



EG INDUSTRIES BERHAD

(222897-W)

(Incorporated in Malaysia)

Interim Financial Statements For The Financial Period Ended

31 December 2019


CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

	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		
		31.12.2019	31.12.2018	%	31.12.2019	31.12.2018	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		284,758	259,447	9.8%	561,811	516,097	8.9%
Operating profit		13,811	14,272	-3.2%	28,485	29,039	-1.9%
Interest income		51	75	-32.0%	340	216	57.4%
Interest expense		(1,764)	(2,063)	-14.5%	(3,467)	(3,510)	-1.2%
Depreciation & amortisation		(9,867)	(7,969)	23.8%	(19,242)	(16,103)	19.5%
Profit before tax		2,231	4,315	-48.3%	6,116	9,642	-36.6%
Tax expense	B6	(200)	(50)	>100%	(212)	(100)	>100%
Profit for the period		2,031	4,265	-52.4%	5,904	9,542	-38.1%
Other comprehensive income for the period, net of tax							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")		419	-	N/A	1,780	-	N/A
		419	-	N/A	1,780	-	N/A
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Fair value of available-for-sale financial assets		-	(876)	-100.0%	-	(1,662)	-100.0%
Foreign currency translation differences for foreign operations		18	5,881	-99.7%	3,709	3,459	7.2%
		18	5,005	-99.6%	3,709	1,797	>100.0%
Other comprehensive income for the period, net of tax		437	5,005	-91.3%	5,489	1,797	>100.0%
Total comprehensive income for the period, net of tax		2,468	9,270	-73.4%	11,393	11,339	0.5%
Profit attributable to:							
Owners of the Company		2,031	4,265	-52.4%	5,904	9,542	-38.1%
Non-controlling interest		-	-	-	-	-	-
		2,031	4,265	-52.4%	5,904	9,542	-38.1%



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>	
		3 months ended			6 months ended		
		31.12.2019	31.12.2018		31.12.2019	31.12.2018	
		RM'000	RM'000		RM'000	RM'000	
Total comprehensive income attributable to:							
Owners of the Company		2,468	9,270	-73.4%	11,393	11,339	0.5%
Non-controlling interest		-	-	-	-	-	-
		2,468	9,270	-73.4%	11,393	11,339	0.5%
Basic earnings per ordinary share (sen)	B16	0.79	1.60		2.30	3.59	
Diluted earnings per ordinary share (sen)	B16	0.67	1.34		1.95	3.00	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2019. The accompanying notes are an integral part of this statement.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	Unaudited as at 31.12.2019 RM'000	Audited as at 30.06.2019 RM'000
Assets			
Property, plant and equipment		258,589	234,052
Investment properties		3,672	3,705
Investment in associate		1,960	1,960
Other investments		5,122	3,342
Intangible asset		18,514	18,873
Deferred tax assets		1,488	1,485
Total non-current assets		289,345	263,417
Inventories		204,679	198,171
Trade and other receivables	B7	269,263	212,053
Current tax assets		1,759	1,998
Fixed deposits with licensed banks		17,868	19,370
Cash and bank balances		21,999	20,503
Total current assets		515,568	452,095
Total assets		804,913	715,512
Equity			
Share capital		109,905	106,315
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	34,423	38,013
Reserves		206,907	195,514
Total equity attributable to shareholders of the Company		343,192	331,799
Non-controlling interests		(361)	(361)
Total equity		342,831	331,438
Liabilities			
Loans and borrowings	B11	7,289	8,970
Redeemable convertible preference shares – Liability component	B11	2,430	3,306
Provision for retirement benefits		413	395
Deferred tax liabilities		121	121
Total non-current liabilities		10,253	12,792

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONTINUED)**

	Note	Unaudited as at 31.12.2019 RM'000	Audited as at 30.06.2019 RM'000
Loans and borrowings	B11	186,933	183,061
Trade and other payables		264,081	187,418
Provisions		800	800
Current tax liabilities		15	3
Total current liabilities		451,829	371,282
Total liabilities		462,082	384,074
Total equity and liabilities		804,913	715,512
Net assets per ordinary share (RM)		1.33	1.31

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2019. The accompanying notes are an integral part of this Statement of Financial Position.



