



EG INDUSTRIES BERHAD

(222897-W)

(Incorporated in Malaysia)

Interim Financial Statements For The Financial Period Ended

31 December 2018



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 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			6 months ended		
		31.12.2018	31.12.2017	%	31.12.2018	31.12.2017	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		259,447	254,496	1.9%	516,097	502,410	2.7%
Operating profit		14,272	14,775	-3.4%	29,039	32,888	-11.7%
Interest income		75	282	-73.4%	216	373	-42.1%
Interest expense		(2,063)	(2,340)	-11.8%	(3,510)	(4,500)	-22.0%
Depreciation & amortisation		(7,969)	(8,161)	-2.4%	(16,103)	(16,519)	-2.5%
Profit before tax		4,315	4,556	-5.3%	9,642	12,242	-21.2%
Tax expense	B6	(50)	(500)	-90.0%	(100)	(550)	-81.8%
Profit for the period		4,265	4,056	5.2%	9,542	11,692	-18.4%
Other comprehensive income / (expenses) for the period							
Fair value of available-for-sale financial assets		(876)	(1,109)	-21.0%	(1,662)	(1,138)	46.0%
Foreign currency translation difference for foreign operations		5,881	(3,357)	>-100.0%	3,459	(1,151)	>-100.0%
		5,005	(4,466)	>-100.0%	1,797	(2,289)	>-100.0%
Total other comprehensive income for the period		9,270	(410)	>-100.0%	11,339	9,403	20.6%
Profit attributable to:							
Owners of the Company		4,265	4,056	5.2%	9,542	11,692	-18.4%
Non-controlling Interest		-	-	-	-	-	-
Profit for the period		4,265	4,056	5.2%	9,542	11,692	-18.4%
Total comprehensive income attributable to:							
Owners of the Company		9,270	(410)	-100.0%	11,339	9,403	20.6%
Non-controlling Interest		-	-	-	-	-	-
Total comprehensive income for the period		9,270	(410)	-100.0%	11,339	9,403	20.6%
Basic earnings per ordinary share (sen)	B15	1.60	1.74		3.59	5.01	
Diluted earnings per ordinary share (sen)	B15	1.34	1.39		3.00	4.02	

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 31 DECEMBER 2018**

	Note	Unaudited as at 31.12.2018 RM'000	Audited as at 30.06.2018 RM'000
Assets			
Property, plant and equipment		168,693	167,206
Investment property		3,738	3,770
Other investments		5,074	6,738
Intangible asset		19,453	20,049
Deferred tax assets		1,495	1,493
Total non-current assets		198,453	199,256
Inventories		171,158	151,869
Trade and other receivables	B7	248,057	242,397
Current tax assets		2,000	1,279
Fixed deposits with licensed banks		18,991	18,822
Cash and bank balances		38,300	41,139
Total current assets		478,506	455,506
Total assets		676,959	654,762
Equity			
Share capital		105,025	102,080
Redeemable convertible preference shares – Equity component		39,173	42,118
Treasury shares		(913)	-
Reserves		189,344	178,005
Total equity attributable to shareholders of the Company		332,629	322,203
Non-controlling interests		(361)	(361)
Total equity		332,268	321,842
Liabilities			
Loans and borrowings	B11	6,877	9,370
Redeemable convertible preference shares – Liability component		3,353	4,025
Provision for retirement benefit		441	431
Deferred tax liabilities		121	121
Total non-current liabilities		10,792	13,947
Loans and borrowings	B11	180,349	174,480
Trade and other payables		152,747	143,690
Provisions		800	800
Current tax liabilities		3	3
Total current liabilities		333,899	318,973
Total liabilities		344,691	332,920
Total equity and liabilities		676,959	654,762
Net assets per ordinary share (RM)		1.27	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 31 December 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	3,459	-	-	3,459	-	3,459
Fair value of available-for-sale financial assets	-	-	-	-	(1,662)	-	-	-	(1,662)	-	(1,662)
Total other comprehensive (expenses)/ income for the period	-	-	-	-	(1,662)	3,459	-	-	1,797	-	1,797
Profit for the period	-	-	-	-	-	-	-	9,542	9,542	-	9,542
Total comprehensive (expenses)/ income for the period	-	-	-	-	(1,662)	3,459	-	9,542	11,339	-	11,339
Issuance of ordinary shares pursuant to:-											
- conversion of redeemable convertible preference shares	2,945	(2,945)	-	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	(913)	-	-	-	-	-	(913)	-	(913)
Total transactions with owners of the Company	2,945	(2,945)	(913)	-	-	-	-	-	(913)	-	(913)
At 31 December 2018 (Unaudited)	105,025	39,173	(913)	26,836	(1,820)	11,996	28,558	123,774	332,629	(361)	332,268
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	-	-	-	-	-	(1,151)	-	-	(1,151)	-	(1,151)
Fair value of available-for-sale financial assets	-	-	-	-	(1,138)	-	-	-	(1,138)	-	(1,138)
Total other comprehensive income for the period	-	-	-	-	(1,138)	(1,151)	-	-	(2,289)	-	(2,289)
Profit for the period	-	-	-	-	-	-	-	11,692	11,692	-	11,692
Total comprehensive (expense)/income for the year	-	-	-	-	(1,138)	(1,151)	-	11,692	9,403	-	9,403
Issuance of RCPS	-	50,246	-	-	-	-	-	-	50,246	-	50,246
Issuance of ordinary shares pursuant to:-											
- conversion of RCPS	945	(1,795)	-	-	-	-	850	-	-	-	-
Capitalisation of right issue expenses	-	-	-	-	-	-	-	(1,668)	(1,668)	-	(1,668)
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	945	48,451	137	-	-	-	946	(2,168)	48,311	500	48,811
At 31 December 2017 (Unaudited)	105,031	48,451	-	22,628	(80)	10,306	29,408	105,546	321,290	(262)	321,028

