



EG INDUSTRIES BERHAD

Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

Interim Financial Statements For The Financial Period Ended

31 March 2020



Interim Financial Statements for the Financial Period Ended 31 March 2020

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2020

	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			9 months ended		
		31.03.2020 RM'000	31.03.2019 RM'000	%	31.03.2020 RM'000	31.03.2019 RM'000	%
Revenue		211,362	216,449	-2.4%	773,173	732,546	5.5%
Operating profit		5,882	11,188	-47.4%	34,367	40,227	-14.6%
Interest income		51	15	>100.0%	391	231	69.3%
Interest expense		(1,564)	(1,984)	-21.2%	(5,031)	(5,494)	-8.4%
Depreciation & amortisation		(9,820)	(7,413)	32.5%	(29,062)	(23,516)	23.6%
(Loss) / Profit before tax		(5,451)	1,806	>-100.0%	665	11,448	-94.2%
Tax expense	B6	-	(50)	-100.0%	(212)	(150)	41.3%
(Loss) / Profit for the period		(5,451)	1,756	>-100.0%	453	11,298	-96.0%
Other comprehensive (expense) / 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")		(2,903)	-	N/A	(1,123)	-	N/A
		(2,903)	-	N/A	(1,123)	-	N/A
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Fair value of available-for-sale financial assets		-	(900)	N/A	-	(2,562)	N/A
Foreign currency translation differences for foreign operations		(5,950)	1,973	>-100.0%	(2,241)	5,432	>-100.0%
		(5,950)	1,073	>-100.0%	(2,241)	2,870	>-100.0%
Other comprehensive (expense) / income for the period, net of tax		(8,853)	1,073	>-100.0%	(3,364)	2,870	>-100.0%
Total comprehensive (expense) / income for the period, net of tax		(14,304)	2,829	>-100.0%	(2,911)	14,168	>-100.0%
(Loss) / Profit attributable to:							
Owners of the Company		(5,451)	1,756	>-100.0%	453	11,298	-96.0%
Non-controlling interest		-	-	-	-	-	-
		(5,451)	1,756	>-100.0%	453	11,298	-96.0%

**Interim Financial Statements for the Financial Period Ended 31 March 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2020 (CONTINUED)

	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			9 months ended		
31.03.2020	31.03.2019	%	31.03.2020	31.03.2019	%		
		RM'000	RM'000		RM'000	RM'000	
Total comprehensive (expense) / income attributable to:							
Owners of the Company		(14,304)	2,829	>-100.0%	(2,911)	14,168	>-100.0%
Non-controlling interest		-	-	-	-	-	-
		(14,304)	2,829	>-100.0%	(2,911)	14,168	>-100.0%
Basic (loss) / earnings per ordinary share (sen)	B16	(2.12)	0.66		0.18	4.24	
Diluted (loss) / earnings per ordinary share (sen)	B16	(1.80)	0.55		0.15	3.56	

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 MARCH 2019**

	Note	Unaudited as at 31.03.2020 RM'000	Audited as at 30.06.2019 RM'000
Assets			
Property, plant and equipment		266,618	234,052
Investment properties		3,656	3,705
Investment in associate		1,960	1,960
Other investments		2,219	3,342
Intangible asset		18,197	18,873
Deferred tax assets		1,486	1,485
Total non-current assets		294,136	263,417
Inventories		284,921	198,171
Trade and other receivables	B7	288,684	212,053
Current tax assets		1,950	1,998
Fixed deposits with licensed banks		17,879	19,370
Cash and bank balances		16,865	20,503
Total current assets		610,299	452,095
Total assets		904,435	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		192,603	195,514
Total equity attributable to shareholders of the Company		328,888	331,799
Non-controlling interests		(361)	(361)
Total equity		328,527	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		399	395
Deferred tax liabilities		121	121
Total non-current liabilities		10,239	12,792

**Interim Financial Statements for the Financial Period Ended 31 March 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 (CONTINUED)**

	Note	Unaudited as at 31.03.2020 RM'000	Audited as at 30.06.2019 RM'000
Loans and borrowings	B11	210,014	183,061
Trade and other payables		354,852	187,418
Provisions		800	800
Current tax liabilities		3	3
Total current liabilities		565,669	371,282
Total liabilities		575,908	384,074
Total equity and liabilities		904,435	715,512
Net assets per ordinary share (RM)		1.37	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 March 2020