Interim Financial Statements for the Financial Period Ended 31 December 2019

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

	←			Non-distributable			→			Minority Interest RM'000	Total equity RM'000
	Share capital RM'000	RCPS - equity component 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		
At 1 July 2019	106,315	38,013	(8,043)	26,836	(3,543)	16,572	28,558	127,091	331,799	(361)	331,438
Foreign currency translation differences for foreign operations	-	-	-	-	-	3,709	-	-	3,709	-	3,709
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	1,780	-	-	-	1,780	-	1,780
Total other comprehensive income for the period	-	-	-	-	1,780	3,709	-	-	5,489	-	5,489
Profit for the period	-	-	-	-	-	-	-	5,904	5,904	-	5,904
Total comprehensive income for the period	-	-	-	-	1,780	3,709	-	5,904	11,393	-	11,393
Conversion of RCPS to ordinary shares	3,590	(3,590)	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	3,590	(3,590)	-	-	-	-	-	-	-	-	-
At 31 December 2019 (Unaudited)	109,905	34,423	(8,043)	26,836	(1,763)	20,281	28,558	132,995	343,192	(361)	342,831
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 income for the period	-	-	-	-	(1,662)	3,459	-	-	1,797	-	1,797
Profit for the period	-	-	-	-	-	-	-	9,542	9,542	-	9,542
Total comprehensive (expense)/income for the period	-	-	-	-	(1,662)	3,459	-	9,542	11,339	-	11,339
Conversion of RCPS to ordinary 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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2019. The accompanying notes are integral part of this statement.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

	Unaudited 31.12.2019 RM'000	Unaudited 31.12.2018 RM'000
Cash flow from operating activities		
Profit before tax	6,116	9,642
Adjustments for:		
Depreciation of property, plant and equipment	18,587	15,457
Depreciation of investment property	33	33
Amortisation of intangible assets	622	613
Interest expenses	3,467	3,510
Dividend income	(1)	(1)
Loss / (Gain) on disposal of property, plant and equipment	577	(31)
Interest income	(340)	(216)
(Gain) / Loss on foreign exchange, net - unrealised	(2,138)	1,218
Operating profit before working capital changes	26,923	30,225
Inventories	(3,007)	(17,831)
Trade and other receivables	(57,210)	(5,257)
Trade and other payables	75,118	8,936
Cash generated from operations	41,824	16,073
Tax paid	(60)	(1,437)
Dividend received	1	1
Net cash generated from operating activities	41,765	14,637
Cash flow from investing activities		
Acquisition of property, plant and equipment	(39,764)	(16,898)
Acquisition of intangible assets	(255)	(15)
Acquisition of treasury shares	-	(913)
Interest received	340	216
Proceeds from disposal of property, plant and equipment	561	1,757
Net cash used in investing activities	(39,118)	(15,853)
Cash flows from financing activities		
Drawdown of bank borrowing, net	3,693	6,800
Repayment of finance lease liabilities	(961)	(1,969)
Repayment of term loans	(541)	(1,814)
Dividend paid	(876)	(672)
Interest paid	(3,467)	(3,510)
Withdrawal / (Placement) of pledged deposits	1,502	(169)
Net cash used in financing activities	(650)	(1,334)
Net increase / (decrease) in cash and cash equivalents	1,997	(2,550)
Cash and cash equivalents at beginning of the period	20,503	41,139
Effect of exchange rates on cash and cash equivalents	(501)	(289)
Cash and cash equivalents at end of the period	21,999	38,300

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2019. 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 2019. 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 2019. The audited financial statements of the Group as at and for the year ended 30 June 2019 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 2019 except for the adoption of the following new and revised MFRSs:

Standards issued but not yet effective

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 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- 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 3, *Business Combinations- Definition of a Business* Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Material*

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 Group plans to apply the abovementioned accounting standards, interpretations and amendments in the respective financial years when the abovementioned standards, interpretations or amendments become effective.

A3. Audit Report

The auditors' report of the Group's financial statements for the year ended 30 June 2019 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

During the financial period-to-date, the Company increased its issued and paid-up share capital by issuance of 3,778,700 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 3,778,700 redeemable convertible preference shares ("RCPS") on the basis of 1 ordinary share for 1 RCPS held.

As at 31 December 2019, the number of outstanding ordinary shares each in issue is 275,008,862. The Company held 17,585,900 of its shares as at 31 December 2019. The number of outstanding ordinary shares of RM0.50 each in issue after the set-off is 257,422,962.

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 year ended 31 December 2019.

A8. Dividend Paid

No dividend has been paid for the current financial quarter ended 31 December 2019.