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 SECOND QUARTER ENDED 31 DECEMBER 2018**

	Unaudited 31.12.2018 RM'000	Unaudited 31.12.2017 RM'000
Cash flow from operating activities		
Profit before tax	9,642	12,242
Adjustments for:		
Depreciation of property, plant and equipment	15,457	15,896
Depreciation of investment property	33	21
Amortisation of intangible assets	613	602
Interest expenses	3,510	4,500
Dividend income	(1)	(1)
Gain on disposal of property, plant and equipment	(31)	(1)
Interest income	(216)	(373)
Reversal of impairment loss on plant and equipment	-	(713)
Loss on foreign exchange, net - unrealised	1,218	765
Operating profit before working capital changes	30,225	32,938
Inventories	(17,831)	(1,486)
Trade and other receivables	(5,257)	73,099
Trade and other payables	8,936	(88,873)
Cash (used in) / generated from operations	16,073	15,678
Tax paid	(1,437)	(886)
Dividend received	1	1
Net cash generated from operating activities	14,637	14,793
Cash flow from investing activities		
Acquisition of property, plant and equipment	(16,898)	(1,963)
Acquisition of intangible assets	(15)	(68)
Acquisition of treasury shares	(913)	-
Interest income	216	373
Proceeds from resale of treasury shares	-	233
Proceeds from issuance of RCPS	-	48,451
Payment of share issuance expenses	-	(1,668)
Proceeds from issuance of ordinary shares pursuant to conversion of RCPS	-	1,795
Proceeds from disposal of property, plant and equipment	1,757	-
Net cash (used in) / generated from investing activities	(15,853)	47,153
Cash flows from financing activities		
Drawdown / (repayment) of bank borrowing, net	6,800	(26,822)
Repayment of finance lease liabilities	(1,969)	(625)
Repayment of term loans	(1,814)	(1,626)
Dividend paid	(672)	-
Interest paid	(3,510)	(4,500)
Placement of fixed deposits	(169)	(14,986)
Net cash used in financing activities	(1,334)	(48,559)
Net (decrease) / increase in cash and cash equivalents	(2,550)	13,387
Cash and cash equivalents at beginning of the period	41,139	17,976
Effect of exchange rates on cash and cash equivalents	(289)	(4)
Cash and cash equivalents at end of the period	38,300	31,359



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018 (CONTINUED)**

Cash and cash equivalents comprise the following :

Cash and bank balances	38,300	31,363
Bank overdraft	-	(4)
	38,300	31,359

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 31 December 2018, the number of outstanding ordinary shares each in issue is 266,772,762. The Company held 7,466,800 of its shares as at 31 December 2018. The number of outstanding ordinary shares of RM0.50 each in issue after the set-off is 259,305,962.

