



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

30 September 2020



Interim Financial Statements for the Financial Period Ended 30 September 2020

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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			3 months ended		
		30.09.2020	30.09.2019	%	30.09.2020	30.09.2019	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		293,091	277,053	5.8%	293,091	277,053	5.8%
Operating profit		15,764	14,674	7.4%	15,764	14,674	7.4%
Interest income		83	289	-71.3%	83	289	-71.3%
Interest expense		(1,228)	(1,703)	-27.9%	(1,228)	(1,703)	-27.9%
Depreciation & amortisation		(10,171)	(9,375)	8.5%	(10,171)	(9,375)	8.5%
Profit before tax		4,448	3,885	14.5%	4,448	3,885	14.5%
Tax expense	B6	-	(12)	-100.0%	-	(12)	-100.0%
Profit for the period		4,448	3,873	14.8%	4,448	3,873	14.8%
Other comprehensive income / (expense) 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")		(112)	1,361	>-100.0%	(112)	1,361	>-100.0%
		(112)	1,361	>-100.0%	(112)	1,361	>-100.0%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(3,572)	3,691	>-100.0%	(3,572)	3,691	>-100.0%
		(3,572)	3,691	>-100.0%	(3,572)	3,691	>-100.0%
Other comprehensive (expense) / income for the period, net of tax		(3,684)	5,052	>-100.0%	(3,684)	5,052	>-100.0%
Total comprehensive income for the period, net of tax		764	8,925	-91.4%	764	8,925	-91.4%

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

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (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			3 months ended		
		30.09.2020	30.09.2019		30.09.2020	30.09.2019	
		RM'000	RM'000		RM'000	RM'000	
Profit attributable to:							
Owners of the Company		4,448	3,873	14.8%	4,448	3,873	14.8%
Non-controlling interest		-	-	-	-	-	-
		4,448	3,873	14.8%	4,448	3,873	14.8%
Total comprehensive income attributable to:							
Owners of the Company		764	8,925	-91.4%	764	8,925	-91.4%
Non-controlling interest		-	-	-	-	-	-
		764	8,925	-91.4%	764	8,925	-91.4%
Basic earnings per ordinary share (sen)	B16	1.71	1.51		1.71	1.51	
Diluted earnings per ordinary share (sen)	B16	1.48	1.28		1.48	1.28	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2020. The accompanying notes are an integral part of this statement.

Interim Financial Statements for the Financial Period Ended 30 September 2020

(The figures have not been audited)

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

	Note	Unaudited as at 30.09.2020 RM'000	Audited as at 30.06.2020 RM'000
Assets			
Property, plant and equipment		214,109	234,100
Right-of-use assets		50,251	35,516
Investment properties		3,624	3,640
Investment in associate		1,960	1,960
Other investments		3,016	3,128
Intangible asset		15,015	15,279
Deferred tax assets		1,507	1,509
Total non-current assets		289,482	295,132
Inventories		200,066	292,624
Trade and other receivables	B7	324,501	278,374
Current tax assets		1,515	1,333
Fixed deposits with licensed banks		15,759	18,040
Cash and bank balances		28,950	12,866
Total current assets		570,791	603,237
Total assets		860,273	898,369
Equity			
Share capital		127,664	109,905
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	16,892	34,533
Reserves		187,417	186,653
Total equity attributable to owners of the Company		323,930	323,048
Non-controlling interests		(361)	(361)
Total equity		323,569	322,687
Liabilities			
Lease liabilities		3,197	3,231
Loans and borrowings	B11	24,130	2,526
Redeemable convertible preference shares – Liability component	B11	1,549	1,549
Provision for retirement benefits		506	517
Total non-current liabilities		29,382	7,823
Lease liabilities		1,727	2,337
Loans and borrowings	B11	202,340	225,922
Trade and other payables		302,971	339,307
Provisions		267	267
Current tax liabilities		17	26
Total current liabilities		507,322	567,859
Total liabilities		536,704	575,682
Total equity and liabilities		860,273	898,369
Net assets per ordinary share (RM)		1.17	1.25

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2020. The accompanying notes are an integral part of this Statement of Financial Position.

