



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

30 June 2021



Interim Financial Statements for the Financial Period Ended 30 June 2021

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2021

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Restated</u>		<u>Unaudited</u>	<u>Audited</u>	
		3 months ended			12 months ended		
		30.06.2021	30.06.2020		30.06.2021	30.06.2020	
		RM'000	RM'000		RM'000	RM'000	
Revenue		227,065	230,007	-1.3%	1,050,810	1,003,180	4.7%
Operating profit/(loss)		14,911	(1,984)	>100%	61,995	32,383	91.4%
Interest income		103	434	-76.3%	247	825	-70.1%
Interest expense		(1,186)	(1,776)	-33.2%	(4,919)	(6,807)	-27.7%
Depreciation & amortisation		(12,757)	(10,147)	25.7%	(42,307)	(39,209)	7.9%
Profit/(loss) before tax		1,071	(13,473)	>100%	15,016	(12,808)	>100%
Tax expense	B6	(48)	(586)	-91.8%	(288)	(798)	-63.9%
Profit/(loss) for the period		1,023	(14,059)	>100%	14,728	(13,606)	>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")		214	909	-76.5%	(461)	(214)	>100%
		214	909	-76.5%	(461)	(214)	>100%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(2,107)	7,065	>-100.0%	(4,704)	4,824	>-100.0%
		(2,107)	7,065	>-100.0%	(4,704)	4,824	>-100.0%
Other comprehensive (expense)/ income for the period, net of tax		(1,893)	7,974	>-100.0%	(5,165)	4,610	>-100.0%
Total comprehensive (expense)/ income for the period, net of tax		(870)	(6,085)	-85.7%	9,563	(8,996)	>100.0%

**Interim Financial Statements for the Financial Period Ended 30 June 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2021 (CONTINUED)

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Restated</u>		<u>Unaudited</u>	<u>Audited</u>	
		3 months ended			12 months ended		
		30.06.2021	30.06.2020		30.06.2021	30.06.2020	
		RM'000	RM'000		RM'000	RM'000	
Profit/(loss) attributable to:							
Owners of the Company		1,023	(14,059)	>100%	14,728	(13,606)	>100%
Non-controlling interest		-	-	-	-	-	-
		<u>1,023</u>	<u>(14,059)</u>	>100%	<u>14,728</u>	<u>(13,606)</u>	>100%
Total comprehensive income/ (expense) attributable to:							
Owners of the Company		(870)	(6,085)	-85.7%	9,563	(8,996)	>100.0%
Non-controlling interest		-	-	-	-	-	-
		<u>(870)</u>	<u>(6,085)</u>	-85.7%	<u>9,563</u>	<u>(8,996)</u>	>100.0%
Basic earnings/(loss) per ordinary share (sen)	B16	<u>0.32</u>	<u>(5.47)</u>		<u>4.58</u>	<u>(5.29)</u>	
Diluted earnings/(loss) per ordinary share (sen)	B16	<u>0.31</u>	<u>(5.47)</u>		<u>4.47</u>	<u>(5.29)</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 30 June 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	Unaudited as at 30.06.2021 RM'000	Audited as at 30.06.2020 RM'000
Assets			
Property, plant and equipment		207,675	234,100
Right-of-use assets		62,824	35,516
Investment properties		3,574	3,640
Investment in associate		1,960	1,960
Other investments		2,667	3,128
Intangible asset		12,899	15,279
Deferred tax assets		1,506	1,509
Total non-current assets		293,105	295,132
Inventories		304,875	292,624
Trade and other receivables	B7	303,681	278,374
Current tax assets		2,043	1,333
Fixed deposits with licensed banks		4,606	18,040
Cash and bank balances		10,543	12,866
Total current assets		625,748	603,237
Total assets		918,853	898,369
Equity			
Share capital		171,942	109,905
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	5,995	34,533
Reserves		196,123	186,653
Total equity attributable to owners of the Company		366,017	323,048
Non-controlling interests		(217)	(361)
Total equity		365,800	322,687
Liabilities			
Lease liabilities		7,398	3,231
Loans and borrowings	B11	34,929	2,526
Redeemable convertible preference shares – Liability component	B11	394	1,549
Provision for retirement benefits		612	517
Total non-current liabilities		43,333	7,823
Lease liabilities		3,282	2,337
Loans and borrowings	B11	174,514	225,922
Trade and other payables		331,657	339,307
Provisions		267	267
Current tax liabilities		-	26
Total current liabilities		509,720	567,859
Total liabilities		553,053	575,682
Total equity and liabilities		918,853	898,369
Net assets per ordinary share (RM)		1.01	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 June 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2021**