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2020**

	←			Non-distributable			→ Distributable				
	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	Minority Interest RM'000	Total equity 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	-	-	-	-	-	(2,241)	-	-	(2,241)	-	(2,241)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(1,123)	-	-	-	(1,123)	-	(1,123)
Total other comprehensive expense for the period	-	-	-	-	(1,123)	(2,241)	-	-	(3,364)	-	(3,364)
Profit for the period	-	-	-	-	-	-	-	453	453	-	453
Total comprehensive expense for the period	-	-	-	-	(1,123)	(2,241)	-	453	(2,911)	-	(2,911)
Conversion of RCPS to ordinary shares	3,590	(3,590)	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	3,590	(3,590)	-	-	-	-	-	-	-	-	-
At 31 March 2020 (Unaudited)	109,905	34,423	(8,043)	26,836	(4,666)	14,331	28,558	127,544	328,888	(361)	328,527
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	-	-	-	-	-	5,432	-	-	5,432	-	5,432
Fair value of available-for-sale financial assets	-	-	-	-	(2,562)	-	-	-	(2,562)	-	(2,562)
Total other comprehensive (expense) / income for the period	-	-	-	-	(2,562)	5,432	-	-	2,870	-	2,870
Profit for the period	-	-	-	-	-	-	-	11,298	11,298	-	11,298
Total comprehensive (expense) / income for the period	-	-	-	-	(2,562)	5,432	-	11,298	14,168	-	14,168
Conversion of RCPS to ordinary shares	4,235	(4,235)	-	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	(6,538)	-	-	-	-	-	(6,538)	-	(6,538)
Total transactions with owners of the Company	4,235	(4,235)	(6,538)	-	-	-	-	-	(6,538)	-	(6,538)
At 31 March 2019 (Unaudited)	106,315	37,883	(6,538)	26,836	(2,720)	13,969	28,558	125,530	329,833	(361)	329,472

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 THIRD QUARTER ENDED 31 MARCH 2020**

	Unaudited 31.03.2020 RM'000	Unaudited 31.03.2019 RM'000
Cash flow from operating activities		
Profit before tax	665	11,448
Adjustments for:		
Depreciation of property, plant and equipment	28,072	22,547
Depreciation of investment property	49	49
Amortisation of intangible assets	941	920
Interest expenses	5,031	5,494
Dividend income	(1)	(1)
Gain on disposal of other investment	-	(1)
Loss / (Gain) on disposal of property, plant and equipment	602	(166)
Interest income	(391)	(231)
Loss on foreign exchange, net - unrealised	8,951	249
Operating profit before working capital changes	43,919	40,308
Inventories	(85,924)	(19,285)
Trade and other receivables	(76,631)	5,544
Trade and other payables	154,453	20,886
Cash generated from operations	35,817	47,453
Tax paid	(992)	(973)
Tax refunded	841	-
Dividend received	1	1
Net cash generated from operating activities	35,667	46,481
Cash flow from investing activities		
Acquisition of property, plant and equipment	(60,897)	(48,174)
Acquisition of intangible assets	(255)	(32)
Acquisition of treasury shares	-	(6,538)
Interest received	391	231
Proceeds from disposal of property, plant and equipment	718	1,990
Net cash used in investing activities	(60,043)	(52,523)
Cash flows from financing activities		
Drawdown of bank borrowing, net	27,665	17,685
Repayment of finance lease liabilities	(1,580)	(2,751)
Repayment of term loans	(813)	(2,758)
Dividend paid	(876)	(672)
Interest paid	(5,031)	(5,494)
Withdrawal / (Placement) of pledged deposits	1,491	(138)
Net cash generated from financing activities	20,856	5,872
Net decrease in cash and cash equivalents	(3,520)	(170)
Cash and cash equivalents at beginning of the period	20,503	41,139
Effect of exchange rates on cash and cash equivalents	(118)	(540)
Cash and cash equivalents at end of the period	16,865	40,429

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 March 2020, 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 March 2020. 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 March 2020.

A8. Dividend Paid

No dividend has been paid for the current financial quarter ended 31 March 2020.