Interim Financial Statements for the Financial Period Ended 30 September 2020

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

	← Non-distributable →					→ Distributable			Non-controlling 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
At 1 July 2020	109,905	34,533	(8,043)	26,836	(3,757)	21,396	28,558	113,620	323,048	(361)	322,687
Foreign currency translation differences for foreign operations	-	-	-	-	-	(3,572)	-	-	(3,572)	-	(3,572)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(112)	-	-	-	(112)	-	(112)
Total other comprehensive (expense) / income for the period	-	-	-	-	(112)	(3,572)	-	-	(3,684)	-	(3,684)
Profit for the period	-	-	-	-	-	-	-	4,448	4,448	-	4,448
Total comprehensive (expense) / income for the period	-	-	-	-	(112)	(3,572)	-	4,448	764	-	764
Conversion of RCPS to ordinary shares	17,641	(17,641)	-	-	-	-	-	-	-	-	-
Issuance of shares pursuant to exercise of Warrants 2015/2020	118	-	-	-	-	-	-	-	118	-	118
Total transactions with owners of the Company	17,759	(17,641)	-	-	-	-	-	-	118	-	118
At 30 September 2020 (Unaudited)	127,664	16,892	(8,043)	26,836	(3,869)	17,824	28,558	118,068	323,930	(361)	323,569
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	-	-	-	-	-	3,691	-	-	3,691	-	3,691
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	1,361	-	-	-	1,361	-	1,361
Total other comprehensive income for the period	-	-	-	-	1,361	3,691	-	-	5,052	-	5,052
Profit for the period	-	-	-	-	-	-	-	3,873	3,873	-	3,873
Total comprehensive income for the period	-	-	-	-	1,361	3,691	-	3,873	8,925	-	8,925
Conversion of RCPS to ordinary shares	3,590	(3,590)	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	3,590	(3,590)	-	-	-	-	-	-	-	-	-
At 30 September 2019 (Unaudited)	109,905	34,423	(8,043)	26,836	(2,182)	20,263	28,558	130,964	340,724	(361)	340,363

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2020. The accompanying notes are integral part of this statement.

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

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2019 RM'000
Cash flows from operating activities		
Profit before tax	4,448	3,885
Adjustments for:		
Depreciation of property, plant and equipment	9,002	9,047
Depreciation of right-of-use assets	892	-
Depreciation of investment properties	16	16
Amortisation of intangible assets	261	312
Interest expenses	1,228	1,703
Dividend income	(1)	-
Loss on disposal of property, plant and equipment	292	31
Interest income	(83)	(289)
Gain on foreign exchange, net - unrealised	(58)	(591)
Operating profit before changes in working capital	15,997	14,114
Inventories	89,210	18,124
Trade and other receivables	(46,127)	(45,677)
Trade and other payables	(20,519)	25,366
Cash (used in) / generated from operations	38,561	11,927
Tax paid	(193)	(306)
Tax refunded	2	-
Dividend received	1	-
Net cash generated from operating activities	38,372	11,621
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,035)	(21,310)
Acquisition of right-of-use assets	(16,945)	-
Acquisition of intangible assets	-	(255)
Interest received	83	289
Proceeds from disposal of property, plant and equipment	1,040	334
Net cash used in investing activities	(20,857)	(20,942)
Cash flows from financing activities		
(Repayment) / Drawdown of bank borrowing, net	(27,181)	21,011
Repayment of lease liabilities	(644)	(366)
Drawdown / (Repayment) of term loans	25,203	(272)
Proceeds from exercise of Warrants 2015/2020	118	-
Dividend paid	-	(876)
Interest paid	(1,228)	(1,703)
Withdrawal of pledged deposits	2,281	118
Net cash (used in) / generated from financing activities	(1,451)	17,912
Net increase in cash and cash equivalents	16,064	8,591
Effect of exchange rate fluctuation on cash and bank balances	20	(78)
Cash and cash equivalents at beginning of the period	12,866	20,503
Cash and cash equivalents at end of the period	28,950	29,016

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2020. 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 2020. 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 2020. The audited financial statements of the Group as at and for the financial year ended 30 June 2020 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 financial year ended 30 June 2020, except for the following:

Standards issued but not yet effective

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

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

- *MFRSs, Amendments to Reference to the Conceptual Framework in MFRS Standards*
- *Amendments to MFRS 3, Business Combinations - Definition of a Business*
- *Amendments to MFRS 101, Presentation of Financial Statement and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- *Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

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

- *Amendment to MFRS 16, Leases - Covid-19-Related Rent Concessions*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 17 August 2020

- *Amendment to MFRS 101, Presentation of financial statements – Classification of Liabilities as Current or Non-current*
- *Amendment to MFRS 4, Insurance contracts – Extension of the Temporary Exemption from Applying MFRS 9*



A2. Significant Accounting policies (continued)

Standards issued but not yet effective (continued)

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform – Phase 2*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvement to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvement to MFRS Standards 2018 – 2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvement to MFRS Standards 2018-2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Classification of Liabilities as Current or Non-current*

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 and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the abovementioned standards, interpretations or amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.



