



# **EG INDUSTRIES BERHAD**

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

## **Interim Financial Statements For The Financial Period Ended**

**30 June 2020**



**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Restated</u>		<u>Unaudited</u>	<u>Audited</u>	
		3 months ended			12 months ended		
		30.06.2020	30.06.2019		30.06.2020	30.06.2019	
		RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>		<b>230,479</b>	<b>280,380</b>	-17.8%	<b>1,003,652</b>	<b>1,012,926</b>	-0.9%
Operating (loss) / profit		(2,221)	12,093	>-100.0%	32,146	52,320	-38.6%
Interest income		872	383	>100.0%	1,263	614	>100.0%
Interest expense		(909)	(2,212)	-58.9%	(5,940)	(7,706)	-22.9%
Depreciation & amortisation		(10,142)	(8,609)	17.8%	(39,204)	(32,125)	22.0%
<b>(Loss) / Profit before tax</b>		<b>(12,400)</b>	<b>1,655</b>	>-100.0%	<b>(11,735)</b>	<b>13,103</b>	>-100.0%
Tax expense	B6	(524)	(369)	42.0%	(736)	(519)	41.8%
<b>(Loss) / Profit for the period</b>		<b>(12,924)</b>	<b>1,286</b>	>-100.0%	<b>(12,471)</b>	<b>12,584</b>	>-100.0%
<b>Other comprehensive income / (expense) for the period, net of tax</b>							
<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")		909	(3,384)	>-100.0%	(214)	(3,384)	-93.7%
Gain from re-measurement of provision for retirement benefits		-	136	-100.0%	-	136	-100.0%
Income tax benefit related to gain from re-measurement of provision for retirement benefits		-	(27)	-100.0%	-	(27)	-100.0%
		909	(3,275)	>-100.0%	(214)	(3,275)	-93.5%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		6,647	2,603	>100.0%	4,406	8,035	-45.2%
		6,647	2,603	>100.0%	4,406	8,035	-45.2%
<b>Other comprehensive income / (expense) for the period, net of tax</b>		<b>7,556</b>	<b>(672)</b>	>-100.0%	<b>4,192</b>	<b>4,760</b>	-11.9%
<b>Total comprehensive (expense) / income for the period, net of tax</b>		<b>(5,368)</b>	<b>614</b>	>-100.0%	<b>(8,279)</b>	<b>17,344</b>	>-100.0%

**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2020 (CONTINUED)**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Restated</u>		<u>Unaudited</u>	<u>Audited</u>	
		3 months ended			12 months ended		
		30.06.2020	30.06.2019		30.06.2020	30.06.2019	
		RM'000	RM'000		RM'000	RM'000	
<b>(Loss) / Profit attributable to:</b>							
Owners of the Company		(12,924)	1,286	>-100.0%	(12,471)	12,584	>-100.0%
Non-controlling interest		-	-	-	-	-	-
		<b>(12,924)</b>	<b>1,286</b>	<b>&gt;-100.0%</b>	<b>(12,471)</b>	<b>12,584</b>	<b>&gt;-100.0%</b>
<b>Total comprehensive (expense) / income attributable to:</b>							
Owners of the Company		(5,368)	614	>-100.0%	(8,279)	17,344	>-100.0%
Non-controlling interest		-	-	-	-	-	-
		<b>(5,368)</b>	<b>614</b>	<b>&gt;-100.0%</b>	<b>(8,279)</b>	<b>17,344</b>	<b>&gt;-100.0%</b>
Basic (loss) / earnings per ordinary share (sen)	B16	(5.02)	0.49		(4.85)	4.78	
Diluted (loss) / earnings per ordinary share (sen)	B16	(4.27)	0.41		(4.12)	4.03	

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.