	←			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	-	-	-	-	-	(4,704)	-	-	(4,704)	-	(4,704)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(461)	-	-	-	(461)	-	(461)
Total other comprehensive expense for the period	-	-	-	-	(461)	(4,704)	-	-	(5,165)	-	(5,165)
Profit for the period	-	-	-	-	-	-	-	14,728	14,728	-	14,728
Total comprehensive (expense) / income for the period	-	-	-	-	(461)	(4,704)	-	14,728	9,563	-	9,563
Conversion of RCPS to ordinary shares	29,425	(28,538)	-	-	-	-	-	51	938	-	938
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	-	-	-	-	-	-	-	(144)	(144)	144	-
Total transactions with owners of the Company	62,037	(28,538)	-	(26,836)	-	-	-	26,743	33,406	144	33,550
At 30 June 2021 (Unaudited)	171,942	5,995	(8,043)	-	(4,218)	16,692	28,558	155,091	366,017	(217)	365,800

Interim Financial Statements for the Financial Period Ended 30 June 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2021 (CONTINUED)**

	←			Non-distributable		→			Total RM'000	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			
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	-	-	-	-	-	4,824	-	-	4,824	-	4,824
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(214)	-	-	-	(214)	-	(214)
Total other comprehensive expense for the period	-	-	-	-	(214)	4,824	-	-	4,610	-	4,610
Loss for the period	-	-	-	-	-	-	-	(13,606)	(13,606)	-	(13,606)
Total comprehensive expense for the period	-	-	-	-	(214)	4,824	-	(214)	(8,996)	-	(8,996)
Conversion of RCPS to ordinary shares	3,590	(3,480)	-	-	-	-	-	135	245	-	245
Total transactions with owners of the Company	3,590	(3,480)	-	-	-	-	-	135	245	-	245
At 30 June 2020 (Audited)	109,905	34,533	(8,043)	26,836	(3,757)	21,396	28,558	113,620	323,048	(361)	322,687

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 June 2021**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2021**

	Unaudited 30.06.2021 RM'000	Audited 30.06.2020 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	15,016	(12,808)
Adjustments for:		
Depreciation of property, plant and equipment	36,329	36,306
Depreciation of right-of-use assets	4,886	1,582
Depreciation of investment properties	66	65
Amortisation of intangible assets	1,026	1,256
Interest expenses	4,919	6,807
Dividend income	(2)	(1)
Loss on disposal of property, plant and equipment	539	629
Interest income	(247)	(825)
Provision of retirement benefit	-	108
Provision for slow moving stocks	-	3,000
Movement in provision of warranty	-	(533)
Net impairment loss on trade receivables	-	1,769
Impairment loss on intangible assets	1,360	2,600
Loss/(Gain) on foreign exchange, net - unrealised	3,151	(3,747)
Operating profit before changes in working capital	67,043	36,208
Inventories	(17,127)	(94,803)
Trade and other receivables	(25,351)	(70,924)
Trade and other payables	(7,650)	154,478
Cash generated from operations	16,915	24,959
Tax paid	(1,025)	(1,099)
Tax refunded	2	841
Dividend received	2	1
Net cash generated from operating activities	15,894	24,702
Cash flows from investing activities		
Acquisition of property, plant and equipment	(34,829)	(62,066)
Acquisition of right-of-use assets	(12,067)	(10,676)
Acquisition of intangible assets	-	(255)
Interest received	247	825
Proceeds from disposal of property, plant and equipment	1,169	2,140
Proceeds from exercise of Warrants 2015/2020	17,328	-
Net cash used in investing activities	(28,152)	(70,032)
Cash flows from financing activities		
Issue of shares	15,284	-
(Repayment)/Drawdown of bank borrowing, net	(56,574)	47,202
Drawdown/(Repayment) of lease liabilities	5,112	(2,452)
Drawdown/(Repayment) of term loans	37,569	(1,084)
Dividend paid	-	(876)
Interest paid	(4,919)	(6,636)
Withdrawal of pledged deposits	13,434	1,308
Net cash generated from financing activities	9,906	37,462
Net decrease in cash and cash equivalents	(2,352)	(7,868)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2021 (CONTINUED)**

