



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

31 December 2020



Interim Financial Statements for the Financial Period Ended 31 December 2020

(The figures have not been audited)

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

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>	
		3 months ended			6 months ended		
		31.12.2020	31.12.2019		31.12.2020	31.12.2019	
		RM'000	RM'000		RM'000	RM'000	
Revenue		299,036	284,758	5.0%	592,127	561,811	5.4%
Operating profit		16,801	13,811	21.6%	32,565	28,485	14.3%
Interest income		3	51	-94.1%	86	340	-74.7%
Interest expense		(1,279)	(1,764)	-27.5%	(2,507)	(3,467)	-27.7%
Depreciation & amortisation		(10,350)	(9,867)	4.9%	(20,521)	(19,242)	6.6%
Profit before tax		5,175	2,231	>100%	9,623	6,116	57.3%
Tax expense	B6	(120)	(200)	-40.0%	(120)	(212)	-43.4%
Profit for the period		5,055	2,031	>100%	9,503	5,904	61.0%
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")		497	419	18.6%	385	1,780	-78.4%
		497	419	18.6%	385	1,780	-78.4%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(710)	18	>-100.0%	(4,282)	3,709	>-100.0%
		(710)	18	>-100.0%	(4,282)	3,709	>-100.0%
Other comprehensive (expense) / income for the period, net of tax		(213)	437	>-100.0%	(3,897)	5,489	>-100.0%
Total comprehensive income for the period, net of tax		4,842	2,468	96.2%	5,606	11,393	-50.8%

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

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 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			6 months ended		
		31.12.2020	31.12.2019		31.12.2020	31.12.2019	
		RM'000	RM'000		RM'000	RM'000	
Profit attributable to:							
Owners of the Company		5,055	2,031	>100%	9,503	5,904	61.0%
Non-controlling interest		-	-	-	-	-	-
		5,055	2,031	>100%	9,503	5,904	61.0%
Total comprehensive income attributable to:							
Owners of the Company		4,842	2,468	96.2%	5,606	11,393	-50.8%
Non-controlling interest		-	-	-	-	-	-
		4,842	2,468	96.2%	5,606	11,393	-50.8%
Basic earnings per ordinary share (sen)	B16	1.78	0.79		3.34	2.30	
Diluted earnings per ordinary share (sen)	B16	1.67	0.67		3.14	1.95	

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 31 December 2020

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	Unaudited as at 31.12.2020 RM'000	Audited as at 30.06.2020 RM'000
Assets			
Property, plant and equipment		209,054	234,100
Right-of-use assets		65,354	35,516
Investment properties		3,607	3,640
Investment in associate		1,960	1,960
Other investments		3,513	3,128
Intangible asset		14,758	15,279
Deferred tax assets		1,507	1,509
Total non-current assets		299,753	295,132
Inventories		206,312	292,624
Trade and other receivables	B7	276,901	278,374
Current tax assets		1,731	1,333
Fixed deposits with licensed banks		6,103	18,040
Cash and bank balances		23,909	12,866
Total current assets		514,956	603,237
Total assets		814,709	898,369
Equity			
Share capital		148,201	109,905
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	14,208	34,533
Reserves		192,296	186,653
Total equity attributable to owners of the Company		346,662	323,048
Non-controlling interests		(361)	(361)
Total equity		346,301	322,687
Liabilities			
Lease liabilities		10,680	3,231
Loans and borrowings	B11	38,581	2,526
Redeemable convertible preference shares – Liability component	B11	869	1,549
Provision for retirement benefits		509	517
Total non-current liabilities		50,639	7,823
Lease liabilities		1,908	2,337
Loans and borrowings	B11	162,107	225,922
Trade and other payables		253,485	339,307
Provisions		267	267
Current tax liabilities		2	26
Total current liabilities		417,769	567,859
Total liabilities		468,408	575,682
Total equity and liabilities		814,709	898,369
Net assets per ordinary share (RM)		1.08	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 31 December 2020