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> 31.12.2019 RM'000	<u>Unaudited</u> 31.12.2018 RM'000	Change %	<u>Unaudited</u> 31.12.2019 RM'000	<u>Unaudited</u> 31.12.2018 RM'000	Change %
Segment revenue						
- Electronic Manufacturing Services	284,298	259,435	9.6%	561,163	515,946	8.8%
- Other	460	12	>100%	648	151	>100%
Total Segment Revenue	284,758	259,447	9.8%	561,811	516,097	8.9%
Segment Result						
- Electronic Manufacturing Services	3,434	4,481	-23.4%	8,453	9,880	-14.4%
- Other	(1,203)	(166)	>100%	(2,337)	(238)	>100%
Profit before tax	2,231	4,315	-48.3%	6,116	9,642	-36.6%
Segment assets						
- Electronic Manufacturing Services	36,510	(10,674)	>-100%	771,100	639,662	20.5%
- Other	(927)	(841)	10.2%	33,813	37,297	-9.34%
	35,583	(11,515)	>-100%	804,913	676,959	18.9%

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial period ended 31 December 2019.

A11. Material Subsequent Events

There were no material events or transactions subsequent to the end of current financial period ended 31 December 2019.

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 31.12.2019 RM'000	Audited As at 30.06.2019 RM'000
Authorised and contracted for:		
Property, plant and equipment	10,281	874

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 31.12.2019 RM'000	Audited As at 30.06.2019 RM'000
Sales	-	371
Purchase of raw materials	(953)	(1,747)
Purchase of tooling	-	45

These transactions have been entered into in the normal course of business 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: using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices)
- Level 3: using unobservable inputs for the financial liabilities

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		
31.12.2019						
Financial asset						
Quoted shares	5,122	5,122	-	-	5,122	5,122
Financial liabilities						
Term loans – variable rate	-	-	(4,151)	(4,151)	(4,151)	(4,151)
Finance lease liabilities	-	-	(6,814)	(6,814)	(6,814)	(6,814)
	-	-	(10,965)	(10,965)	(10,965)	(10,965)
30.06.2019						
Financial asset						
Quoted shares	3,342	3,342	-	-	3,342	3,342
Financial liabilities						
Term loans – variable rate	-	-	(4,691)	(4,691)	(4,691)	(4,691)
Finance lease liabilities	-	-	(8,116)	(8,116)	(8,116)	(7,775)
	-	-	(12,807)	(12,807)	(12,807)	(12,466)

There has been no transfer between the fair value levels during the financial period to date 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 2020”) and the preceding correspondence quarter (“Q2 2019”)**

For the current quarter ended 31 December 2019, the Group recorded revenue of RM284.8 million, an increase of 9.8% as compared to RM259.4 million recorded in the previous year corresponding quarter. The increase in revenue during the quarter mainly has driven by higher sales from new customer products.

However, the Group’s profit before tax for the current quarter decreased by 48.3% to RM2.2 million from RM4.3 million in previous year corresponding quarter mainly due to less favourable product mix, higher depreciation cost and higher labour cost incurred as several new product models are still under initial learning and development stage which require certain period to achieve optimal efficiency.

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 8.9% to RM561.8 million compared to the last year corresponding period of RM516.1 million. The increase in revenue was mainly driven by higher customer’s demand from sales of new products.

However, the Group’s profit before tax decreased by 36.6% or RM3.5 million to RM6.1 million from RM9.6 million in previous year corresponding period due to less favourable product mix, higher depreciation cost and higher labour cost incurred as several new product models are still under initial learning and development stage which require certain period to achieve optimal efficiency.

B2. Variation of Results against Preceding Quarter

Description	2nd Quarter 2020 RM’000	1st Quarter 2020 RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	284,758	277,053	7,705	2.8%
Profit before tax	2,231	3,885	(1,654)	-91.6%
Profit after tax	2,031	3,873	(1,466)	-83.5%

Revenue for the current quarter was approximately RM284.8 million, an increase by RM7.7 million or 2.8% as compared to the immediate preceding quarter of RM277.1 million. The increase in revenue was mainly driven by higher customer’s demand for existing data storage products.

Despite the increase in sales revenue, the Group’s profit before tax in the current quarter decreased to RM2.2 million from RM3.9 million in the immediate preceding quarter mainly due to less favourable product mix during the current quarter and higher production cost incurred.



B3. Prospect

For financial year 2020, the Group expects to face continue challenges on the overall macro economy such as fluctuation of US Dollar against Malaysia Ringgit, ongoing U.S.- China trade war and the COVID-19 virus outbreak which has affected the global manufacturing activity due to shortage of raw materials and slowdown of global economy.

Despite the uncertainties, the Group anticipates the global electronic manufacturing services will continue to shift out from China to South East Asia. Thus, the factory expansion plan in Malaysia will still be ongoing as the Group has more enquiries from several multinational companies and several new projects has been successfully launched during the year.

The newly-acquired land and factory announced in September 2018 will be the Group’s first fully automated manufacturing facility has commenced its operations on November 2019 which enable the Group to take on more jobs and expected to contribute positively to the Group’s revenue in the coming financial years.

