



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

31 December 2021



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 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			6 months ended		
		31.12.2021	31.12.2020		31.12.2021	31.12.2020	
		RM'000	RM'000		RM'000	RM'000	
Revenue		358,478	299,036	19.9%	555,466	592,127	-6.2%
Operating profit		19,640	16,801	16.9%	33,257	32,565	2.1%
Interest income		33	3	>100%	81	86	-5.8%
Interest expense		(1,218)	(1,279)	-4.8%	(2,437)	(2,507)	-2.8%
Depreciation & amortisation		(10,475)	(10,350)	1.2%	(20,909)	(20,521)	1.9%
Share of profit of equity-accounted associate, net of tax		89	-	100%	131	-	100%
Profit before tax		8,069	5,175	55.9%	10,123	9,623	5.2%
Tax expense	B6	(158)	(120)	-31.7%	(268)	(120)	>100%
Profit for the period		7,911	5,055	56.5%	9,855	9,503	3.7%
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")		(734)	497	>-100%	481	385	24.9%
		(734)	497	>-100%	481	385	24.9%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(3,026)	(710)	>100%	(5,283)	(4,282)	23.4%
		(3,026)	(710)	>100%	(5,283)	(4,282)	23.4%
Other comprehensive expense for the period, net of tax		(3,760)	(213)	>100%	(4,802)	(3,897)	23.2%
Total comprehensive income for the period, net of tax		4,151	4,842	-14.3%	5,053	5,606	-9.9%



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 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			6 months ended		
		31.12.2021	31.12.2020	%	31.12.2021	31.12.2020	%
		RM'000	RM'000		RM'000	RM'000	
Profit attributable to:							
Owners of the Company		7,911	5,055	56.5%	9,855	9,503	3.7%
Non-controlling interest		-	-	-	-	-	-
		<u>7,911</u>	<u>5,055</u>	56.5%	<u>9,855</u>	<u>9,503</u>	3.7%
Total comprehensive income attributable to:							
Owners of the Company		4,151	4,842	-14.3%	5,053	5,606	-9.9%
Non-controlling interest		-	-	-	-	-	-
		<u>4,151</u>	<u>4,842</u>	-14.3%	<u>5,053</u>	<u>5,606</u>	-9.9%
Basic earnings per ordinary share (sen)	B16	<u>2.08</u>	<u>1.78</u>	16.9%	<u>2.60</u>	<u>3.34</u>	-22.1%
Diluted earnings per ordinary share (sen)	B16	<u>2.08</u>	<u>1.67</u>	24.6%	<u>2.60</u>	<u>3.14</u>	-17.2%

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 31 DECEMBER 2021**

	Note	Unaudited as at 31.12.2021 RM'000	Audited as at 30.06.2021 RM'000
Assets			
Property, plant and equipment		217,661	229,509
Right-of-use assets		38,521	41,264
Investment properties		3,542	3,574
Investment in associate		2,443	2,312
Other investments		3,147	2,667
Intangible asset		12,551	12,889
Deferred tax assets		1,672	1,677
Total non-current assets		279,537	293,892
Inventories		283,344	307,612
Trade and other receivables	B7	321,465	308,344
Current tax assets		2,162	1,927
Fixed deposits with licensed banks		936	4,606
Cash and bank balances		11,899	10,543
Total current assets		619,806	633,032
Total assets		899,343	926,924
Equity			
Share capital		172,834	171,942
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B11	7,030	7,922
Reserves		198,080	193,027
Total equity attributable to owners of the Company		369,901	364,848
Non-controlling interests		(217)	(217)
Total equity		369,684	364,631
Liabilities			
Lease liabilities		7,398	7,398
Loans and borrowings	B11	35,109	35,609
Redeemable convertible preference shares – Liability component	B11	202	202
Provision for retirement benefits		601	612
Total non-current liabilities		43,310	43,821
Lease liabilities		1,479	3,282
Loans and borrowings	B11	200,520	173,835
Trade and other payables		284,001	341,088
Provision		267	267
Current tax liabilities		82	-
Total current liabilities		486,349	518,472
Total liabilities		529,659	562,293
Total equity and liabilities		899,343	926,924
Net assets per ordinary share (RM)		1.02	1.01

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 SECOND QUARTER ENDED 31 DECEMBER 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			
At 1 July 2021	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	-	-	-	-	(5,283)	-	-	(5,283)	-	(5,283)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	481	-	-	-	481	-	481
Total other comprehensive income/(expense) for the period	-	-	-	481	(5,283)	-	-	(4,802)	-	(4,802)
Profit for the period	-	-	-	-	-	-	9,855	9,855	-	9,855
Total comprehensive income/(expense) for the period	-	-	-	481	(5,283)	-	9,855	5,053	-	5,053
Conversion of RCPS to ordinary shares	892	(892)	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	892	(892)	-	-	-	-	-	-	-	-
At 31 December 2021 (Unaudited)	172,834	7,030	(8,043)	(3,737)	10,796	28,558	162,463	369,901	(217)	369,684