	Unaudited 30.06.2021 RM'000	Audited 30.06.2020 RM'000
Effect of exchange rate fluctuation on cash and bank balances	29	231
Cash and cash equivalents at beginning of the period	12,866	20,503
Cash and cash equivalents at end of the period	10,543	12,866

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 were 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 30,974,335 new ordinary shares at the issue price of RM0.95 each pursuant to the conversion of 30,974,335 redeemable convertible preference shares ("RCPS") on the basis of 1 ordinary share for 1 RCPS held;
- (b) issuance of 41,256,842 new ordinary shares at the exercise price of RM0.42 each by cash pursuant to the 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.

As at 30 June 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 361,729,239.

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 June 2021.

A8. Dividend Paid

No dividend has been paid for the current financial quarter ended 30 June 2021.

Interim Financial Statements for the Financial Period Ended 30 June 2021

(The figures have not been audited)

A9. Segmental Reporting

The segmental analysis of the Group's results is as follows:

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u>	<u>Restated</u>	Change %	<u>Unaudited</u>	<u>Audited</u>	Change %
	30.06.2021	30.06.2020		30.06.2021	30.06.2020	
	RM'000	RM'000		RM'000	RM'000	
Segment for the Group						
Segment revenue						
- Electronic						
Manufacturing Services	226,944	229,965	-1.3%	1,050,488	1,002,621	4.8%
- Other	121	42	>100%	322	559	-42.4%
Total Segment Revenue	227,065	230,007	-1.3%	1,050,810	1,003,180	4.7%
Segment Result						
- Electronic						
Manufacturing Services	3,415	(9,924)	>100%	20,596	(5,676)	>100%
- Other	(2,344)	(3,549)	-34.0%	(5,580)	(7,132)	-21.8%
Profit/(loss) before tax	1,071	(13,473)	>100%	15,016	(12,808)	>100%
Segment assets						
- Electronic						
Manufacturing Services	55,884	7,079	>100%	894,841	880,780	1.6%
- Other	(1,258)	(13,145)	-90.4%	24,012	17,589	36.5%
	54,626	(6,066)	>100%	918,853	898,369	2.3%

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial period ended 30 June 2021.

A11. Material Subsequent Events

There were no material events or transactions subsequent to the end of current financial quarter ended 30 June 2021.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during 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

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

	Unaudited As at 30.06.2021 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	(1,153)	(736)
(b) Transaction with an associate		
Advances	578	215
Sales	44,814	1,735
Purchase	(1,144)	-
Service charges	167	-

A16. Fair Value

The Group uses 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 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 fair value is estimated 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); or
- Level 3 fair value is estimated using unobservable inputs for the financial liabilities.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**Interim Financial Statements for the Financial Period Ended 30 June 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		
30.06.2021						
Financial asset						
Quoted shares	2,667	2,667	-	-	2,667	2,667
Financial liabilities						
Term loans – variable rate	-	-	(41,177)	(41,177)	(41,177)	(41,177)
Lease liabilities	-	-	(11,160)	(11,160)	(11,160)	(10,680)
	-	-	(52,337)	(52,337)	(52,337)	(51,857)
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 and was approved by the shareholders at the Extraordinary General Meeting held on 23 July 2015 for a 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 were 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 (“Q4 2021”) and the preceding year’s corresponding quarter (“Q4 2020”)**

For the current quarter ended 30 June 2021, the Group registered revenue of RM227.1 million, a slight decrease of 1.3% as compared to RM230.0 million recorded in the previous year’s corresponding quarter. The decrease in revenue was mainly due to the decline in production capacity caused by the temporary suspension of manufacturing operations at Sungai Petani’s plant during mid-June 2021 in order to comply with government directives to mitigate the spread of COVID-19.

