



# **EG INDUSTRIES BERHAD**

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

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

**30 September 2021**



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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			3 months ended		
		30.09.2021	30.09.2020		30.09.2021	30.09.2020	
		RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>		<b>196,988</b>	<b>293,091</b>	-32.8%	<b>196,988</b>	<b>293,091</b>	-32.8%
Operating profit		13,617	15,764	-13.6%	13,617	15,764	-13.6%
Interest income		48	83	-42.2%	48	83	-42.2%
Interest expense		(1,219)	(1,228)	-0.7%	(1,219)	(1,228)	-0.7%
Depreciation & amortisation		(10,434)	(10,171)	2.6%	(10,434)	(10,171)	2.6%
Share of profit of equity-accounted associate, net of tax		42	-	100%	42	-	100%
<b>Profit before tax</b>		<b>2,054</b>	<b>4,448</b>	-53.8%	<b>2,054</b>	<b>4,448</b>	-53.8%
Tax expense	B6	(110)	-	-100%	(110)	-	-100%
<b>Profit for the period</b>		<b>1,944</b>	<b>4,448</b>	-56.3%	<b>1,944</b>	<b>4,448</b>	-56.3%
<b>Other comprehensive income for the period, net of tax</b>							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")		1,215	(112)	>-100%	1,215	(112)	>-100%
		1,215	(112)	>-100%	1,215	(112)	>-100%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(2,257)	(3,572)	-36.8%	(2,257)	(3,572)	-36.8%
		(2,257)	(3,572)	-36.8%	(2,257)	(3,572)	-36.8%
<b>Other comprehensive expense for the period, net of tax</b>		<b>(1,042)</b>	<b>(3,684)</b>	-71.7%	<b>(1,042)</b>	<b>(3,684)</b>	-71.7%
<b>Total comprehensive income for the period, net of tax</b>		<b>902</b>	<b>764</b>	18.1%	<b>902</b>	<b>764</b>	18.1%

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

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		<u>Unaudited</u>	<u>Unaudited</u>	Changes	<u>Unaudited</u>	<u>Unaudited</u>	Changes
		3 months ended			3 months ended		
		30.09.2021	30.09.2020	%	30.09.2021	30.09.2020	%
		RM'000	RM'000		RM'000	RM'000	
<b>Profit attributable to:</b>							
Owners of the Company		1,944	4,448	-56.3%	1,944	4,448	-56.3%
Non-controlling interest		-	-	-	-	-	-
		<u>1,944</u>	<u>4,448</u>	-56.3%	<u>1,944</u>	<u>4,448</u>	-56.3%
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		902	764	18.1%	902	764	18.1%
Non-controlling interest		-	-	-	-	-	-
		<u>902</u>	<u>764</u>	18.1%	<u>902</u>	<u>764</u>	18.1%
Basic earnings per ordinary share (sen)	B16	<u>0.51</u>	<u>1.71</u>		<u>0.51</u>	<u>1.71</u>	
Diluted earnings per ordinary share (sen)	B16	<u>0.51</u>	<u>1.48</u>		<u>0.51</u>	<u>1.48</u>	

The Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2021. The accompanying notes are an integral part of this statement.



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

	Note	Unaudited as at 30.09.2021 RM'000	Audited as at 30.06.2021 RM'000
<b>Assets</b>			
Property, plant and equipment		222,738	229,509
Right-of-use assets		40,017	41,264
Investment properties		3,558	3,574
Investment in associate		2,354	2,312
Other investments		3,883	2,667
Intangible asset		12,719	12,889
Deferred tax assets		1,673	1,677
<b>Total non-current assets</b>		<b>286,942</b>	<b>293,892</b>
Inventories		299,760	307,612
Trade and other receivables	B7	302,701	308,344
Current tax assets		2,032	1,927
Fixed deposits with licensed banks		939	4,606
Cash and bank balances		30,527	10,543
<b>Total current assets</b>		<b>635,959</b>	<b>633,032</b>
<b>Total assets</b>		<b>922,901</b>	<b>926,924</b>
<b>Equity</b>			
Share capital		171,944	171,942
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	7,920	7,922
Reserves		193,929	193,027
<b>Total equity attributable to owners of the Company</b>		<b>365,750</b>	<b>364,848</b>
Non-controlling interests		(217)	(217)
<b>Total equity</b>		<b>365,533</b>	<b>364,631</b>
<b>Liabilities</b>			
Lease liabilities		7,398	7,398
Loans and borrowings	B11	35,208	35,609
Redeemable convertible preference shares – Liability component	B11	202	202
Provision for retirement benefits		604	612
<b>Total non-current liabilities</b>		<b>43,412</b>	<b>43,821</b>
Lease liabilities		2,340	3,282
Loans and borrowings	B11	199,881	173,835
Trade and other payables		311,468	341,088
Provision		267	267
<b>Total current liabilities</b>		<b>513,956</b>	<b>518,472</b>
<b>Total liabilities</b>		<b>557,368</b>	<b>562,293</b>
<b>Total equity and liabilities</b>		<b>922,901</b>	<b>926,924</b>
<b>Net assets per ordinary share (RM)</b>		<b>1.01</b>	<b>1.01</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2021. The accompanying notes are an integral part of this Statement of Financial Position.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