**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	Unaudited as at 30.06.2020 RM'000	Audited as at 30.06.2019 RM'000
<b>Assets</b>			
Property, plant and equipment		268,750	234,052
Investment properties		3,640	3,705
Investment in associate		1,960	1,960
Other investments		3,128	3,342
Intangible asset		15,379	18,873
Deferred tax assets		1,487	1,485
<b>Total non-current assets</b>		<b>294,344</b>	<b>263,417</b>
Inventories		307,828	198,171
Trade and other receivables	B7	284,232	212,053
Current tax assets		1,388	1,998
Fixed deposits with licensed banks		18,037	19,370
Cash and bank balances		13,205	20,503
<b>Total current assets</b>		<b>624,690</b>	<b>452,095</b>
<b>Total assets</b>		<b>919,034</b>	<b>715,512</b>
<b>Equity</b>			
Share capital		109,905	106,315
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	34,423	38,013
Reserves		187,235	195,514
<b>Total equity attributable to shareholders of the Company</b>		<b>323,520</b>	<b>331,799</b>
Non-controlling interests		(361)	(361)
<b>Total equity</b>		<b>323,159</b>	<b>331,438</b>
<b>Liabilities</b>			
Loans and borrowings	B11	4,474	8,970
Redeemable convertible preference shares – Liability component	B11	1,623	3,306
Provision for retirement benefits		409	395
Deferred tax liabilities		-	121
<b>Total non-current liabilities</b>		<b>6,506</b>	<b>12,792</b>

**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020 (CONTINUED)**

	Note	Unaudited as at 30.06.2020 RM'000	Audited as at 30.06.2019 RM'000
Loans and borrowings	B11	229,542	183,061
Trade and other payables		359,027	187,418
Provisions		800	800
Current tax liabilities		-	3
<b>Total current liabilities</b>		<b>589,369</b>	<b>371,282</b>
<b>Total liabilities</b>		<b>595,875</b>	<b>384,074</b>
<b>Total equity and liabilities</b>		<b>919,034</b>	<b>715,512</b>
<b>Net assets per ordinary share (RM)</b>		<b>1.18</b>	<b>1.31</b>

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 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

	← Non-distributable					→ Distributable					
	Share capital RM'000	RCPS - equity component RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
<b>At 1 July 2019</b>	<b>106,315</b>	<b>38,013</b>	<b>(8,043)</b>	<b>26,836</b>	<b>(3,543)</b>	<b>16,572</b>	<b>28,558</b>	<b>127,091</b>	<b>331,799</b>	<b>(361)</b>	<b>331,438</b>
Foreign currency translation differences for foreign operations	-	-	-	-	-	4,406	-	-	<b>4,406</b>	-	<b>4,406</b>
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(214)	-	-	-	<b>(214)</b>	-	<b>(214)</b>
Total other comprehensive (expense) / income for the period	-	-	-	-	(214)	4,406	-	-	<b>4,192</b>	-	<b>4,192</b>
Loss for the period	-	-	-	-	-	-	-	(12,471)	<b>(12,471)</b>	-	<b>(12,471)</b>
<b>Total comprehensive (expense) / income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214)</b>	<b>4,406</b>	<b>-</b>	<b>(12,471)</b>	<b>(8,279)</b>	<b>-</b>	<b>(8,279)</b>
Conversion of RCPS to ordinary shares	3,590	(3,590)	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	<b>3,590</b>	<b>(3,590)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2020 (Unaudited)</b>	<b>109,905</b>	<b>34,423</b>	<b>(8,043)</b>	<b>26,836</b>	<b>(3,757)</b>	<b>20,978</b>	<b>28,558</b>	<b>114,620</b>	<b>323,520</b>	<b>(361)</b>	<b>323,159</b>

