



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

31 March 2021



Interim Financial Statements for the Financial Period Ended 31 March 2021

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2021

| | 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 | | | 9 months ended | | |
| | | 31.03.2021 | 31.03.2020 | | 31.03.2021 | 31.03.2020 | |
| | | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | | 231,618 | 211,362 | 9.6% | 823,745 | 773,173 | 6.5% |
| Operating profit | | 14,519 | 5,882 | >100% | 47,084 | 34,367 | 37.0% |
| Interest income | | 58 | 51 | 13.7% | 144 | 391 | -63.2% |
| Interest expense | | (1,226) | (1,564) | -21.6% | (3,733) | (5,031) | -25.8% |
| Depreciation & amortisation | | (9,029) | (9,820) | -8.1% | (29,550) | (29,062) | 1.7% |
| Profit / (Loss) before tax | | 4,322 | (5,451) | >100% | 13,945 | 665 | >100% |
| Tax expense | B6 | (120) | - | - | (240) | (212) | 13.2% |
| Profit / (Loss) for the period | | 4,202 | (5,451) | >100% | 13,705 | 453 | >100% |
| Other comprehensive income for the period, net of tax | | | | | | | |
| <i>Item that will not be reclassified subsequently to profit or loss</i> | | | | | | | |
| Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI") | | (1,060) | (2,903) | -63.5% | (675) | (1,123) | -39.9% |
| | | (1,060) | (2,903) | -63.5% | (675) | (1,123) | -39.9% |
| <i>Items that are or may subsequently be reclassified to profit or loss</i> | | | | | | | |
| Foreign currency translation differences for foreign operations | | 1,685 | (5,950) | >100.0% | (2,597) | (2,241) | 15.9% |
| | | 1,685 | (5,950) | >100.0% | (2,597) | (2,241) | 15.9% |
| Other comprehensive income / (expense) for the period, net of tax | | 625 | (8,853) | >100.0% | (3,272) | (3,364) | -2.7% |
| Total comprehensive income / (expense) for the period, net of tax | | 4,827 | (14,304) | >100.0% | 10,433 | (2,911) | >100.0% |

**Interim Financial Statements for the Financial Period Ended 31 March 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2021 (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 | | | 9 months ended | | |
| | | 31.03.2021 | 31.03.2020 | | 31.03.2021 | 31.03.2020 | |
| | | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Profit / (Loss) attributable to: | | | | | | | |
| Owners of the Company | | 4,202 | (5,451) | >100% | 13,705 | 453 | >100% |
| Non-controlling interest | | - | - | - | - | - | - |
| | | <u>4,202</u> | <u>(5,451)</u> | >100% | <u>13,705</u> | <u>453</u> | >100% |
| Total comprehensive income / (expense) attributable to: | | | | | | | |
| Owners of the Company | | 4,827 | (14,304) | >100% | 10,433 | (2,911) | >100.0% |
| Non-controlling interest | | - | - | - | - | - | - |
| | | <u>4,827</u> | <u>(14,304)</u> | >100% | <u>10,433</u> | <u>(2,911)</u> | >100.0% |
| Basic earnings / (loss) per ordinary share (sen) | | | | | | | |
| | B16 | <u>1.36</u> | <u>(2.12)</u> | | <u>4.45</u> | <u>0.18</u> | |
| Diluted earnings / (loss) per ordinary share (sen) | | | | | | | |
| | B16 | <u>1.31</u> | <u>(1.80)</u> | | <u>4.29</u> | <u>0.15</u> | |

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 March 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