The number of issued share capital of the Company has increased by way of allotment and issuance of 3,099,900 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 31 December 2018.



A8. Dividend Paid

No dividend has been paid for the current financial quarter ended 31 December 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> 31.12.2018 RM'000	<u>Unaudited</u> 31.12.2017 RM'000	Change %	<u>Unaudited</u> 31.12.2018 RM'000	<u>Unaudited</u> 31.12.2017 RM'000	Change %
Segment revenue						
- Electronic Manufacturing Services	259,435	254,432	2.0%	515,946	502,253	2.7%
- Other	12	64	-81.0%	151	157	-4.1%
Total Segment Revenue	<u>259,447</u>	<u>254,496</u>	<u>1.9%</u>	<u>516,097</u>	<u>502,410</u>	<u>2.7%</u>
Segment Result						
- Electronic Manufacturing Services	4,481	5,258	-14.8%	9,880	13,177	-25.0%
- Other	(166)	(702)	-76.2%	(238)	(935)	-74.5%
Profit before tax	<u>4,315</u>	<u>4,556</u>	<u>-5.3%</u>	<u>9,642</u>	<u>12,242</u>	<u>-21.2%</u>
Segment assets						
- Electronic Manufacturing Services	(10,674)	(20,671)	-48.4%	639,662	589,901	8.4%
- Other	(841)	(3,127)	-73.2%	37,297	41,624	-10.4%
	<u>(11,515)</u>	<u>(23,798)</u>	<u>-51.6%</u>	<u>676,959</u>	<u>631,525</u>	<u>7.2%</u>

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial period ended 31 December 2018.

A11. Material Subsequent Events

There were no material events or transactions subsequent to the end of current financial period ended 31 December 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 31.12.2018 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 31.12.2018 RM'000	Audited As at 30.06.2018 RM'000
Purchase of raw materials	2,050	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 use 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		
31.12.2018						
Financial asset						
Quoted shares	5,074	5,074	-	-	5,074	5,074
Financial liabilities						
Term loans – variable rate	-	-	(5,871)	(5,871)	(5,871)	(5,871)
Finance lease liabilities	-	-	(6,470)	(6,470)	(6,470)	(6,470)
	-	-	(12,341)	(12,341)	(12,341)	(12,341)
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 (“Q2 2019”) and the preceding correspondence quarter (“Q2 2018”)**

For the current quarter ended 31 December 2018, the Group recorded revenue of RM259.4 million, an increase of 1.9% as compared to RM254.5 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 5.3% or RM0.3 million to RM4.3 million from RM4.6 million in previous year corresponding quarter due to less favorable product mix, higher operating expenses incurred for the upcoming mass production of new product models and higher net foreign exchange losses.

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 2.7% to RM516.1 million compared to the last year corresponding period of RM502.4 million. The increase in revenue was mainly driven by higher customer’s demand for existing data storage products.

However, the Group’s profit before tax decreased by 21.2% or RM2.6 million to RM9.6 million from RM12.2 million in previous year corresponding period 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 during the current financial year to date is lower due to low volume production.

B2. Variation of Results against Preceding Quarter

Description	2 nd Quarter 2019 RM’000	1 st Quarter 2019 RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	259,447	256,650	2,797	1.1%
Profit before tax	4,315	5,327	(1,012)	-19.0%
Profit after tax	4,265	5,277	(1,012)	-19.2%

Revenue for the current quarter was approximately RM259.4 million, increased by RM2.8 million or 1.1% as compared to the immediate preceding quarter of RM256.6 million. The increase in revenue was mainly due to increase in average sales volume for data storage products.

However, the Group’s profit before tax in the current quarter decreased to RM4.3 million from RM5.3 million in the immediate preceding quarter. The decrease in profit before tax was due to less favorable product mix and higher operating expenses incurred for the upcoming mass production of new product models.