**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FOURTH QUARTER ENDED 30 JUNE 2020 (CONTINUED)**

	←			Non-distributable			→			Minority Interest RM'000	Total equity RM'000
	Share capital RM'000	RCPS - equity component RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 July 2018</b>	<b>102,080</b>	<b>42,118</b>	<b>-</b>	<b>26,836</b>	<b>(158)</b>	<b>8,537</b>	<b>28,558</b>	<b>114,232</b>	<b>322,203</b>	<b>(361)</b>	<b>321,842</b>
Foreign currency translation differences for foreign operations	-	-	-	-	-	8,035	-	-	<b>8,035</b>	-	<b>8,035</b>
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(3,384)	-	-	-	<b>(3,384)</b>	-	<b>(3,384)</b>
Gain from re-measurement of provision for retirement benefits	-	-	-	-	-	-	-	136	<b>136</b>	-	<b>136</b>
Income tax benefit related to gain from re-measurement of provision for retirement benefits	-	-	-	-	-	-	-	(27)	<b>(27)</b>	-	<b>(27)</b>
Total other comprehensive (expense) / income for the period	-	-	-	-	<b>(3,384)</b>	<b>8,035</b>	-	<b>109</b>	<b>4,760</b>	-	<b>4,760</b>
Profit for the period	-	-	-	-	-	-	-	12,584	<b>12,584</b>	-	<b>12,584</b>
<b>Total comprehensive (expense) / income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,384)</b>	<b>8,035</b>	<b>-</b>	<b>12,693</b>	<b>17,344</b>	<b>-</b>	<b>17,344</b>
Conversion of RCPS to ordinary shares	4,235	(4,105)	-	-	-	-	-	165	<b>295</b>	-	<b>295</b>
Treasury shares acquired	-	-	(8,043)	-	-	-	-	-	<b>(8,043)</b>	-	<b>(8,043)</b>
<b>Total transactions with owners of the Company</b>	<b>4,235</b>	<b>(4,105)</b>	<b>(8,043)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>(7,748)</b>	<b>-</b>	<b>(7,748)</b>
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	-	(1)	-	-	1	-	-	-
<b>At 30 June 2019 (Audited)</b>	<b>106,315</b>	<b>38,013</b>	<b>(8,043)</b>	<b>26,836</b>	<b>(3,543)</b>	<b>16,572</b>	<b>28,558</b>	<b>127,091</b>	<b>331,799</b>	<b>(361)</b>	<b>331,438</b>

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 FOURTH QUARTER ENDED 30 JUNE 2020**

	<b>Unaudited 30.06.2020 RM'000</b>	<b>Audited 30.06.2019 RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss) / Profit before tax	(11,735)	13,103
Adjustments for:		
Depreciation of property, plant and equipment	37,885	30,832
Depreciation of investment properties	65	65
Amortisation of intangible assets	1,254	1,228
Interest expenses	5,940	7,706
Dividend income	(1)	(2)
Loss / (Gain) on disposal of property, plant and equipment	629	(255)
Interest income	(1,263)	(614)
Property, plant and equipment written off	-	12
Provision of retirement benefits	-	100
Provision for slow moving stocks	2,518	-
Provision for warranties	(534)	-
Impairment loss on trade receivables	2,032	558
Impairment loss on intangible asset	2,500	-
Loss / (Gain) on foreign exchange, net - unrealised	1,609	(1,997)
Operating profit before changes in working capital	40,899	50,736
Inventories	(109,525)	(42,310)
Trade and other receivables	(74,211)	28,780
Trade and other payables	168,487	45,209
<b>Cash generated from operations</b>	<b>25,650</b>	<b>82,415</b>
Tax paid	(1,114)	(1,389)
Tax refunded	841	-
Dividend received	1	2
<b>Net cash generated from operating activities</b>	<b>25,378</b>	<b>81,028</b>
<b>Cash flows from investing activities</b>		
Subscription of shares in an associate	-	(1,960)
Acquisition of property, plant and equipment	(70,524)	(97,074)
Acquisition of intangible assets	(255)	(43)
Acquisition of treasury shares	-	(8,043)
Interest received	1,263	614
Proceeds from other investment	-	12
Proceeds from disposal of property, plant and equipment	717	6,666
<b>Net cash used in investing activities</b>	<b>(68,799)</b>	<b>(99,828)</b>
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowing, net	45,277	13,716
Repayment of finance lease liabilities	(2,207)	(3,917)
Repayment of term loans	(1,085)	(2,951)
Dividend paid	(876)	(671)
Interest paid	(5,940)	(7,459)
Withdrawal / (Placement) of pledged deposits	1,333	(476)
<b>Net cash generated from / (used in) financing activities</b>	<b>36,502</b>	<b>(1,758)</b>