Despite the slight decrease in revenue, the Group recorded a profit before tax of RM1.1 million as compared to loss before tax of RM13.5 million in previous year’s corresponding quarter. The improved earnings were mainly attributed to the favourable product sales mix, effective control on the operating costs and reduction in one-off exceptional provisions from RM7.0 million made in the previous year’s corresponding quarter to RM1.3 million impairment on intangible assets made during the current quarter.

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

During the current financial year-to-date under review, the Group’s revenue increased by 4.7% to RM1.1 billion as compared to last year corresponding period of RM1.0 billion. The increase in revenue was mainly driven by higher sales of all products.

Correspondingly, the Group reported profit before tax of RM15.0 million as compared to loss before tax of RM12.8 million in previous year’s corresponding period. The improved earnings were mainly attributed to the favourable product sales mix, effective control on the operating costs and reduction in one-off exceptional provisions from RM7.0 million made in the previous year’s corresponding quarter to RM1.3 million impairment on intangible assets made during the current quarter.

B2. Variation of Results against Preceding Quarter

Description	4 th Quarter 2021 RM’000 (Unaudited)	3 rd Quarter 2021 RM’000 (Unaudited)	Increase/(Decrease)	
			RM’000	%
Revenue	227,065	231,618	(4,553)	-2.0%
Profit before tax	1,071	4,322	(3,251)	-75.2%
Profit for the period	1,023	4,202	(3,179)	-75.7%

Revenue for the current quarter was approximately RM227.1 million, a decrease by 2.0% as compared to the immediate preceding quarter of RM231.6 million. The decrease in revenue was mainly due to loss of production capacity in June 2021 following the temporary closure of Sungai Petani’s manufacturing plant in mid-June 2021.

In line with the lower revenue, the Group’s profit before tax has reduced from RM4.3 million in the immediate preceding quarter to RM1.1 million. The lower profit before tax was mainly due to lower revenue, higher operating expenses incurred for the COVID-19 Standard Operating Procedures (“SOPs”) compliance and recognition of one-off exceptional provision made for the impairment loss on intangible asset of approximately RM1.3 million during the current quarter.

B3. Prospect

For financial year 2021, the Group expects to face continuous 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 pandemic which has affected the global manufacturing activities due to shortage of raw materials and slowdown of global economy.

The manufacturing operation in Malaysia is currently operating at restricted percentage level in compliance with the current Standard Operating Procedures (“SOPs”) issued by Malaysia Government as of September 2021. Thus, the Group expects it will incur higher operating cost and lower sales in the coming financial quarters due to workforce restrictions. All employees has been fully vaccinated on September 2021 under the Public-Private Partnership Covid-19 Industry Immunisation Programme (PIKAS). This will help the Company to prevent further operation disruptions due to Covid-19 infection.

In view of the above, the Management will focus on cost reduction and overall change in resources allocation to help the Group to prepare for the challenging period ahead. Barring any 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. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the current financial year.

B6. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.06.2021 RM'000	Restated 30.06.2020 RM'000	Unaudited 30.06.2021 RM'000	Audited 30.06.2020 RM'000
Current tax expense	48	728	288	940
Deferred tax income	-	(142)	-	(142)
Tax expense	48	586	288	798

The effective tax rate of the Group for the current quarter and year to date is lower than the statutory income tax rate mainly due to a foreign subsidiary was granted promotional privileges under the Investment Promotional Act B.E. 2520 for a period of 8 years.

B7. Trade and Other Receivables

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

	Unaudited As at 30.06.2021 RM'000	Audited As at 30.06.2020 RM'000
Trade	300,997	274,199
Non-trade	2,684	4,175
	303,681	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 30.06.2021 RM'000	As at 30.06.2020 RM'000
Not past due	182,465	197,427
Past due 1 - 30 days	81,017	61,677
Past due 31 - 60 days	16,414	11,103
Past due 61 - 90 days	3,423	856
Past due more than 90 days *	16,013	-
	299,332	271,063
Credits impaired		
Past due more than 90 days	1,665	3,136
	300,997	274,199

* No impairment loss on trade receivables was required as the due sum was deemed recoverable and partially collected subsequent to the financial period.

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

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

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

During the current financial period ended 30 June 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.