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	(4,282)	-	-	(4,282)	-	(4,282)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	385	-	-	-	385	-	385
Total other comprehensive income / (expense) for the period	-	-	-	-	385	(4,282)	-	-	(3,897)	-	(3,897)
Profit for the period	-	-	-	-	-	-	-	9,503	9,503	-	9,503
Total comprehensive income / (expense) for the period	-	-	-	-	385	(4,282)	-	9,503	5,606	-	5,606
Conversion of RCPS to ordinary shares	20,968	(20,325)	-	-	-	-	-	37	680	-	680
Issuance of shares pursuant to exercise of Warrants 2015/2020	17,328	-	-	-	-	-	-	-	17,328	-	17,328
Effect arising from expiry of Warrants 2015/2020	-	-	-	(26,836)	-	-	-	26,836	-	-	-
Total transactions with owners of the Company	38,296	(20,325)	-	(26,836)	-	-	-	26,873	18,008	-	18,008
At 31 December 2020 (Unaudited)	148,201	14,208	(8,043)	-	(3,372)	17,114	28,558	149,996	346,662	(361)	346,301
At 1 July 2019	106,315	38,013	(8,043)	26,836	(3,543)	16,572	28,558	127,091	331,799	(361)	331,438
Foreign currency translation differences for foreign operations	-	-	-	-	-	3,709	-	-	3,709	-	3,709
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	1,780	-	-	-	1,780	-	1,780
Total other comprehensive income for the period	-	-	-	-	1,780	3,709	-	-	5,489	-	5,489
Profit for the period	-	-	-	-	-	-	-	5,904	5,904	-	5,904
Total comprehensive income for the period	-	-	-	-	1,780	3,709	-	5,904	11,393	-	11,393
Conversion of RCPS to ordinary shares	3,590	(3,590)	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	3,590	(3,590)	-	-	-	-	-	-	-	-	-
At 31 December 2019 (Unaudited)	109,905	34,423	(8,043)	26,836	(1,763)	20,281	28,558	132,995	343,192	(361)	342,831

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 31 December 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2019 RM'000
Cash flows from operating activities		
Profit before tax	9,623	6,116
Adjustments for:		
Depreciation of property, plant and equipment	17,658	18,587
Depreciation of right-of-use assets	2,311	-
Depreciation of investment properties	33	33
Amortisation of intangible assets	519	622
Interest expenses	2,507	3,467
Dividend income	(1)	(1)
Loss on disposal of property, plant and equipment	304	577
Interest income	(86)	(340)
Provision for slow moving stock	120	-
(Loss) / Gain on foreign exchange, net - unrealised	681	(2,138)
Operating profit before changes in working capital	33,669	26,923
Inventories	83,656	(3,007)
Trade and other receivables	1,473	(57,210)
Trade and other payables	(53,248)	75,118
Cash generated from operations	65,550	41,824
Tax paid	(424)	(60)
Tax refunded	2	-
Dividend received	1	1
Net cash generated from operating activities	65,129	41,765
Cash flows from investing activities		
Acquisition of property, plant and equipment	(27,610)	(39,764)
Acquisition of right-of-use assets	(33,797)	-
Acquisition of intangible assets	-	(255)
Interest received	86	340
Proceeds from disposal of property, plant and equipment	1,202	561
Proceeds from exercise of Warrants 2015/2020	17,328	-
Net cash used in investing activities	(42,791)	(39,118)
Cash flows from financing activities		
(Repayment) / Drawdown of bank borrowing, net	(66,724)	3,693
Drawdown / (Repayment) lease liabilities	7,020	(961)
Drawdown / (Repayment) of term loans	38,964	(541)
Dividend paid	-	(876)
Interest paid	(2,507)	(3,467)
Withdrawal of pledged deposits	11,937	1,502
Net cash (used in) / generated from financing activities	(11,310)	(650)
Net increase in cash and cash equivalents	11,028	1,997
Effect of exchange rate fluctuation on cash and bank balances	15	(501)
Cash and cash equivalents at beginning of the period	12,866	20,503
Cash and cash equivalents at end of the period	23,909	21,999

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 22,071,585 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 22,071,585 redeemable convertible preference shares ("RCPS") on the basis of 1 ordinary share for 1 RCPS held; and
- (b) issuance of 41,256,842 new ordinary shares at the exercise price of RM0.42 each by cash pursuant to exercise of Warrants 2015/2020.

At 31 December 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 320,751,389.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares during the current financial period ended 31 December 2020.

A8. Dividend Paid

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

A9. Segmental Reporting

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

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u> 31.12.2020 RM'000	<u>Unaudited</u> 31.12.2019 RM'000	Change %	<u>Unaudited</u> 31.12.2020 RM'000	<u>Unaudited</u> 31.12.2019 RM'000	Change %
Segment for the Group						
Segment revenue						
- Electronic						
Manufacturing Services	298,982	284,298	5.2%	591,967	561,163	5.5%
- Other	54	460	-88.3%	160	648	-75.3%
Total Segment Revenue	299,036	284,758	5.0%	592,127	561,811	5.4%
Segment Result						
- Electronic						
Manufacturing Services	6,498	3,434	89.2%	11,749	8,453	39.0%
- Other	(1,323)	(1,203)	10.0%	(2,126)	(2,337)	-9.0%
Profit before tax	5,175	2,231	>100%	9,623	6,116	57.3%
Segment assets						
- Electronic						
Manufacturing Services	(52,742)	36,510	>-100%	787,843	771,100	2.2%
- Other	7,178	(927)	>-100%	26,866	33,813	-20.5%
	(45,564)	35,583	>-100%	814,709	804,913	1.2%