**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020 (CONTINUED)**

	<b>Unaudited 30.06.2020 RM'000</b>	<b>Audited 30.06.2019 RM'000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,919)</b>	<b>(20,558)</b>
Effect of exchange rate fluctuation on cash and bank balances	(379)	(78)
Cash and cash equivalents at beginning of the period	20,503	41,139
<b>Cash and cash equivalents at end of the period</b>	<b>13,205</b>	<b>20,503</b>

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**

In the current financial year-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 the end of the financial year, the number of RCPS in issue is 42,337,070 shares.

At 30 June 2020, the Company held 17,585,900 of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held 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 30 June 2020.

**A8. Dividend Paid**

No dividend has been paid for the current financial quarter ended 30 June 2020.



**Interim Financial Statements for the Financial Period Ended 30 June 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		Change %	Cumulative Quarter Ended		Change %
	<u>Unaudited</u>	<u>Restated</u>		<u>Unaudited</u>	<u>Audited</u>	
	30.06.2020	30.06.2019		30.06.2020	30.06.2019	
	RM'000	RM'000		RM'000	RM'000	
<b>Segment revenue</b>						
- Electronic Manufacturing Services	230,437	280,376	-17.8%	1,003,093	1,012,751	-1.0%
- Other	42	4	>100.0%	559	175	>100.0%
<b>Total Segment Revenue</b>	<b>230,479</b>	<b>280,380</b>	<b>-17.8%</b>	<b>1,003,652</b>	<b>1,012,926</b>	<b>-0.9%</b>
<b>Segment Result</b>						
- Electronic Manufacturing Services	(10,616)	5,848	>-100.0%	(6,368)	17,813	>-100.0%
- Other	(1,784)	(4,193)	-57.5%	(5,367)	(4,710)	13.9%
<b>(Loss) / Profit before tax</b>	<b>(12,400)</b>	<b>1,655</b>	<b>&gt;-100.0%</b>	<b>(11,735)</b>	<b>13,103</b>	<b>&gt;-100.0%</b>
<b>Segment assets</b>						
- Electronic Manufacturing Services	16,114	19,498	-17.4%	889,815	681,833	30.5%
- Other	(1,515)	(1,866)	-18.8%	29,219	33,679	-13.2%
	<b>14,599</b>	<b>17,632</b>	<b>-17.2%</b>	<b>919,034</b>	<b>715,512</b>	<b>28.4%</b>

**A10. Valuation of Property, Plant and Equipment**

There were no valuation of property, plant and equipment during the current financial period ended 30 June 2020.

**A11. Material Subsequent Events**

There were no material events or transactions subsequent to the end of current financial period ended 30 June 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:

	<b>Unaudited As at 30.06.2020 RM'000</b>	<b>Audited As at 30.06.2019 RM'000</b>
Authorised and contracted for: Property, plant and equipment	10,281	874

**A15. Related party transactions**

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions to the financial statements are as follows:

	<b>Unaudited As at 30.06.2020 RM'000</b>	<b>Audited As at 30.06.2019 RM'000</b>
<b>(a) Transactions with companies in which certain Directors have a substantial financial interest</b>		
Sales	-	371
Purchase of raw materials	(736)	(1,747)
<b>(b) Transaction with an associate</b>		
Investment in an associate	-	1,960
Sales	1,881	-

**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 30 June 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		
<b>30.06.2020</b>						
<b>Financial asset</b>						
Quoted shares	3,128	3,128	-	-	3,128	3,128
<b>Financial liabilities</b>						
Term loans – variable rate	-	-	(3,607)	(3,607)	(3,607)	(3,607)
Finance lease liabilities	-	-	(5,568)	(5,568)	(5,568)	(5,568)
	-	-	(9,175)	(9,175)	(9,175)	(9,175)
<b>30.06.2019</b>						
<b>Financial asset</b>						
Quoted shares	3,342	3,342	-	-	3,342	3,342
<b>Financial liabilities</b>						
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.