Interim Financial Statements for the Financial Period Ended 31 March 2020

(The figures have not been audited)

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> 31.03.2020 RM'000	<u>Unaudited</u> 31.03.2019 RM'000	Change %	<u>Unaudited</u> 31.03.2020 RM'000	<u>Unaudited</u> 31.03.2019 RM'000	Change %
Segment revenue						
- Electronic						
Manufacturing Services	211,493	216,429	-2.3%	772,656	732,375	5.5%
- Other	(131)	20	>-100.0%	517	171	>100.0%
Total Segment Revenue	211,362	216,449	-2.4%	773,173	732,546	5.5%
Segment Result						
- Electronic						
Manufacturing Services	(4,205)	2,085	>-100.0%	4,248	11,965	-64.5%
- Other	(1,246)	(279)	>100.0%	(3,583)	(517)	>100.0%
(Loss) / Profit before tax	(5,451)	1,806	>-100.0%	665	11,448	-94.2%
Segment assets						
- Electronic						
Manufacturing Services	102,601	22,673	>100.0%	873,701	662,335	31.9%
- Other	(3,079)	(1,752)	75.7%	30,734	35,545	-13.53%
	99,522	20,921	>100.0%	904,435	697,880	29.6%

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial period ended 31 March 2020.

A11. Material Subsequent Events

There were no material events or transactions subsequent to the end of current financial period ended 31 March 2020.

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 31.03.2020 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 31.03.2020 RM'000	Audited As at 30.06.2019 RM'000
Sales	-	371
Purchase of raw materials	(644)	(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.

**Interim Financial Statements for the Financial Period Ended 31 March 2020**

(The figures have not been audited)

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		
31.03.2020						
Financial asset						
Quoted shares	2,219	2,219	-	-	2,219	2,219
Financial liabilities						
Term loans – variable rate	-	-	(3,879)	(3,879)	(3,879)	(3,879)
Finance lease liabilities	-	-	(6,195)	(6,195)	(6,195)	(6,195)
	-	-	(10,074)	(10,074)	(10,074)	(10,074)
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 (“Q3 2020”) and the preceding correspondence quarter (“Q3 2019”)

For the current quarter ended 31 March 2020, the Group recorded revenue of RM211.4 million, a decrease of 2.4% as compared to RM216.4 million recorded in the previous year corresponding quarter. The slight decrease in revenue was mainly due to loss of production capacity caused by Movement Control Order (MCO) implemented since 18 March 2020 by Malaysia Government.

Despite the slight decrease in revenue, the Group reported a loss before taxation of RM5.5 million for the current quarter as compared to the profit before tax of RM1.8 million in previous year corresponding quarter mainly due to the following:

1. Lower operating profit due to higher cost of production and increase in fixed operating expenses allocated to each unit of product produced as a result of loss of sales due to MCO which was implemented since 18 March 2020.
2. Less favourable product mix as the sales of higher margin consumer electronics products has decreased due to COVID-19 pandemic since February 2020 which affected the entire supply chain and shipment to end customers;
3. The commencement of operation at new plant resulted higher depreciation due to initial set up cost and higher labour cost as several new product models produced at new plant are still under initial learning and development stage which require certain period to achieve optimal efficiency for high volume production.
4. Unfavourable US Dollar exchange rate movements which resulted unrealised foreign exchange loss of RM6.8 million as compared with net exchange gain of RM1.0 million last year.

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 grew 5.5% to RM773.2 million from RM732.5 million in the last year corresponding period. The increase in revenue was mainly driven by higher customer’s demand from sales of new products and data storage products.

Despite the increase in revenue, the Group’s profit before tax decreased by 94.2% or RM10.8 million to RM0.7 million from RM11.4 million in previous year corresponding period due to the reasons as mentioned above.

B2. Variation of Results against Preceding Quarter

Description	3 rd Quarter 2020 RM’000	2 nd Quarter 2020 RM’000	Increase/ (Decrease)	
			RM’000	%
Revenue	211,362	284,758	(73,396)	-25.8%
(Loss) / Profit before tax	(5,451)	2,231	(7,682)	>-100.0%
(Loss) / Profit after tax	(5,451)	2,031	(7,482)	>-100.0%

Revenue for the current quarter was approximately RM211.4 million, a decrease by 25.8% as compared to the immediate preceding quarter of RM284.8 million. The decrease in revenue during the current quarter was mainly due to decrease in sales of all customer products caused by MCO which was effective since 18 March 2020.