With the global manufacturing scene experiencing rapid technology advancement in recent years, the Group will continue its efforts towards the adoption of Industry 4.0 and factory automation to improve its overall cost-efficiency, quality and reduce reliance in labour. 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 enhance the production efficiency.

Barring the unforeseen circumstances, the Board will cautiously review the capital investment plan based on the economy situation and at the same time take necessary measures to mitigate any upcoming foreseeable risks.

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 31.12.2019 RM’000	Unaudited 31.12.2018 RM’000	Unaudited 31.12.2019 RM’000	Unaudited 31.12.2018 RM’000
Current tax expense	200	100	212	500
Deferred tax income	-	(50)	-	(400)
Tax expense	200	50	212	100

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 a local subsidiary of the Company has been granted pioneer status 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 31.12.2019 RM'000	Audited As at 30.06.2019 RM'000
Trade	264,998	208,975
Non-trade	4,265	3,078
	269,263	212,053

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 31.12.2019 RM'000	As at 30.06.2019 RM'000
Not past due	146,446	136,536
Past due 1 - 30 days	106,324	64,586
Past due 31 - 60 days	7,838	4,427
Past due 61 - 90 days	3,503	427
	264,111	205,976
Credits impaired		
Past due more than 90 days	887	2,999
	264,998	208,975

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 2019, 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.



B10. Status of Uncompleted Corporate Announcement (Continued)

(ii) Acquisition of Leasehold Land

On 18 November 2019, a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement ("SPA") with The Penang Development Corporation ("PDC" or "Vendor") for the acquisition all that piece of leasehold land situated in Seberang Perai Selatan and forming part of Mukim 13 the site whereof is marked Plot 329(d) Batu Kawan Industrial Park with an approximately area of 228,463.49 square feet, for a total cash consideration of RM10,280,857.

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 31.12.2019 RM'000	Audited As at 30.06.2019 RM'000
(a) Secured		
Bankers' acceptances	136,298	121,650
Trust Receipt	15,620	13,255
Term Loan	4,151	4,691
Financial lease liabilities	6,814	7,775
Trade financing	22,895	44,660
Revolving credits	8,444	-
	<u>194,222</u>	<u>192,031</u>
(b) Current	186,933	183,061
Non-current	7,289	8,970
	<u>194,222</u>	<u>192,031</u>
(c) Denominated in Malaysia Ringgit	47,999	18,466
Denominated in US Dollar	118,605	119,555
Denominated in Thai Baht	27,618	54,010
	<u>194,222</u>	<u>192,031</u>

(ii) Debt securities – Redeemable Convertible Preference Shares ("RCPS")

	No. of RCPS ('000)	Amount RM'000
At 1 July 2019	46,116	41,319
Less: Converted during the year	(3,779)	(3,590)
Less: Dividend paid	-	(876)
At 31 December 2019	<u>42,337</u>	<u>36,853</u>
Liability component		2,430
Equity component		<u>34,423</u>
		<u>36,853</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 financial quarter under review.

B15. 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 31.12.2019	Unaudited 31.12.2018	Unaudited 31.12.2019	Unaudited 31.12.2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	9,867	7,969	19,242	16,103
Interest expense	1,764	2,063	3,467	3,510
Interest income	(51)	(75)	(340)	(216)
Net foreign exchange (gain) / loss	(1,547)	587	(2,138)	1,218
Loss / (Gain) on disposal of property, plant and equipment	546	(15)	577	(31)

B16. 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 31.12.2019	Unaudited 31.12.2018	Unaudited 31.12.2019	Unaudited 31.12.2018
Net profit attributable to owners of the Company (RM'000)	2,031	4,265	5,904	9,542
Weighted average number of ordinary shares outstanding ('000)	257,006	266,076	257,006	266,076
Basic earnings per ordinary share (sen)	0.79	1.60	2.30	3.59

**B16. Earnings Per Ordinary Share (Continued)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit attributable to owners of the Company (RM'000)	2,031	4,265	5,904	9,542
Weighted average number of ordinary shares outstanding ('000)	257,006	266,076	257,006	266,076
Adjusted for:				
Effect of exercise of warrants ('000)	16,298	16,298	16,298	16,298
Effect of conversion of RCPS ('000)	29,530	35,285	29,530	35,285
Adjusted weighted average number of ordinary shares ('000)	302,834	317,659	302,834	317,659
Diluted earnings per ordinary share (sen)	0.67	1.34	1.95	3.00

BY ORDER OF THE BOARD

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

27 FEBRUARY 2020