**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS****B1. Review of Performance****Comparison between the current quarter (“Q4 2020”) and the preceding correspondence quarter (“Q4 2019”)**

For the current quarter ended 30 June 2020, the Group recorded revenue of RM230.5 million, a decrease of 17.8% as compared to RM280.4 million recorded in the previous year corresponding quarter. The 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.

Correspondingly, the Group reported a loss before tax of RM12.4 million for the current quarter as compared to the profit before tax of RM1.7 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. The company recognised one-off exceptional provisions of approximately RM7 million which including provision of slow moving stocks of RM2.5 million, impairment loss on trade receivables of RM2.0 million and impairment loss on intangible asset of RM2.5 million in relation to one of its customer supply accessories to automotive sector which was affected by the slower sales during COVID-19.

Earnings excluded the one-off exceptional provisions, depreciation and amortisation, the Group recorded core earnings of RM78.4 million, slight decreased of 7.8% from RM85.0 million last year as below:

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b><u>Unaudited</u></b> <b>30.06.2020</b> <b>RM'000</b>	<b><u>Restated</u></b> <b>30.06.2019</b> <b>RM'000</b>	<b><u>Unaudited</u></b> <b>30.06.2020</b> <b>RM'000</b>	<b><u>Audited</u></b> <b>30.06.2019</b> <b>RM'000</b>
<b>Operating (loss) / profit</b>	(2,221)	12,093	32,146	52,320
Depreciation and amortisation	10,142	8,609	39,204	32,125
<b>Exceptional expenses:</b>				
Provision for slow moving stocks	2,518	-	2,518	-
Impairment loss on trade receivables	2,032	558	2,032	558
Impairment loss on intangible asset	2,500	-	2,500	-
<b>Earnings before depreciation and amortisation and exceptional expenses</b>	<b>14,971</b>	<b>21,260</b>	<b>78,400</b>	<b>85,003</b>

**B1. Review of Performance (Continued)**

**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 decrease by 0.9% to RM1.004 billion from RM1.013 billion in the last year corresponding period. 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.

Correspondingly, the Group reported a loss before tax of RM11.7 million compared to a profit before tax of RM13.1 million in previous year corresponding period due to the reasons as mentioned above.

**B2. Variation of Results against Preceding Quarter**

Description	4 <sup>th</sup> Quarter 2020 RM'000	3 <sup>rd</sup> Quarter 2020 RM'000	Increase/ (Decrease)	
			RM'000	%
Revenue	230,479	211,362	19,117	9.0%
(Loss) / Profit before tax	(12,400)	(5,451)	(6,949)	>100.0%
(Loss) / Profit after tax	(12,924)	(5,451)	(7,473)	>100.0%

Revenue for the current quarter was approximately RM230.5 million, an increase by 9.0% as compared to the immediate preceding quarter of RM211.4 million. The slight increase in revenue was mainly attributable to higher customer's demand from sales of data storage products.

However, the Group reported a higher loss before tax of RM12.4 million in the current quarter as compared to RM5.5 million in the immediate preceding quarter. The Group recorded loss before tax also due to less favourable product mix, one-off provisions of approximately RM7.0 million and higher operating cost 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 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.



**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

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

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

**B5. Variance on Forecast Profit / Shortfall in Profit Guarantee**

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

**B6. Tax Expense**

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.06.2020 RM'000	Restated 30.06.2019 RM'000	Unaudited 30.06.2020 RM'000	Audited 30.06.2019 RM'000
Current tax expense	524	(68)	736	532
Deferred tax income	-	437	-	(13)
Tax expense	524	369	736	519

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 foreign subsidiary was granted promotional privileges under the Investment Promotional Act B.E. 2520 for a period of 8 years.