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”).

On 8 September 2021, a further announcement was made by M&A Securities Sdn. Bhd that Bursa Securities had vide its letter dated 8 September 2021 resolved to grant the Company an extension of time of 6 months until 20 March 2022 to complete the implementation of the Proposed Private Placement.

The Proposed Private Placement is still in progress.

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 30.06.2021 RM'000	Audited As at 30.06.2020 RM'000
(a) Secured		
Bankers' acceptances	127,186	181,673
Trust receipt	17,965	35,678
Term loans	41,176	3,607
Revolving credits	3,116	7,490
Trade financing	20,000	-
	<u>209,443</u>	<u>228,448</u>
(b) Current	174,514	225,922
Non-current	34,929	2,526
	<u>209,443</u>	<u>228,448</u>
(c) Denominated in Malaysia Ringgit	25,639	21,096
Denominated in US Dollar	113,773	148,688
Denominated in Thai Baht	70,031	58,664
	<u>209,443</u>	<u>228,448</u>

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
Converted during the year	(30,974)	(29,477)
Dividend paid	-	(216)
At 30 June 2021	11,363	6,389
Liability component		394
Equity component		5,995
		6,389

B12. Off Balance Sheet Financial Instruments

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

B13. Changes in Material Litigation

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

B14. Dividend Declared

During the current financial period ended 30 June 2021, the Company has declared a fourth annual preference dividend rate of 2% per annum on the nominal value (RM0.95) of the RCPS, amounting to RM215,892 in respect of the period from 1 July 2020 to 30 June 2021 paid on 14 July 2021.

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

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.06.2021 RM’000	Restated 30.06.2020 RM’000	Unaudited 30.06.2021 RM’000	Audited 30.06.2020 RM’000
Depreciation and amortisation	12,757	10,147	42,307	39,209
Interest expenses	1,186	1,776	4,919	6,807
Interest income	(103)	(434)	(247)	(825)
Loss/(Gain) on foreign exchange, net - unrealised	744	(12,698)	3,151	(3,747)
Loss on disposal of property, plant and equipment	85	27	539	629
Impairment loss on intangible asset	1,360	2,600	1,360	2,600
Provision for retirement benefits	-	108	-	108
Provision for slow moving stock	-	3,000	-	3,000
Reversal of provision for warranty	-	(533)	-	(533)
Impairment loss on trade receivables	-	1,769	-	1,769

**Interim Financial Statements for the Financial Period Ended 30 June 2021**

(The figures have not been audited)

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 30.06.2021	Restated 30.06.2020	Unaudited 30.06.2021	Audited 30.06.2020
Net profit/(loss) attributable to owners of the Company (RM'000)	1,023	(14,059)	14,728	(13,606)
Weighted average number of ordinary shares outstanding ('000)	321,471	257,214	321,471	257,214
Basic earnings/(loss) per ordinary share (sen)	0.32	(5.47)	4.58	(5.29)
Net profit/(loss) attributable to owners of the Company (RM'000)	1,023	(14,059)	14,728	(13,606)
Weighted average number of ordinary shares outstanding ('000)	321,471	257,214	321,471	257,214
Adjusted for:				
Effect of exercise of warrants ('000)	-	*	-	*
Effect of conversion of RCPS ('000)	8,275	*	8,275	*
Adjusted weighted average number of ordinary shares ('000)	329,746	257,214	329,746	257,214
Diluted earnings/(loss) per ordinary share (sen)	0.31	(5.47)	4.47	(5.29)

* The effect of the potential incremental shares from Warrants and RCPS were not taken into account in the computation of diluted earnings per share for the financial year ended 30 June 2020 as the exercise price of the warrants and RCPS are higher than the average market price of the Company's ordinary shares.

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 30 June 2021, the proceeds raised from the Private Placement 2020 has been fully utilised as follows:

Details	Proposed Utilisation RM'000	Actual Utilisation 30.06.2021 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	



EG INDUSTRIES BERHAD

Registration No. 199101012585 (222897-W)

Interim Financial Statements for the Financial Period Ended 30 June 2021

(The figures have not been audited)

BY ORDER OF THE BOARD

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

14 SEPTEMBER 2021