A3. Audit Report

The auditors' report of the Group's financial statements for the financial year ended 30 June 2020 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 current financial period-to-date, the Company increased its issued and paid-up share capital by way of:

- (a) issuance of 18,569,726 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 18,569,726 redeemable convertible preference shares ("RCPS") on the basis of 1 ordinary share for 1 RCPS held; and
- (b) issuance of 280,348 new ordinary shares at the exercise price of RM0.42 each by cash pursuant to exercise of Warrants 2015/2020.

At 30 September 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 276,273,036.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares during the current financial period ended 30 September 2020.

A8. Dividend Paid

Redeemable Convertible Preference Shares ("RCPS")

During the financial quarter ended 30 September 2020, the Company has paid a first annual preference dividend of 2% amounting to RM806,608 on 14 July 2020 in respect of the financial year ended 30 June 2020.

A9. Segmental Reporting

The segment analysis for the Group's results as follows:

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u> 30.09.2020 RM'000	<u>Unaudited</u> 30.09.2019 RM'000	Change %	<u>Unaudited</u> 30.09.2020 RM'000	<u>Unaudited</u> 30.09.2019 RM'000	Change %
Segment for the Group						
Segment revenue						
- Electronic						
Manufacturing Services	292,985	276,865	5.8%	292,985	276,865	5.8%
- Other	106	188	-43.6%	106	188	-43.6%
Total Segment Revenue	293,091	277,053	5.8%	293,091	277,053	5.8%
Segment Result						
- Electronic						
Manufacturing Services	5,251	5,019	4.6%	5,251	5,019	4.6%
- Other	(803)	(1,134)	-29.2%	(803)	(1,134)	-29.2%
Profit before tax	4,448	3,885	14.5%	4,448	3,885	14.5%
Segment assets						
- Electronic						
Manufacturing Services	840,585	734,590	14.4%	840,585	734,590	14.4%
- Other	19,688	34,740	-43.3%	19,688	34,740	-43.3%
	860,273	769,330	11.8%	860,273	769,330	11.8%

A10. Valuation of Property, Plant and Equipment

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

A11. Material Subsequent Events

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

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

(The figures have not been audited)

A14. Capital Commitments

There were no capital commitments as at the end of the current financial period.

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:

	Unaudited As at 30.09.2020 RM'000	Audited As at 30.06.2020 RM'000
(a) Transactions with companies in which certain Directors have a substantial financial interest		
Purchase of raw materials	(82)	(736)
(b) Transaction with an associate		
Advances	-	215
Sales	4,243	1,735

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.

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying Amount
	Level 1 RM'000	Total RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
30.09.2020						
Financial asset						
Quoted shares	3,016	3,016	-	-	3,016	3,016
Financial liabilities						
Term loans – variable rate	-	-	(28,810)	(28,810)	(28,810)	(28,810)
Lease liabilities	-	-	(4,924)	(4,924)	(4,924)	(4,924)
	-	-	(33,734)	(33,734)	(33,734)	(33,734)

**Interim Financial Statements for the Financial Period Ended 30 September 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 RM'000	Total RM'000	Level 3 RM'000	Total RM'000		
30.06.2020						
Financial asset						
Quoted shares	3,128	3,128	-	-	3,128	3,128
Financial liabilities						
Term loans – variable rate	-	-	(3,607)	(3,607)	(3,607)	(3,607)
Finance lease liabilities	-	-	(5,695)	(5,695)	(5,695)	(5,568)
	-	-	(9,302)	(9,302)	(9,302)	(9,175)

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 (“Q1 2021”) and the preceding correspondence quarter (“Q1 2020”)**

For the current quarter ended 30 September 2020, the Group recorded revenue of RM293.1 million, an increase of 5.8% as compared to RM277.1 million recorded in the previous year corresponding quarter. The increase in revenue was mainly driven by increase in sales volume for data storage product.

Correspondingly, the Group’s profit before tax for the current quarter increased by 14.5% to RM4.4 million from RM3.9 million in previous year corresponding quarter.