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

	← 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	-	-	-	-	-	(4,282)	-	-	(4,282)	-	(4,282)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	385	-	-	-	385	-	385
Total other comprehensive income/(expense) for the period	-	-	-	-	385	(4,282)	-	-	(3,897)	-	(3,897)
Profit for the period	-	-	-	-	-	-	-	9,503	9,503	-	9,503
Total comprehensive income/(expense) for the period	-	-	-	-	385	(4,282)	-	9,503	5,606	-	5,606
Conversion of RCPS to ordinary shares	20,968	(20,325)	-	-	-	-	-	37	680	-	680
Issuance of shares pursuant to exercise of Warrants 2015/2020	17,328	-	-	-	-	-	-	-	17,328	-	17,328
Effect arising from expiry of Warrants 2015/2020	-	-	-	(26,836)	-	-	-	(26,836)	-	-	-
Total transactions with owners of the Company	38,296	(20,325)	-	(26,836)	-	-	-	26,873	18,008	-	18,008
At 31 December 2020 (Unaudited)	148,201	14,208	(8,043)	-	(3,869)	17,114	28,558	149,996	346,662	(361)	346,301

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 SECOND QUARTER ENDED 31 DECEMBER 2021**

	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000
Cash flows from operating activities		
Profit before tax	10,123	9,623
Adjustments for:		
Depreciation of property, plant and equipment	19,419	17,658
Depreciation of right-of-use assets	1,122	2,311
Depreciation of investment properties	32	33
Amortisation of intangible assets	336	519
Interest expenses	2,437	2,507
Dividend income	-	(1)
(Gain)/Loss on disposal of property, plant and equipment	(14)	304
Interest income	(81)	(86)
Provision for slow moving stocks	-	120
Share of results of an associate	(131)	-
Loss on foreign exchange, net - unrealised	2,560	681
Operating profit before changes in working capital	35,803	33,669
Inventories	21,114	83,656
Trade and other receivables	(16,278)	1,473
Trade and other payables	(57,661)	(53,248)
Cash (used in)/generated from operations	(17,022)	65,550
Tax paid	(420)	(424)
Tax refunded	-	2
Dividend received	-	1
Net cash (used in)/generated from operating activities	(17,442)	65,129
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,206)	(27,610)
Acquisition of right-of-use assets	-	(33,797)
Interest received	81	86
Proceeds from disposal of property, plant and equipment	204	1,202
Proceeds from exercise of Warrants 2015/2020	-	17,328
Net cash used in investing activities	(7,921)	(42,791)
Cash flows from financing activities		
Drawdown/(Repayment) of bank borrowing, net	29,756	(66,724)
(Repayment)/Drawdown of lease liabilities	(1,803)	7,020
(Repayment)/Drawdown of term loans	(2,293)	38,964
Dividend paid	(216)	-
Interest paid	(2,437)	(2,507)
Withdrawal of pledged deposits	3,662	11,937
Net cash generated from/(used in) financing activities	26,669	(11,310)
Net increase in cash and cash equivalents	1,306	11,028
Effect of exchange rate fluctuation on cash and bank balances	50	15
Cash and cash equivalents at beginning of the period	10,543	12,866
Cash and cash equivalents at end of the period	11,899	23,909

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 938,900 new ordinary shares at the issue price of RM0.95 each pursuant to the conversion of 938,900 redeemable convertible preference shares (“RCPS”) on the basis of 1 ordinary share for 1 RCPS held.

As at 31 December 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 362,668,139.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares during the current financial period ended 31 December 2021.

A7. Dividend Paid

No dividend has been paid during the current financial quarter ended 31 December 2021.

A8. Segmental Reporting

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

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u>	<u>Unaudited</u>	Change	<u>Unaudited</u>	<u>Unaudited</u>	Change
	31.12.2021	31.12.2020		31.12.2021	31.12.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
- Electronic						
Manufacturing	358,424	298,982	19.9%	555,304	591,967	-6.2%
Services						
- Other	54	54	0.0%	162	160	1.3%
Total Segment Revenue	358,478	299,036	19.9%	555,466	592,127	-6.2%
Segment Result						
- Electronic						
Manufacturing	8,965	6,498	38.0%	11,737	11,749	-0.1%
Services						
- Other	(896)	(1,323)	-32.3%	(1,614)	(2,126)	-24.1%
Profit before tax	8,069	5,175	55.9%	10,123	9,623	5.2%
Segment assets						
- Electronic						
Manufacturing	(23,140)	(52,742)	-56.1%	878,618	787,843	11.5%
Services						
- Other	(418)	7,178	>-100%	20,725	26,866	-22.9%
	(23,558)	(45,564)	-48.3%	899,343	814,709	10.4%

A9. Valuation of Property, Plant and Equipment

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

**A10. Material Subsequent Events**

On 16 February 2022, the Company has completed the listing of its First Tranche of 36,195,400 Placement Shares at an issue price of RM0.420 per share on the Main Market of Bursa Malaysia.

Save as disclosed above, there were no other material events subsequent to the current quarter and financial period-to-date that have not been reflected in this interim financial report.