A10. Valuation of Property, Plant and Equipment

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

A11. Material Subsequent Events

- On 7 January 2021, an announcement was made by M&A Securities Sdn. Bhd. that the Company has completed the listing of and quotation for 32,075,100 Placement Shares at an issue price of RM0.4765 per share on the Main Market of Bursa.
- On 9 February 2021, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake a private placement of up to 107,623,600 new ordinary shares in EGIB, representing 30% of the existing issued share capital of EGIB at an issue price to be determined and fixed at a future date ("Proposed Private Placement").

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed in the first half of 2021.

Save as disclosed above, there were no material events or transactions subsequent to the end of current financial quarter ended 31 December 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

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 31.12.2020 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	(499)	(736)
(b) Transaction with an associate		
Advances	-	215
Sales	17,608	1,735
Service charges	86	-

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 December 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		
31.12.2020						
Financial asset						
Quoted shares	3,513	3,513	-	-	3,513	3,513
Financial liabilities						
Term loans – variable rate	-	-	(42,571)	(41,571)	(42,571)	(42,571)
Lease liabilities	-	-	(12,588)	(12,588)	(12,588)	(12,588)
	-	-	(55,159)	(55,159)	(55,159)	(55,159)
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.

A17. Other Corporate Disclosure**Employees' Share Grant Scheme ("ESGS")**

The Company's ESGS is governed by the By-Laws was approved by the shareholders at the Extraordinary General Meeting held on 23 July 2015 for tenure of 5 years with option to extend for another 5 years. The Directors have resolved to extend the existing ESGS for another 5 years until 27 November 2025 in accordance with terms of the ESGS By-Law.

There is no ESGS granted by the Company as of to date.

B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

Comparison between the current quarter (“Q2 2021”) and the preceding correspondence quarter (“Q2 2020”)

For the current quarter ended 31 December 2020, the Group recorded revenue of RM299.0 million, an increase of 5.0% as compared to RM284.8 million recorded in the previous year corresponding quarter. The increase in revenue was mainly attributed to the higher sales for both data storage and consumer electronic products.

Correspondingly, the Group’s profit before tax for the current quarter increased by 132% to RM5.2 million from RM2.2 million in previous year corresponding quarter on the back of higher sales generated, offset by higher operating expenses for COVID-19 Standard Operating Procedures (“SOPs”) compliance and higher foreign exchange losses due to unfavorable US Dollar exchange rate movement against Malaysia Ringgit.

Comparison between the current financial year-to-date and the preceding correspondence financial year-to-date

In the financial year-to-date under review, the Group’s revenue increased by 5.4% to RM592.1 million compared to the last year corresponding period of RM561.8 million. The increase in revenue was mainly attributed to the higher sales for both data storage and consumer electronic products.

The Group’s profit before tax increased by 57.3% to RM9.6 million from RM6.1 million in previous year corresponding period on the back of higher sales generated, offset by higher operating expenses for COVID-19 SOPs compliance and higher foreign exchange losses due to unfavorable US Dollar exchange rate movement against Malaysia Ringgit.

B2. Variation of Results against Preceding Quarter

Description	2 nd Quarter 2021 RM’000 (Unaudited)	1 st Quarter 2021 RM’000 (Unaudited)	Increase / (Decrease)	
			RM’000	%
Revenue	299,036	293,091	5,945	2.0%
Profit before tax	5,175	4,448	727	16.3%
Profit after tax	5,055	4,448	607	13.6%

Revenue for the current quarter was approximately RM299.0 million, a slight increase by 2% as compared to the immediate preceding quarter of RM293.1 million. The increase in revenue was mainly due to higher sales for data storage products.

The Group’s profit before tax increase by 16.3% to RM5.2 million from RM4.4 million in the immediate preceding quarter on the back of higher sales generated, offset by higher operating expenses for COVID-19 SOPs compliance and higher foreign exchange losses due to unfavorable US Dollar exchange rate movement against Malaysia Ringgit.