**B7. Trade and other receivables**

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

	Unaudited As at 30.06.2020 RM'000	Audited As at 30.06.2019 RM'000
Trade	280,307	208,975
Non-trade	3,925	3,078
	284,232	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 30.06.2020 RM'000	As at 30.06.2019 RM'000
Not past due	225,566	136,536
Past due 1 - 30 days	34,303	64,586
Past due 31 - 60 days	14,306	4,427
Past due 61 - 90 days	1,034	427
	275,209	205,976
<b>Credits impaired</b>		
Past due more than 90 days	5,098	2,999
	280,307	208,975

**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**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 30 June 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.

**(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**

	<b>Unaudited As at 30.06.2020 RM’000</b>	<b>Audited As at 30.06.2019 RM’000</b>
(a) Secured		
Bankers’ acceptances	194,365	121,650
Trust Receipt	22,986	13,255
Term Loans	3,607	4,691
Financial lease liabilities	5,568	7,775
Trade financing	-	44,660
Revolving credits	7,490	-
	<u>234,016</u>	<u>192,031</u>
(b) Current	229,542	183,061
Non-current	4,474	8,970
	<u>234,016</u>	<u>192,031</u>

**B11. Group Borrowings and Debt Securities (Continued)**

**(i) Group borrowings (Continued)**

	<b>Unaudited As at 30.06.2020 RM'000</b>	<b>Audited As at 30.06.2019 RM'000</b>
(c) Denominated in Malaysia Ringgit	26,664	18,466
Denominated in US Dollar	148,688	119,555
Denominated in Thai Baht	58,664	54,010
	<u>234,016</u>	<u>192,031</u>

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

	<b>No. of RCPS (’000)</b>	<b>Amount RM’000</b>
At 1 July 2019	46,116	41,319
Less: Converted during the year	(3,779)	(3,590)
Less: Dividend paid	-	(876)
Less: Dividend declared (Note B14)	-	(807)
At 30 June 2020	<u>42,337</u>	<u>36,046</u>
Liability component		1,623
Equity component		<u>34,423</u>
		<u>36,046</u>

**B12. Off Balance Sheet Financial Instruments**

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

**B13. Changes in Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**B14. Dividend Declared**

During the current financial period ended 30 June 2020, the Company has declared a third annual preference dividend rate of 2% per annum on the nominal value (RM0.95) of the RCPS, amounting to RM806,608 in respect of the period from 1 July 2019 to 30 June 2020 payable on 14 July 2020.



**Interim Financial Statements for the Financial Period Ended 30 June 2020**

(The figures have not been audited)

**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	Restated	Unaudited	Audited
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	10,142	8,609	39,204	32,125
Interest expenses	909	2,212	5,940	7,706
Interest income	(872)	(383)	(1,263)	(614)
(Gain) / Loss on foreign exchange, net - unrealised	(7,342)	(2,246)	1,609	(1,997)
Loss / (Gain) on disposal of property, plant and equipment	27	(89)	629	(255)
Impairment loss on trade receivables	2,032	558	2,032	558
Impairment loss on intangible asset	2,500	-	2,500	-
Property, plant and equipment written off	-	12	-	12
Provision for retirement benefits	-	100	-	100
Provision for slow moving stock	2,518	-	2,518	-
Provision for warranties	(534)	-	(534)	-

**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	Restated	Unaudited	Audited
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Net profit attributable to owners of the Company (RM'000)	(12,924)	1,286	(12,471)	12,584
Weighted average number of ordinary shares outstanding ('000)	257,214	263,116	257,214	263,116
Basic (loss) / earnings per ordinary share (sen)	(5.02)	0.49	(4.85)	4.78
Net profit attributable to owners of the Company (RM'000)	(12,924)	1,286	(12,471)	12,584
Weighted average number of ordinary shares outstanding ('000)	257,214	263,116	257,214	263,116
Adjusted for:				
Effect of exercise of warrants ('000)	16,298	16,298	16,298	16,298
Effect of conversion of RCPS ('000)	29,322	32,892	29,322	32,892
Adjusted weighted average number of ordinary shares ('000)	302,834	312,306	302,834	312,306
Diluted (loss) / earnings per ordinary share (sen)	(4.27)	0.41	(4.12)	4.03



**BY ORDER OF THE BOARD**

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

28 AUGUST 2020