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 will adopt automation to optimise the workflow processes to enhance cost-efficiency and reduce the reliance on labour. 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.

On positive side, in light of the ongoing U.S-China trade war, the Group is getting more enquiries from several multinational companies. The Group believes that the on-going expansion plan is opportune and should place the Group 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 the production efficiency to 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 31.12.2018 RM'000	Unaudited 31.12.2017 RM'000	Unaudited 31.12.2018 RM'000	Unaudited 31.12.2017 RM'000
Current tax expense	100	500	500	1,000
Deferred tax income	(50)	-	(400)	(450)
Tax expense	50	500	100	550

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 31.12.2018 RM'000	Audited As at 30.06.2018 RM'000
Trade	223,562	228,681
Non-trade	24,495	13,716
	248,057	242,397

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 31.12.2018 RM'000	As at 30.06.2018 RM'000
Not past due	167,494	156,062
Past due 1 - 30 days	47,437	66,845
Past due 31 - 60 days	4,250	2,582
Past due 61 - 90 days	3,467	2,027
Past due more than 90 days	914	1,165
	223,562	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 period ended 31 December 2018, the Group has disposed its investment in quoted securities for a net cash consideration of RM2,877 and the disposal gave rise to a gain of RM332.

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.



B10. Status of Uncompleted Corporate Announcement (Continued)

(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 31.12.2018 RM'000	Audited As at 30.06.2018 RM'000
(a) Secured		
Bankers' acceptances	106,619	106,377
Term Loan	5,871	7,642
Trade Financing	60,620	61,392
Trust Receipt	7,646	-
Hire Purchase Payable	6,470	8,439
	<u>187,226</u>	<u>183,850</u>
(b) Current	180,349	174,480
Non-current	6,877	9,370
	<u>187,226</u>	<u>183,850</u>
(c) Denominated in Malaysia Ringgit	16,706	20,373
Denominated in US Dollar	126,298	147,770
Denominated in Thai Baht	44,222	15,707
	<u>187,226</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	(3,100)	(2,945)
Less: Dividend paid	-	(672)
At 31 December 2018	<u>47,473</u>	<u>42,526</u>
Liability component		3,353
Equity component		<u>39,173</u>
		<u>42,526</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

No dividend has been recommended or declared for current quarter and current financial period 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	Unaudited	Unaudited	Unaudited
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net profit attributable to owners of the Company (RM'000)	4,265	4,056	9,542	11,692
Weighted average number of ordinary shares outstanding ('000)	266,076	233,336	266,076	233,336
Basic earnings per ordinary share (sen)	1.60	1.74	3.59	5.01
Net profit attributable to owners of the Company (RM'000)	4,265	4,056	9,542	11,692
Weighted average number of ordinary shares outstanding ('000)	266,076	233,336	266,076	233,336
Adjusted for:				
Effect of exercise of warrants ('000)	16,298	57,621	16,298	57,621
Effect of conversion of RCPS ('000)	35,285	-	35,285	-
Adjusted weighted average number of ordinary shares ('000)	317,659	290,957	317,659	290,957
Diluted earnings per ordinary share (sen)	1.34	1.39	3.00	4.02

**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 31.12.2018	Unaudited 31.12.2017	Unaudited 31.12.2018	Unaudited 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	7,969	8,161	16,103	16,519
Interest expense	2,063	2,340	3,510	4,500
Interest income	(75)	(282)	(216)	(373)
Net foreign exchange loss	587	364	1,218	765
Gain on disposal of property, plant and equipment	(15)	-	(31)	(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 31.12.2018	Audited 30.06.2018
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	126,942	114,944
- Unrealised	(4,507)	(1,469)
	<u>122,435</u>	<u>113,475</u>
Less: Consolidation adjustments	1,339	757
Total retained earnings	<u>123,774</u>	<u>114,232</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.

**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	Actual Utilisation 31.12.18	Intended Timeframe of Utilisation
	RM'000	RM'000	(from 19 Oct 2017)
Purchase of property, equipment and machinery	15,000	15,000	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	37,846	

BY ORDER OF THE BOARD

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

26 FEBRUARY 2019