**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 will incur higher operating cost due to 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 31.12.2020 RM'000	Unaudited 31.12.2019 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2019 RM'000
Current tax expense	120	200	120	212
Deferred tax income	-	-	-	-
Tax expense	120	200	120	212

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.

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

(The figures have not been audited)

B7. Trade and other receivables

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

	Unaudited As at 31.12.2020 RM'000	Audited As at 30.06.2020 RM'000
Trade	276,067	274,199
Non-trade	834	4,175
	276,901	278,374

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

	As at 31.12.2020 RM'000	As at 30.06.2020 RM'000
Not past due	170,499	197,427
Past due 1 - 30 days	97,172	61,677
Past due 31 - 60 days	6,352	11,103
Past due 61 - 90 days	1,889	856
	275,912	271,063
Credits impaired		
Past due more than 90 days	155	3,136
	276,067	274,199

B8. Profit/ (Loss) on Sale of Unquoted Investment and /or Property

There was no sale of unquoted investments or properties during the current financial period under review.

B9. Purchase or Disposal of Quoted Securities Other Than Securities in Existing Subsidiaries and Associated Company

During the current financial period ended 31 December 2020, there was no purchase or disposal of quoted securities.

B10. Status of Uncompleted Corporate Announcement**(a) 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)****(b) Corporate Exercise**

On 1 December 2020, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake a private placement of up to 32,075,100 new ordinary shares in EGIB, representing not more than 10% of the issued ordinary shares in EGIB (“Proposed Private Placement”), at an issue price to be determined and fixed at a future date.

The Proposed Private Placement was completed on 7 January 2021 (Note A11(a)).

B11. Group Borrowings and Debt Securities**(i) Group borrowings**

	Unaudited As at 31.12.2020 RM'000	Audited As at 30.06.2020 RM'000
(a) Secured		
Bankers' acceptances	117,938	181,673
Trust receipt	17,993	35,678
Term loans	42,571	3,607
Revolving credits	5,016	7,490
Trade financing	17,170	-
	<u>200,688</u>	<u>228,448</u>
(b) Current	162,107	225,922
Non-current	38,581	2,526
	<u>200,688</u>	<u>228,448</u>
(c) Denominated in Malaysia Ringgit	35,250	21,096
Denominated in US Dollar	128,606	148,688
Denominated in Thai Baht	36,832	58,664
	<u>200,688</u>	<u>228,448</u>

(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	(22,072)	(21,005)
At 31 December 2020	<u>20,265</u>	<u>15,077</u>
Liability component		869
Equity component		<u>14,208</u>
		<u>15,077</u>

B12. Off Balance Sheet Financial Instruments

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

B13. Changes in Material Litigation

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

B14. Dividend Declared

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

B15. Notes to the Statement of Profit or Loss and Other Comprehensive Income

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2019 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2019 RM'000
Depreciation and amortisation	10,350	9,867	20,521	19,242
Interest expenses	1,279	1,764	2,507	3,467
Interest income	(3)	(51)	(86)	(340)
Loss / (Gain) on foreign exchange, net - unrealised	739	(1,547)	681	(2,138)
Loss on disposal of property, plant and equipment	12	546	304	577
Provision for slow moving stock	120	-	120	-

B16. Earnings Per Ordinary Share

The basic earnings per share for the current financial quarter and financial period have been calculated by dividing the net profit attributable to owners of the Company for the financial quarter and financial period by weighted average number of ordinary shares in issue during the financial quarter and financial period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.12.2020	Unaudited 31.12.2019	Unaudited 31.12.2020	Unaudited 31.12.2019
Net profit attributable to owners of the Company (RM'000)	5,055	2,031	9,503	5,904
Weighted average number of ordinary shares outstanding ('000)	284,321	257,006	284,321	257,006
Basic earnings per ordinary share (sen)	1.78	0.79	3.34	2.30

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(The figures have not been audited)

B16. Earnings Per Ordinary Share (continued)

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.12.2020	Unaudited 31.12.2019	Unaudited 31.12.2020	Unaudited 31.12.2019
Net profit attributable to owners of the Company (RM'000)	5,055	2,031	9,503	5,904
Weighted average number of ordinary shares outstanding ('000)	284,321	257,006	284,321	257,006
Adjusted for:				
Effect of exercise of warrants ('000)	2,261	16,298	2,261	16,298
Effect of conversion of RCPS ('000)	16,461	29,530	16,461	29,530
Adjusted weighted average number of ordinary shares ('000)	303,043	302,834	303,043	302,834
Diluted earnings per ordinary share (sen)	1.67	0.67	3.14	1.95

BY ORDER OF THE BOARD

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

24 FEBRUARY 2021