7,686	-30.7%
Segment assets						
- Electronic						
Manufacturing Services	650,335	610,572	6.5%	650,335	610,572	6.5%
- Other	38,138	44,751	-14.8%	38,138	44,751	-14.8%
	688,473	655,323	5.1%	688,473	655,323	5.1%

A10. Valuation of Property, Plant and Equipment

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

A11. Material Subsequent Events

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

A12. Changes in the Composition of the Group

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

The Group has material capital commitment in respect of:

	Unaudited As at 30.09.2018 RM'000	Audited As at 30.06.2018 RM'000
Approved and contracted for: Property, plant and equipment	12,350	-

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 30.09.2018 RM'000	Audited As at 30.06.2018 RM'000
Purchase of raw materials	1,325	2,102
Purchase of tooling	-	45

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.

	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		
30.09.2018						
Financial asset						
Quoted shares	5,953	5,953	-	-	5,953	5,953
Financial liabilities						
Term loans – variable rate	-	-	(6,760)	(6,760)	(6,760)	(6,760)
Finance lease liabilities	-	-	(7,334)	(7,334)	(7,334)	(7,334)
	-	-	(14,094)	(14,094)	(14,094)	(14,094)
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	-	-	(8,663)	(8,663)	(8,663)	(8,439)
	-	-	(16,305)	(16,305)	(16,305)	(16,081)

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 (“Q1 2019”) and the preceding correspondence quarter (“Q1 2018”)

For the current quarter ended 30 September 2018, the Group recorded revenue of RM256.7 million, an increase of 3.5% as compared to RM247.9 million recorded in the previous year corresponding quarter. The increase was mainly attributable to higher sales volume for data storage products.

Despite the increase in sales revenue, the Group’s profit before tax for the current quarter decreased by RM2.36 million to RM5.33 million from RM7.69 million in previous year corresponding quarter due to less favorable product mix which two of its existing high margin box build consumer electronics products have reach its End-of-Life (EOL) stage and to be replaced by new models. The new models are currently undergoing several stages of new product introduction testing, hence the overall production efficiency is lower as compared to the older models due to low volume production.

B2. Variation of Results against Preceding Quarter

Description	1 st Quarter 2019 RM’000	4 th Quarter 2018 (Restated) RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	256,650	258,298	(1,648)	-0.6%
Profit before tax	5,327	2,456	2,871	>100.0%
Profit after tax	5,277	2,587	2,690	>100.0%

Revenue for the current quarter was approximately RM256.7 million, decreased by RM1.6 million or 0.6% as compared to the immediate preceding quarter of RM258.3 million. The decrease in revenue was mainly due to decrease in average sales volume for data storage products.

Despite the decrease in sales revenue, the Group’s profit before tax increased by RM2.9 million during the quarter under review mainly attributable to favorable product mix which the sales volume for consumer electronics products during the current quarter is higher compared to last quarter due to year-end seasonal cycle.

B3. Prospect

For financial year 2019, the Group expects to face continue challenges on the overall macro economy such as shortage of passive electronic components, fluctuation of US Dollar against Malaysia Ringgit, increase of minimum wage and foreign worker levy.

With the global manufacturing scene experiencing rapid technology advancement in recent years, the Group believes that transitioning towards the adoption of automation is the right path to take, streamline across the operations and reduce the reliance on labour, hence optimising the workflow processes to enhance cost-efficiency. The newly-acquired land and factory announced in September 2018 will be the Group’s first fully automated manufacturing facility, where RM30 million CAPEX budget will be allocated in FY2019 to fund the purchase of automated machineries and equipment for the new plant. The acquisition has been completed on October 2018. This would increase the Group’s factory land area by approximately 80% from 31,000 square metre (sq m) to 55,000 sq m altogether, estimated additional output of 10 million units of product per annum. The enlarged production capacity and enhanced capabilities would substantially increase the Group’s ability to take on more jobs to sustain the growth momentum going forward.



B3. Prospect (Continued)

On positive side, in light of the ongoing U.S-China trade war, the Group is getting more enquiries as a vertically-integrated electronic manufacturing services player serving multinational companies' strongest requirements bodes well. The Group believes that the on-going expansion plan is opportune and should place us on a higher place of growth.

Nevertheless, the Group will continue enhance the product mix to focus on high margin operations and at the same time constantly look for ways to improve our production efficiency and achieve more cost-savings.