	← Non-distributable →					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	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			
<b>At 1 July 2021</b>	171,942	7,922	(8,043)	(4,218)	16,079	28,558	152,608	364,848	(217)	364,631
Foreign currency translation differences for foreign operations	-	-	-	-	(2,257)	-	-	(2,257)	-	(2,257)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	1,215	-	-	-	1,215	-	1,215
Total other comprehensive income/(expense) for the period	-	-	-	1,215	(2,257)	-	-	(1,042)	-	(1,042)
Profit for the period	-	-	-	-	-	-	1,944	1,944	-	1,944
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	1,215	(2,257)	-	1,944	902	-	902
Conversion of RCPS to ordinary shares	2	(2)	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	2	(2)	-	-	-	-	-	-	-	-
<b>At 30 September 2021 (Unaudited)</b>	171,944	7,920	(8,043)	(3,003)	13,822	28,558	154,552	365,750	(217)	365,533



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

	←			Non-distributable		→			Distributable			
	Share capital	RCPS - equity component	Treasury shares	Warrants reserve	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total	Non-controlling Interest	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 July 2020</b>	109,905	34,533	(8,043)	26,836	(3,757)	21,396	28,558	113,620	323,048	(361)	322,687	
Foreign currency translation differences for foreign operations	-	-	-	-	-	(3,572)	-	-	(3,572)	-	(3,572)	
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(112)	-	-	-	(112)	-	(112)	
Total other comprehensive expense for the period	-	-	-	-	(112)	(3,572)	-	-	(3,684)	-	(3,684)	
Profit for the period	-	-	-	-	-	-	-	4,448	4,448	-	4,448	
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	-	(112)	(3,572)	-	4,448	764	-	764	
Conversion of RCPS to ordinary shares	17,641	(17,641)	-	-	-	-	-	-	-	-	-	
Issuance of shares pursuant to exercise of Warrants 2015/2020	118	-	-	-	-	-	-	-	118	-	118	
<b>Total transactions with owners of the Company</b>	17,759	(17,641)	-	-	-	-	-	-	118	-	118	
<b>At 30 September 2020 (Unaudited)</b>	127,664	16,892	(8,043)	26,836	(3,869)	17,824	28,558	118,068	323,930	(361)	323,569	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2021. The accompanying notes are integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,054	4,448
Adjustments for:		
Depreciation of property, plant and equipment	9,638	9,002
Depreciation of right-of-use assets	612	892
Depreciation of investment properties	16	16
Amortisation of intangible assets	168	261
Interest expenses	1,219	1,228
Dividend income	-	(1)
(Gain)/Loss on disposal of property, plant and equipment	(1)	292
Interest income	(48)	(83)
Share of results of an associate	(42)	-
Loss/(Gain) on foreign exchange, net - unrealised	914	(58)
Operating profit before changes in working capital	14,530	15,997
Inventories	5,612	89,210
Trade and other receivables	4,101	(46,127)
Trade and other payables	(28,355)	(20,518)
Cash (used in)/generated from operations	(4,112)	38,562
Tax paid	(215)	(193)
Tax refunded	-	2
Dividend received	-	1
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,327)</b>	<b>38,372</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,675)	(5,035)
Acquisition of right-of-use assets	-	(16,945)
Interest received	48	83
Proceeds from disposal of property, plant and equipment	64	1,040
<b>Net cash used in investing activities</b>	<b>(3,563)</b>	<b>(20,857)</b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of Warrants 2015/2020	-	118
Drawdown/(Repayment) of bank borrowing, net	27,490	(27,181)
Repayment of lease liabilities	(942)	(644)
(Repayment)/Drawdown of term loans	(937)	25,203
Dividend paid	(216)	-
Interest paid	(1,219)	(1,228)
Withdrawal of pledged deposits	3,662	2,281
<b>Net cash generated from/(used in) financing activities</b>	<b>27,838</b>	<b>(1,451)</b>
<b>Net increase in cash and cash equivalents</b>	<b>19,948</b>	<b>16,064</b>
Effect of exchange rate fluctuation on cash and bank balances	36	20
Cash and cash equivalents at beginning of the period	10,543	12,866
<b>Cash and cash equivalents at end of the period</b>	<b>30,527</b>	<b>28,950</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2021. The accompanying notes are an integral part of this statement.