B2. Variation of Results against Preceding Quarter (Continued)

Correspondingly, the Group reported a loss before taxation of RM5.5 million compared to a profit before tax of RM2.2 million in the immediate preceding quarter. The Group recorded loss before taxation also due to less favourable product mix, higher operating cost and unfavourable US Dollar exchange rate movements during the current quarter.

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.

The manufacturing operation in Malaysia has resumed in full since May 2020. However, the Group expects it will take several months to restore the production at optimal efficiency level as per before the MCO as the Group need to retrain new high skilled operators due to high turnover rate during MCO and implementation of COVID-19 precautions measures in accordance to Standard Operating Procedures (“SOP”) issued by Malaysia Government to protect the Group’s employees and stakeholders.

The Management is currently focus on strategic planning, cost reduction and overall change in resources allocation to help the Group to prepare for the challenging period ahead.

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 31.03.2020 RM'000	Unaudited 31.03.2019 RM'000	Unaudited 31.03.2020 RM'000	Unaudited 31.03.2019 RM'000
Current tax expense	-	100	212	600
Deferred tax income	-	(50)	-	(450)
Tax expense	-	50	212	150

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 31.03.2020 RM'000	Audited As at 30.06.2019 RM'000
Trade	284,086	208,975
Non-trade	4,598	3,078
	288,684	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 31.03.2020 RM'000	As at 30.06.2019 RM'000
Not past due	179,283	136,536
Past due 1 - 30 days	88,499	64,586
Past due 31 - 60 days	11,681	4,427
Past due 61 - 90 days	1,208	427
	280,671	205,976
Credits impaired		
Past due more than 90 days	3,415	2,999
	284,086	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 March 2020, 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 31.03.2020 RM'000	Audited As at 30.06.2019 RM'000
(a) Secured		
Bankers' acceptances	182,279	121,650
Trust Receipt	16,506	13,255
Term Loan	3,879	4,691
Financial lease liabilities	6,195	7,775
Trade financing	-	44,660
Revolving credits	8,444	-
	<u>217,303</u>	<u>192,031</u>
(b) Current	210,014	183,061
Non-current	7,289	8,970
	<u>217,303</u>	<u>192,031</u>
(c) Denominated in Malaysia Ringgit	28,518	18,466
Denominated in US Dollar	158,181	119,555
Denominated in Thai Baht	30,604	54,010
	<u>217,303</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 March 2020	<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

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.03.2020	Unaudited 31.03.2019	Unaudited 31.03.2020	Unaudited 31.03.2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	9,820	7,413	29,062	23,516
Interest expense	1,564	1,984	5,031	5,494
Interest income	(51)	(15)	(391)	(231)
Net foreign exchange loss / (gain)	6,813	(969)	8,951	249
Loss / (Gain) on disposal of property, plant and equipment	25	(135)	602	(166)
Gain on disposal of other investment	-	(1)	-	(1)

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 31.03.2020	Unaudited 31.03.2019	Unaudited 31.03.2020	Unaudited 31.03.2019
Net profit attributable to owners of the Company (RM'000)	(5,451)	1,756	453	11,298
Weighted average number of ordinary shares outstanding ('000)	257,145	266,527	257,145	266,527
Basic (loss) / earnings per ordinary share (sen)	(2.12)	0.66	0.18	4.24

**Interim Financial Statements for the Financial Period Ended 31 March 2020**

(The figures have not been audited)

B16. Earnings Per Ordinary Share (Continued)

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Net profit attributable to owners of the Company (RM'000)	(5,451)	1,756	453	11,298
Weighted average number of ordinary shares outstanding ('000)	257,145	266,527	257,145	266,527
Adjusted for:				
Effect of exercise of warrants ('000)	16,298	16,298	16,298	16,298
Effect of conversion of RCPS ('000)	29,391	34,658	29,391	34,658
Adjusted weighted average number of ordinary shares ('000)	302,834	317,483	302,834	317,483
Diluted (loss) / earnings per ordinary share (sen)	(1.80)	0.55	0.15	3.56

BY ORDER OF THE BOARD

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

18 JUNE 2020