| | Note | Unaudited as at 31.03.2021 RM'000 | Audited as at 30.06.2020 RM'000 |
|--|------|--|--|
| Assets | | | |
| Property, plant and equipment | | 216,044 | 234,100 |
| Right-of-use assets | | 64,084 | 35,516 |
| Investment properties | | 3,591 | 3,640 |
| Investment in associate | | 1,960 | 1,960 |
| Other investments | | 2,454 | 3,128 |
| Intangible asset | | 14,513 | 15,279 |
| Deferred tax assets | | 1,507 | 1,509 |
| Total non-current assets | | 304,153 | 295,132 |
| Inventories | | 244,783 | 292,624 |
| Trade and other receivables | B7 | 280,324 | 278,374 |
| Current tax assets | | 1,858 | 1,333 |
| Fixed deposits with licensed banks | | 4,903 | 18,040 |
| Cash and bank balances | | 28,206 | 12,866 |
| Total current assets | | 560,074 | 603,237 |
| Total assets | | 864,227 | 898,369 |
| Equity | | | |
| Share capital | | 171,460 | 109,905 |
| Treasury shares | | (8,043) | (8,043) |
| Redeemable convertible preference shares – Equity component | B11 | 6,478 | 34,533 |
| Reserves | | 196,993 | 186,653 |
| Total equity attributable to owners of the Company | | 366,888 | 323,048 |
| Non-controlling interests | | (216) | (361) |
| Total equity | | 366,672 | 322,687 |
| Liabilities | | | |
| Lease liabilities | | 10,680 | 3,231 |
| Loans and borrowings | B11 | 39,939 | 2,526 |
| Redeemable convertible preference shares – Liability component | B11 | 610 | 1,549 |
| Provision for retirement benefits | | 508 | 517 |
| Total non-current liabilities | | 51,737 | 7,823 |
| Lease liabilities | | 957 | 2,337 |
| Loans and borrowings | B11 | 172,834 | 225,922 |
| Trade and other payables | | 271,760 | 339,307 |
| Provisions | | 267 | 267 |
| Current tax liabilities | | - | 26 |
| Total current liabilities | | 445,818 | 567,859 |
| Total liabilities | | 497,555 | 575,682 |
| Total equity and liabilities | | 864,227 | 898,369 |
| Net assets per ordinary share (RM) | | 1.02 | 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 March 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**

| | ← 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 | Non- controlling Interest RM'000 | Total equity 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 | - | - | - | - | - | (2,597) | - | - | (2,597) | - | (2,597) |
| Net change in fair value of equity instruments designated at FVOCI | - | - | - | - | (675) | - | - | - | (675) | - | (675) |
| Total other comprehensive expense for the period | - | - | - | - | (675) | (2,597) | - | - | (3,272) | - | (3,272) |
| Profit for the period | - | - | - | - | - | - | - | 13,705 | 13,705 | - | 13,705 |
| Total comprehensive income for the period | - | - | - | - | (675) | (2,597) | - | 13,705 | 10,433 | - | 10,433 |
| Conversion of RCPS to ordinary shares | 28,943 | (28,055) | - | - | - | - | - | 52 | 940 | - | 940 |
| 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 | - | - | - |
| Private placement | 15,284 | - | - | - | - | - | - | - | 15,284 | - | 15,284 |
| Dilution of interest arising from acquisition of additional equity interest in a subsidiary | - | - | - | - | - | - | - | (145) | (145) | 145 | - |
| Total transactions with owners of the Company | 61,555 | (28,055) | - | (26,836) | - | - | - | 26,743 | 33,407 | 145 | 33,552 |
| At 31 March 2021 (Unaudited) | 171,460 | 6,478 | (8,043) | - | (4,432) | 18,799 | 28,558 | 154,068 | 366,888 | (216) | 366,672 |

Interim Financial Statements for the Financial Period Ended 31 March 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THIRD QUARTER ENDED 31 MARCH 2021 (CONTINUED)**

| | ← | | | 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 2019 | 106,315 | 38,013 | (8,043) | 26,836 | (3,543) | 16,572 | 28,558 | 127,091 | 331,799 | (361) | 331,438 |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | (2,241) | - | - | (2,241) | - | (2,241) |
| Net change in fair value of equity instruments designated at FVOCI | - | - | - | - | (1,123) | - | - | - | (1,123) | - | (1,123) |
| Total other comprehensive expense for the period | - | - | - | - | (1,123) | (2,241) | - | - | (3,364) | - | (3,364) |
| Profit for the period | - | - | - | - | - | - | - | 453 | 453 | - | 453 |
| Total comprehensive expense for the period | - | - | - | - | (1,123) | (2,241) | - | 453 | (2,911) | - | (2,911) |
| Conversion of RCPS to ordinary shares | 3,590 | (3,590) | - | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | 3,590 | (3,590) | - | - | - | - | - | - | - | - | - |
| At 31 March 2020 (Unaudited) | 109,905 | 34,423 | (8,043) | 26,836 | (4,666) | 14,331 | 28,558 | 127,544 | 328,888 | (361) | 328,527 |