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A1. Basis of Preparation**

The 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 of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2021. The explanatory notes attached to the interim financial statements provide explanation of 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 2021.

**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 2021, except for the following:

**Standards issued but not yet effective**

The following are accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Group:

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

- Amendment to MFRS 4, *Insurance contracts – Extension of the Temporary Exemption from Applying MFRS 9*

***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*, 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 April 2021***

- Amendment to MFRS 16, *Leases- Covid-19-Related Rent Concession beyond 30 June 2021*

***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 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)*



**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 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the abovementioned standards, interpretations and amendments become effective.

The Group does 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.

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.

**A3. 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.

**A4. 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 during the current financial quarter under review.

**A5. Material Changes in Estimates**

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared to the preceding corresponding financial quarter.

#### A6. Issuance of Equity or Debt Securities

During the current financial period under review, the Company increased its issued and paid-up share capital by way of issuance of 2,000 new ordinary shares at the issue price of RM0.95 each pursuant to the conversion of 2,000 redeemable convertible preference shares (“RCPS”) on the basis of 1 ordinary share for 1 RCPS held.

As at 30 September 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 361,731,239.

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 September 2021.

#### A7. Dividend Paid

##### Redeemable Convertible Preference Shares (“RCPS”)

During the current financial quarter, a first annual preference dividend of 2% amounting to RM215,892 in respect of the financial year ended 30 June 2021 was paid on 14 July 2021.

#### A8. Segmental Reporting

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

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u> 30.09.2021 RM’000	<u>Unaudited</u> 30.09.2020 RM’000	Change %	<u>Unaudited</u> 30.09.2021 RM’000	<u>Unaudited</u> 30.09.2020 RM’000	Change %
<b>Segment for the Group</b>						
<b>Segment revenue</b>						
- Electronic						
Manufacturing	196,880	292,985	-32.8%	196,880	292,985	-32.8%
Services						
- Other	108	106	1.9%	108	106	1.9%
Total Segment Revenue	196,988	293,091	-32.8%	196,988	293,091	-32.8%
<b>Segment Result</b>						
- Electronic						
Manufacturing						
Services	2,772	5,251	-47.2%	2,772	5,251	-47.2%
- Other	(718)	(803)	-10.6%	(718)	(803)	-10.6%
Profit before tax	2,054	4,448	-53.8%	2,054	4,448	-53.8%
<b>Segment assets</b>						
- Electronic						
Manufacturing						
Services	901,758	840,585	7.3%	901,758	840,585	7.3%
- Other	21,143	19,688	7.4%	21,143	19,688	7.4%
	922,901	860,273	7.3%	922,901	860,273	7.3%

**A9. Valuation of Property, Plant and Equipment**

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

**A10. Material Subsequent Events**

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

**A11. 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.

**A12. 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.

**A13. Capital Commitments**

Capital commitments of the Group as at 30 September 2021 is as follows:

	<b>Unaudited As at 30.09.2021 RM'000</b>	<b>Audited As at 30.06.2021 RM'000</b>
Authorised and contracted for -Property, plant and equipment	1,313	2,063