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 2019 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 period-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 30.09.2018 RM'000	Unaudited 30.09.2017 RM'000	Unaudited 30.09.2018 RM'000	Unaudited 30.09.2017 RM'000
Current tax expense	400	500	400	500
Deferred tax income	(350)	(450)	(350)	(450)
Tax expense	50	50	50	50

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 30.09.2018 RM'000	Audited As at 30.06.2018 RM'000
Trade	243,301	228,681
Non-trade	23,722	13,716
	267,023	242,397

**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 30.09.2018 RM'000	As at 30.06.2018 RM'000
Not past due	166,650	156,062
Past due 1 - 30 days	68,239	66,845
Past due 31 - 60 days	3,647	2,582
Past due 61 - 90 days	3,654	2,027
Past due more than 90 days	1,111	1,165
	243,301	228,681

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 current financial quarter ended 30 September 2018, there was no purchase or disposal of quoted securities.

B10. Status of Uncompleted Corporate Announcement**(i) 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.

(ii) Acquisition of Leasehold Land and Factory Building

On 30 August 2018, the Group entered into a Sale and Purchase Agreement (“SPA”) with S&O Electronics (Malaysia) Sdn. Bhd. (“S&O” or “Vendor”) for the acquisition all that piece of leasehold land held under H.S. (M) 23422 PT 8545, Bandar Sungai Petani, Daerah Kuala Muda, Kedah with an approximately area of 24,200 square meter together with a factory building and a warehouse bearing assessment address at Lot 101-A, Jalan 4, Kawasan Perusahaan Bakar Arang, 08000 Sungai Petani, Kedah, for a total cash consideration of RM12,350,000.

The SPA was completed on 1 October 2018.

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

(i) Group borrowings

	Unaudited As at 30.09.2018 RM'000	Audited As at 30.06.2018 RM'000
(a) Secured		
Bankers' acceptances	91,211	106,377
Term Loan	6,760	7,642
Trade Financing	70,487	61,392
Trust Receipt	7,599	-
Hire Purchase Payable	7,334	8,439
	<u>183,391</u>	<u>183,850</u>
(b) Current	174,021	174,480
Non-current	9,370	9,370
	<u>183,391</u>	<u>183,850</u>
(c) Denominated in Malaysia Ringgit	24,830	20,373
Denominated in US Dollar	136,432	147,770
Denominated in Thai Baht	22,129	15,707
	<u>183,391</u>	<u>183,850</u>

(ii) Debt securities – Redeemable Convertible Preference Shares (“RCPS”)

	No. of RCPS (’000)	Amount RM’000
At 1 July 2018	50,573	46,143
Less: Converted during the year	(1,410)	(1,340)
Less: Dividend paid	-	(672)
At 30 September 2018	<u>49,163</u>	<u>44,131</u>
Liability component		3,353
Equity component		<u>40,778</u>
		<u>44,131</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 Declared

During the current financial period ended 30 September 2018, the Company has declared and paid a first annual preference dividend of 2% per annum, amounting to RM671,306, in respect of the financial period ended 30 June 2018 for the Redeemable Convertible Preference Shares.

**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	Unaudited	Unaudited	Unaudited
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Net profit attributable to owners of the Company (RM'000)	5,277	7,636	5,277	7,636
Weighted average number of ordinary shares outstanding ('000)	267,731	211,334	267,731	211,334
Basic earnings per ordinary share (sen)	1.97	3.61	1.97	3.61
Net profit attributable to owners of the Company (RM'000)	5,277	7,636	5,277	7,636
Weighted average number of ordinary shares outstanding ('000)	267,731	211,334	267,731	211,334
Adjusted for:				
Effect of exercise of warrants ('000)	16,298	57,621	16,298	57,621
Effect of conversion of RCPS ('000)	36,282	-	36,282	-
Adjusted weighted average number of ordinary shares ('000)	320,311	268,955	320,311	268,955
Diluted earnings per ordinary share (sen)	1.65	2.84	1.65	2.84

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	Unaudited	Unaudited	Unaudited
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	8,134	8,358	8,134	8,358
Interest expense	1,447	2,160	1,447	2,160
Interest income	(141)	(91)	(141)	(91)
Net foreign exchange loss	631	401	631	401
Gain on disposal of property, plant and equipment	(16)	(1)	(16)	(1)

**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 30.09.2018 RM'000	Audited 30.06.2018 RM'000
Total retained earnings of the Group		
- Realised	116,926	114,944
- Unrealised	1,359	(1,469)
	118,285	113,475
Less: Consolidation adjustments	1,224	757
Total retained earnings	119,509	114,232

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 of Redeemable Convertible Preference Shares ("RCPS")

On 19 October 2017, the Company has completed the Rights Issue of 52,890,970 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:

Details	Proposed Utilisation RM'000	Actual Utilisation 30.09.18 RM'000	Intended Timeframe of Utilisation (from 19 Oct 2017)
Purchase of property, equipment and machinery	15,000	7,813	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	30,659	

BY ORDER OF THE BOARD

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

30 NOVEMBER 2018