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 March 2021**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**

| | Unaudited 31.03.2021 RM'000 | Unaudited 31.03.2020 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before tax | 13,945 | 665 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 25,129 | 28,072 |
| Depreciation of right-of-use assets | 3,605 | - |
| Depreciation of investment properties | 49 | 49 |
| Amortisation of intangible assets | 767 | 941 |
| Interest expenses | 3,733 | 5,031 |
| Dividend income | (1) | (1) |
| Loss on disposal of property, plant and equipment | 454 | 602 |
| Interest income | (144) | (391) |
| Loss on foreign exchange, net - unrealised | 2,407 | 8,951 |
| Operating profit before changes in working capital | 49,944 | 43,919 |
| Inventories | 45,252 | (85,924) |
| Trade and other receivables | (1,950) | (76,631) |
| Trade and other payables | (66,565) | 154,453 |
| Cash generated from operations | 26,681 | 35,817 |
| Tax paid | (793) | (992) |
| Tax refunded | 2 | 841 |
| Dividend received | 1 | 1 |
| Net cash generated from operating activities | 25,891 | 35,667 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (32,388) | (60,897) |
| Acquisition of right-of-use assets | (12,067) | - |
| Acquisition of intangible assets | - | (255) |
| Interest received | 144 | 391 |
| Proceeds from disposal of property, plant and equipment | 1,335 | 718 |
| Proceeds from exercise of Warrants 2015/2020 | 17,328 | - |
| Net cash used in investing activities | (25,648) | (60,043) |
| Cash flows from financing activities | | |
| Issue of shares | 15,284 | - |
| (Repayment) / Drawdown of bank borrowing, net | (54,681) | 27,665 |
| Drawdown / (Repayment) of lease liabilities | 6,069 | (1,580) |
| Drawdown / (Repayment) of term loans | 39,006 | (813) |
| Dividend paid | - | (876) |
| Interest paid | (3,733) | (5,031) |
| Withdrawal of pledged deposits | 13,137 | 1,491 |
| Net cash generated from financing activities | 15,082 | 20,856 |
| Net increase / (decrease) in cash and cash equivalents | 15,325 | (3,520) |
| Effect of exchange rate fluctuation on cash and bank balances | 15 | (118) |
| Cash and cash equivalents at beginning of the period | 12,866 | 20,503 |
| Cash and cash equivalents at end of the period | 28,206 | 16,865 |

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:

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 30,465,735 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 30,465,735 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; and
- (c) issuance of 32,075,100 new ordinary shares at an issue price of RM0.4765 per ordinary share for RM15,283,785 pursuant to a private placement exercise.

At 31 March 2021, 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 361,220,639.

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 March 2021.

A8. Dividend Paid

No dividend has been paid for the current financial quarter ended 31 March 2021.

**Interim Financial Statements for the Financial Period Ended 31 March 2021**

(The figures have not been audited)

A9. Segmental Reporting

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

| | Individual Quarter Ended | | | Cumulative Quarter Ended | | |
|-----------------------------------|--------------------------|------------------|-----------------|--------------------------|------------------|-----------------|
| | <u>Unaudited</u> | <u>Unaudited</u> | Change % | <u>Unaudited</u> | <u>Unaudited</u> | Change % |
| | 31.03.2021 | 31.03.2020 | | 31.03.2021 | 31.03.2020 | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Segment for the Group | | | | | | |
| Segment revenue | | | | | | |
| - Electronic | | | | | | |
| Manufacturing Services | 231,577 | 211,493 | 9.5% | 823,544 | 772,656 | 6.6% |
| - Other | 41 | (131) | >100% | 201 | 517 | -61.1% |
| Total Segment Revenue | 231,618 | 211,362 | 9.6% | 823,745 | 773,173 | 6.5% |
| Segment Result | | | | | | |
| - Electronic | | | | | | |
| Manufacturing Services | 5,432 | (4,205) | >100% | 17,181 | 4,248 | >100% |
| - Other | (1,110) | (1,246) | -10.9% | (3,236) | (3,583) | -9.7% |
| Profit / (Loss) before tax | 4,322 | (5,451) | >100% | 13,945 | 665 | >100% |
| Segment assets | | | | | | |
| - Electronic | | | | | | |
| Manufacturing Services | 51,114 | 102,601 | -50.2% | 838,957 | 873,701 | -4.0% |
| - Other | (1,596) | (3,079) | -48.2% | 25,270 | 30,734 | -17.8% |
| | 49,518 | 99,522 | -50.2% | 864,227 | 904,435 | -4.4% |

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial period ended 31 March 2021.