**A14. Significant related party transactions**

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

	<b>Unaudited As at 30.09.2021 RM'000</b>	<b>Audited As at 30.06.2021 RM'000</b>
<b>(a) Transactions with a related company</b>		
Purchase of raw materials	(118)	(1,153)
<b>(b) Transaction with an associate</b>		
Advances	75	578
Sales	7,392	44,897
Purchase	(73)	(1,144)
Service charges	50	167

## A15. 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.

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Total RM'000	Level 3 RM'000	Total RM'000		
<b>30.09.2021</b>						
<b>Financial asset</b>						
Quoted shares	3,883	3,883	-	-	3,883	3,883
<b>Financial liabilities</b>						
Term loans – variable rate	-	-	(40,090)	(40,090)	(40,090)	(40,090)
Lease liabilities	-	-	(10,134)	(10,134)	(10,134)	(9,738)
	-	-	(50,224)	(50,224)	(50,224)	(49,828)
<b>30.06.2021</b>						
<b>Financial asset</b>						
Quoted shares	2,667	2,667	-	-	2,667	2,667
<b>Financial liabilities</b>						
Term loans – variable rate	-	-	(41,177)	(41,177)	(41,177)	(41,177)
Finance lease liabilities	-	-	(11,759)	(11,759)	(11,759)	(10,680)
	-	-	(52,936)	(52,936)	(52,936)	(51,857)

There has been no transfer between the fair value levels during the financial period to date and the comparative period.

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

**B1. Review of Performance**

**Comparison between the current quarter and the preceding year corresponding quarter**

For the current quarter ended 30 September 2021, the Group registered revenue of RM197.0 million, a drop of 32.8% as compared to RM293.1 million recorded in the previous year corresponding quarter. The decrease in revenue was mainly due to the temporary closure of manufacturing operation at Sungai Petani plants in the month of July 2021 for the safety of the employees following the Government's imposition of Enhanced Movement Control Order ("EMCO") to curb the outbreak of Covid-19 pandemic in Kedah.

Profit before tax of the Group decrease from RM4.4 million in the previous year corresponding quarter to RM2.1 million. This was mainly due to loss of production capacity and higher operating expenses incurred for the Covid-19's SOP compliance.

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

Description	1 <sup>st</sup> Quarter 2022 RM'000 (Unaudited)	4 <sup>th</sup> Quarter 2021 RM'000 (Restated)	Increase/(Decrease)	
			RM'000	%
Revenue	196,988	231,776	(34,788)	-15.0%
Profit before tax	2,054	252	1,802	>100.0%
Profit for the period	1,944	260	1,684	>100.0%

Revenue for the current quarter was approximately RM197.0 million, a decrease by 15.0% as compared to the immediate preceding quarter of RM231.8 million. The decrease in revenue was mainly due to loss of production capacity caused by EMCO implemented in July 2021 by the Malaysia Government.

Despite a drop in revenue, the Group's profit before tax increased to RM2.1 million from RM0.3 million in the immediate preceding quarter. This was due to the offsetting of the less favourable product sales mix and higher operating costs in the current quarter against the one-off RM3.7 million provisions made in the immediate preceding quarter.

**B3. Prospect**

The Group expects to face continuous challenges on the overall macro economy with the threat of resurgence of Covid-19 new variant, supply chain disruption, fluctuation of US Dollar against Malaysia Ringgit and the ongoing U.S. - China trade war.

The Group's manufacturing operations have fully resumed after all the employees were fully vaccinated under PIKAS Programme in September 2021. As Covid-19 continues to mutate and remains as a threat to the overall economic climate, we are in the midst of arranging for Covid-19 booster shots for our employees, while continuing to adhere with Covid-19 Standard Operating Procedures in our manufacturing facilities. This is to ensure safety of all employees and to mitigate any further operation disruptions.

In addition to taking all necessary measures to improve on production efficiency, the Group continues its prudent stance of monitoring and managing internal costs in a stringent manner. At the same time, the Group remains driven to achieve profitable growth by continuing exploring new business opportunities from the existing and new customers globally.