B2. Variation of Results against Preceding Quarter

Description	1 st Quarter 2021 RM’000 (Unaudited)	4 th Quarter 2020 RM’000 (Restated)	Increase / (Decrease)	
			RM’000	%
Revenue	293,091	230,007	63,084	27.4%
Profit / (Loss) before tax	4,448	(13,476)	17,924	>100.0%
Profit / (Loss) after tax	4,448	(14,062)	18,510	>100.0%

Revenue for the current quarter was approximately RM293.1 million, an increase by 27.4% as compared to the immediate preceding quarter of RM230.0 million. The increase in revenue was mainly attributable to increase in sales volume for data storage product.

Correspondingly, the Group’s profit before tax increase to RM4.4 million in the current quarter from a loss before tax of RM13.5 million in the immediate preceding quarter.

B3. Prospect

For financial year 2021, 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 September 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 30.09.2020 RM'000	Unaudited 30.09.2019 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2019 RM'000
Current tax expense	-	12	-	12
Deferred tax income	-	-	-	-
Tax expense	-	12	-	12

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 30.09.2020 RM'000	Audited As at 30.06.2020 RM'000
Trade	323,734	274,199
Non-trade	767	4,175
	<u>324,501</u>	<u>278,374</u>

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	As at 30.09.2020 RM'000	As at 30.06.2020 RM'000
Not past due	211,561	197,427
Past due 1 - 30 days	93,345	61,677
Past due 31 - 60 days	11,344	11,103
Past due 61 - 90 days	4,348	856
	<u>320,598</u>	<u>271,063</u>
Credits impaired		
Past due more than 90 days	3,136	3,136
	<u>323,734</u>	<u>274,199</u>

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 September 2020, there was no purchase or disposal of quoted securities.

B10. Status of Uncompleted Corporate Announcement

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.

B11. Group Borrowings and Debt Securities

(i) Group borrowings

	Unaudited As at 30.09.2020 RM’000	Audited As at 30.06.2020 RM’000
(a) Secured		
Bankers’ acceptances	173,943	181,673
Trust Receipt	17,479	35,678
Term Loans	28,810	3,607
Revolving credits	6,238	7,490
	226,470	228,448
(b) Current	202,340	225,922
Non-current	24,130	2,526
	226,470	228,448
(c) Denominated in Malaysia Ringgit	29,574	21,096
Denominated in US Dollar	176,488	148,688
Denominated in Thai Baht	20,408	58,664
	226,470	228,448

B11. Group Borrowings and Debt Securities (continued)

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

	No. of RCPS (’000)	Amount RM’000
At 1 July 2020	42,337	36,082
Less: Converted during the year	(18,570)	(17,641)
At 30 September 2020	23,767	18,441
Liability component		1,549
Equity component		16,892
		18,441

B12. Off Balance Sheet Financial Instruments

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

B13. Changes in Material Litigation

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

B14. Dividend Declared

No dividend has been recommended or declared for current quarter and current financial period under review.

B15. 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 30.09.2020 RM’000	Unaudited 30.09.2019 RM’000	Unaudited 30.09.2020 RM’000	Unaudited 30.09.2019 RM’000
Depreciation and amortisation	10,171	9,375	10,171	9,375
Interest expenses	1,228	1,703	1,228	1,703
Interest income	(83)	(289)	(83)	(289)
Gain on foreign exchange, net -unrealised	(58)	(591)	(58)	(591)
Loss on disposal of property, plant and equipment	292	31	292	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	Unaudited	Unaudited	Unaudited
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Net profit attributable to owners of the Company (RM'000)	4,448	3,873	4,448	3,873
Weighted average number of ordinary shares outstanding ('000)	260,234	256,590	260,234	256,590
Basic earnings per ordinary share (sen)	<u>1.71</u>	<u>1.51</u>	<u>1.71</u>	<u>1.51</u>
Net profit attributable to owners of the Company (RM'000)	4,448	3,873	4,448	3,873
Weighted average number of ordinary shares outstanding ('000)	260,234	256,590	260,234	256,590
Adjusted for:				
Effect of exercise of warrants ('000)	16,212	16,298	16,212	16,298
Effect of conversion of RCPS ('000)	24,014	29,946	24,014	29,946
Adjusted weighted average number of ordinary shares ('000)	300,460	302,834	300,460	302,834
Diluted earnings per ordinary share (sen)	<u>1.48</u>	<u>1.28</u>	<u>1.48</u>	<u>1.28</u>

BY ORDER OF THE BOARD

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

27 NOVEMBER 2020