A11. Material Subsequent Events

There were no material events or transactions subsequent to the end of current financial quarter ended 31 March 2021.

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 31 March 2021**

(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 31.03.2021 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 | (801) | (736) |
| (b) Transaction with an associate | | |
| Advances | - | 215 |
| Sales | 30,623 | 1,735 |
| Purchase | (1,144) | - |
| Service charges | 127 | - |

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 |
| 31.03.2021 | | | | | | |
| Financial asset | | | | | | |
| Quoted shares | 2,454 | 2,454 | - | - | 2,454 | 2,454 |
| Financial liabilities | | | | | | |
| Term loans – variable rate | - | - | (42,613) | (42,613) | (42,613) | (42,613) |
| Lease liabilities | - | - | (11,637) | (11,637) | (11,637) | (11,637) |
| | - | - | (54,250) | (54,250) | (54,250) | (54,250) |

**Interim Financial Statements for the Financial Period Ended 31 March 2021**

(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 | | |
| 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 (“Q3 2021”) and the preceding correspondence quarter (“Q3 2020”)**

For the current quarter ended 31 March 2021, the Group registered revenue of RM231.6 million, an increase of 9.6% as compared to RM211.4 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 recorded a profit before tax of RM4.3 million versus a loss before tax of RM5.5 million in previous year corresponding quarter on the back of higher sales generated.

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 6.5% to RM823.7 million compared to the last year corresponding period of RM773.2 million. The increase in revenue was mainly driven by higher sales of data storage products and consumer electronic products.

Also, the Group’s profit before tax reported at RM13.9 million from RM0.6 million in previous year corresponding period on the back of higher sales generated.

B2. Variation of Results against Preceding Quarter

| Description | 3 rd Quarter 2021 RM’000 (Unaudited) | 2 nd Quarter 2021 RM’000 (Unaudited) | Increase / (Decrease) | |
|-----------------------|---|---|-----------------------|--------|
| | | | RM’000 | % |
| Revenue | 231,618 | 299,036 | (67,418) | -22.5% |
| Profit before tax | 4,322 | 5,175 | (853) | -16.5% |
| Profit for the period | 4,202 | 5,055 | (853) | -16.9% |

Revenue for the current quarter was approximately RM231.6 million, a decrease by 22.5% as compared to the immediate preceding quarter of RM299.0 million. The decrease in revenue was mainly due to lower sales volume for both data storage and consumer electronic products due to global disruption of shipping which affected the entire supply chain.

Correspondingly, the Group’s profit before tax decrease by 16.5% to RM4.3 million from RM5.2 million in the immediate preceding quarter which mainly due to lower sales and higher freight cost.

**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 31.03.2021 RM'000 | Unaudited 31.03.2020 RM'000 | Unaudited 31.03.2021 RM'000 | Unaudited 31.03.2020 RM'000 |
| Current tax expense | 120 | - | 240 | 212 |
| Deferred tax income | - | - | - | - |
| Tax expense | 120 | - | 240 | 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 March 2021**

(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 31.03.2021 RM'000 | Audited As at 30.06.2020 RM'000 |
|-----------|--|--|
| Trade | 275,924 | 274,199 |
| Non-trade | 4,400 | 4,175 |
| | <u>280,324</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 31.03.2021 RM'000 | As at 30.06.2020 RM'000 |
|----------------------------|--|--|
| Not past due | 227,759 | 197,427 |
| Past due 1 - 30 days | 28,326 | 61,677 |
| Past due 31 - 60 days | 14,976 | 11,103 |
| Past due 61 - 90 days | 3,038 | 856 |
| | <u>274,099</u> | <u>271,063</u> |
| Credits impaired | | |
| Past due more than 90 days | 1,825 | 3,136 |
| | <u>275,924</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 31 March 2021, 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.

**Interim Financial Statements for the Financial Period Ended 31 March 2021**

(The figures have not been audited)

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

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 other corporate proposals announced but not completed during the quarter under review.