**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 period-to-date.

**B6. Tax Expense**

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
Current tax expense	110	-	110	-
Deferred tax income	-	-	-	-
Tax expense	110	-	110	-

The effective tax rate of the Group for the current quarter and year to date is lower than the statutory income tax rate as one of its foreign subsidiary was granted promotional privileges under the Investment Promotional Act B.E. 2520 for a period a period of eight years from the date the income is first derived and a fifty percent reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years for the manufacturing of printed circuit boards.

**B7. Trade and Other Receivables**

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

	Unaudited As at 30.09.2021 RM'000	Audited As at 30.06.2021 RM'000
Trade	300,450	305,340
Non-trade	2,251	3,004
	302,701	308,344

**B7. Trade and Other Receivables (continued)**

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 is as follows:

	<b>Unaudited As at 30.09.2021 RM'000</b>	<b>Audited As at 30.06.2021 RM'000</b>
Not past due	190,776	188,212
Past due 1 - 30 days	100,822	81,023
Past due 31 - 60 days	471	16,420
Past due 61 - 90 days	1,117	3,428
	293,186	289,083
<b>Credits impaired</b>		
Past due more than 90 days	7,264	16,257
	300,450	305,340

**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**

There was no purchase or disposal of quoted securities during the current financial period.

**B10. Corporate Proposals**

**(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”).

A further announcement was made by M&A Securities Sdn. Bhd on 17 November 2021 that the Board has resolved to abort the Proposed Listing after due deliberations and having considered the weak market sentiment resulting from Covid-19 pandemic. The abortion of the Proposed Listing is not expected to have any material impact on the issued share capital, substantial shareholders’ shareholding, net assets, net assets per share, gearing and earnings of EGIB.

**(b) Proposed Private Placement**

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”).

**B10. Corporate Proposals (continued)**
**(b) Proposed Private Placement (continued)**

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**

	<b>Unaudited As at 30.09.2021 RM'000</b>	<b>Audited As at 30.06.2021 RM'000</b>
(a) Secured		
Bankers' acceptances	151,085	127,186
Trust receipt	21,820	17,965
Term loans	40,090	41,177
Trade financing	20,000	20,000
Revolving credits	2,094	3,116
	<u>235,089</u>	<u>209,444</u>
(b) Current	199,881	173,835
Non-current	35,208	35,609
	<u>235,089</u>	<u>209,444</u>
(c) Denominated in Malaysia Ringgit	24,347	22,524
Denominated in US Dollar	210,742	186,920
	<u>235,089</u>	<u>209,444</u>

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

	<b>No. of RCPS (‘000)</b>	<b>Amount RM'000</b>
At 1 July 2021	11,363	8,124
Conversion of RCPS into ordinary shares	(2)	(2)
At 30 September 2021	<u>11,361</u>	<u>8,122</u>
Liability component		202
Equity component		7,920
		<u>8,122</u>



**B12. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the 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 the current quarter and financial period under review.

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

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
Depreciation and amortisation	10,434	10,171	10,434	10,171
Interest expenses	1,219	1,228	1,219	1,228
Interest income	(48)	(83)	(48)	(83)
Loss/(Gain) on foreign exchange, net -unrealised	914	(58)	914	(58)
(Gain)/Loss on disposal of property, plant and equipment	(1)	292	(1)	292

**B16. Earnings Per Ordinary Share**
**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share for the financial period ended 30 September 2021 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
Profit attributable to ordinary shareholders	1,944	4,448	1,944	4,448
Weighted average number of ordinary shares outstanding ('000)	379,317	260,234	379,317	260,234
Basic earnings per ordinary share (sen)	0.51	1.71	0.51	1.71

**B16. Earnings Per Ordinary Share (continued)**
**Diluted earnings per ordinary share**

The diluted earnings per share has been computed based on adjusted earnings attributable to ordinary shareholders divided by the adjusted weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares calculated as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
Profit attributable to ordinary shareholders	1,944	4,448	1,944	4,448
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	379,317	260,234	379,317	260,234
Effect of exercise of warrants ('000)	-	16,212	-	16,212
Effect of exercise of RCPS ('000)	*	24,014	*	24,014
Weighted average number of ordinary shares ('000)	379,317	300,460	379,317	300,460
Diluted earnings per ordinary share (sen)	0.51	1.48	0.51	1.48

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

**BY ORDER OF THE BOARD**

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

30 NOVEMBER 2021