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

| | Unaudited As at 31.03.2021 RM'000 | Audited As at 30.06.2020 RM'000 |
|-------------------------------------|--|--|
| (a) Secured | | |
| Bankers' acceptances | 130,011 | 181,673 |
| Trust receipt | 19,970 | 35,678 |
| Term loans | 42,613 | 3,607 |
| Revolving credits | 4,159 | 7,490 |
| Trade financing | 16,020 | - |
| | <u>212,773</u> | <u>228,448</u> |
| (b) Current | 172,834 | 225,922 |
| Non-current | 39,939 | 2,526 |
| | <u>212,773</u> | <u>228,448</u> |
| (c) Denominated in Malaysia Ringgit | 71,669 | 21,096 |
| Denominated in US Dollar | 74,906 | 148,688 |
| Denominated in Thai Baht | 66,198 | 58,664 |
| | <u>212,773</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 | (30,466) | (28,994) |
| At 31 March 2021 | <u>11,871</u> | <u>7,088</u> |
| Liability component | | 610 |
| Equity component | | <u>6,478</u> |
| | | <u>7,088</u> |

**Interim Financial Statements for the Financial Period Ended 31 March 2021**

(The figures have not been audited)

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 31.03.2021 | Unaudited 31.03.2020 | Unaudited 31.03.2021 | Unaudited 31.03.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation and amortisation | 9,029 | 9,820 | 29,550 | 29,062 |
| Interest expenses | 1,226 | 1,564 | 3,733 | 5,031 |
| Interest income | (58) | (51) | (144) | (391) |
| Loss on foreign exchange, net -unrealised | 1,726 | 6,813 | 2,407 | 8,951 |
| Loss on disposal of property, plant and equipment | 150 | 25 | 454 | 602 |

B16. Earnings Per Ordinary Share

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

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | Unaudited 31.03.2021 | Unaudited 31.03.2020 | Unaudited 31.03.2021 | Unaudited 31.03.2020 |
| Net profit / (loss) attributable to owners of the Company (RM'000) | 4,202 | (5,451) | 13,705 | 453 |
| Weighted average number of ordinary shares outstanding ('000) | 308,128 | 257,145 | 308,128 | 257,145 |
| Basic earnings / (loss) per ordinary share (sen) | 1.36 | (2.12) | 4.45 | 0.18 |

**Interim Financial Statements for the Financial Period Ended 31 March 2021**

(The figures have not been audited)

B16. Earnings Per Ordinary Share (continued)

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | Unaudited 31.03.2021 | Unaudited 31.03.2020 | Unaudited 31.03.2021 | Unaudited 31.03.2020 |
| Net profit / (loss) attributable to owners of the Company (RM'000) | 4,202 | (5,451) | 13,705 | 453 |
| Weighted average number of ordinary shares outstanding ('000) | 308,128 | 257,145 | 308,128 | 257,145 |
| Adjusted for: | | | | |
| Effect of exercise of warrants ('000) | - | 16,298 | - | 16,298 |
| Effect of conversion of RCPS ('000) | 11,545 | 29,391 | 11,545 | 29,391 |
| Adjusted weighted average number of ordinary shares ('000) | 319,673 | 302,834 | 319,673 | 302,834 |
| Diluted earnings / (loss) per ordinary share (sen) | 1.31 | (1.80) | 4.29 | 0.15 |

B17. Utilisation of Proceeds

On 7 January 2021, the Company had completed a private placement exercise which involves the issuance of 32,075,100 new EGIB Shares, representing approximately 10% of total issued EGIB Shares raising a total of RM15.28 million ("Private Placement 2020"). As at 31 March 2021, the proceeds raised from the Private Placement 2020 has been fully utilised as follows:

| Details | Proposed Utilisation RM'000 | Actual Utilisation 31.03.2021 RM'000 | Expected time frame for utilisation of proceeds from 7 January 2021 |
|---|--------------------------------|--|---|
| Repayment of bank borrowings | 7,000 | 7,000 | Within 6 months |
| General working capital | 7,784 | 7,784 | Within 12 months |
| Estimated expenses for the Private Placement 2020 | 500 | 500 | Within 1 month |
| Total | 15,284 | 15,284 | |

BY ORDER OF THE BOARD

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

28 MAY 2021