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 31 December 2021 is as follows:

	Unaudited As at 31.12.2021 RM'000	Audited As at 30.06.2021 RM'000
Authorised and contracted for -Property, plant and equipment	<u>1,163</u>	<u>2,063</u>

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:

	Unaudited As at 31.12.2021 RM'000	Audited As at 30.06.2021 RM'000
(a) Transactions with a related company		
Purchase of raw materials	<u>(224)</u>	<u>(1,153)</u>
(b) Transaction with an associate		
Advances	125	578
Sales	20,094	44,897
Purchase	(122)	(1,144)
Service charges	<u>133</u>	<u>167</u>

**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	Carrying Amount
	Level 1	Total	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2021						
Financial asset						
Quoted shares	3,147	3,147	-	-	3,147	3,147
Financial liabilities						
Term loans – variable rate	-	-	(38,583)	(38,583)	(38,583)	(38,583)
Finance lease liabilities	-	-	(9,199)	(9,199)	(9,199)	(8,877)
	-	-	(47,782)	(47,782)	(47,782)	(47,460)
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)
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 with preceding year corresponding quarter**

For the current quarter ended 31 December 2021, the Group registered revenue of RM358.5 million, an increase of 19.9% as compared to RM299.0 million recorded in the previous year corresponding quarter. The increase in revenue was mainly attributed to the higher sales for both data storage and consumer electronic products.

Correspondingly, the Group's profit before tax increased by RM2.9 million or 55.9% from RM5.2 million in the previous year corresponding quarter to RM8.1 million.

Comparison with preceding year corresponding period

During the financial period under review, the Group's revenue decreased by 6.2% to RM555.5 million as compared to the preceding year corresponding period of RM592.1 million. This was mainly due to loss of production capacity in July 2021 following the Government's imposition of Enhanced Movement Control Order ("EMCO") to curb the outbreak of Covid-19 pandemic in Bakar Arang, Kedah.

Despite the decrease in revenue, the Group's profit before tax increased from RM9.6 million in previous year corresponding period to RM10.1 million. The improved margin was mainly due to favourable product sales mix and savings in operating expenses.

B2. Comparison with immediate Preceding Quarter

Description	2 nd Quarter 2022 RM'000 (Unaudited)	1 st Quarter 2022 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	358,478	196,988	161,490	82.0%
Profit before tax	8,069	2,054	6,015	>100.0%
Profit for the period	7,911	1,944	5,967	>100.0%

Revenue for the current quarter was RM358.5 million, an increase of approximately 82.0% as compared to the immediate preceding quarter of RM197.0 million. This was mainly due to full resumption of our manufacturing operations since September 2021 and higher sales generated from both data storage and consumer electronic products during the year-end holiday seasons in the current quarter.

In line with the increase in revenue, the Group profit before tax also increased from RM2.1 million in the immediate preceding quarter to RM8.1 million.

**B3. Prospect**

The Group remains positive on the outlook for Year 2022 despite the continuous challenges in the overall macro economy, such as the threat of Covid-19 Omicron variant, supply chain disruption, fluctuation of US Dollar against Malaysia Ringgit and the ongoing U.S. - China trade war.

With the recent uprising of Covid-19 Omicron infected cases across the nation, we are continuing to adhere with our Covid-19 Standard Operating Procedures and implementing the necessary precautionary steps in our manufacturing plants 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, including venturing into the production of 5G related products, 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	Unaudited	Unaudited	Unaudited
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense	158	120	268	120
Deferred tax income	-	-	-	-
Tax expense	158	120	268	120

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 31.12.2021 RM'000	Audited As at 30.06.2021 RM'000
Trade	319,406	305,340
Non-trade	2,059	3,004
	<u>321,465</u>	<u>308,344</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 is as follows:

	Unaudited As at 31.12.2021 RM'000	Audited As at 30.06.2021 RM'000
Not past due	220,458	188,212
Past due 1 - 30 days	92,503	81,023
Past due 31 - 60 days	4,993	16,420
Past due 61 - 90 days	483	3,428
	<u>318,437</u>	<u>289,083</u>
Credits impaired		
Past due more than 90 days	969	16,257
	<u>319,406</u>	<u>305,340</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

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

B10. Corporate Proposals

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").

On 8 September 2021, Bursa Securities has granted the Company an extension of time of 6 months until 20 March 2022 to complete the implementation of the Proposed Private Placement.

B10. Corporate Proposals (continued)

Proposed Private Placement (continued)

On 3 February 2022, an announcement was made by M&A Securities Sdn. Bhd. that the Company has fixed the issue price of the Placement Shares at RM0.42 each. The aforementioned issue price of RM0.42 per Placement Share represents a discount of approximately RM0.1037 or 19.8% from the five (5)-day weighted average market price of EGIB from 25 January 2022 to 31 January 2022 of approximately RM0.5237 per share.

On 17 February 2022, the first tranche of Private Placement was completed following the listing of 36,195,400 Placement Shares, representing approximately 9.07% of the total number of issued shares of the Company (excluding treasury shares), on the Main Market of Bursa Malaysia and the gross proceeds raised was amounting to RM15.2 million.

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 31.12.2021 RM'000	Audited As at 30.06.2021 RM'000
(a) Secured		
Bankers' acceptances	166,246	127,186
Trust receipt	19,756	17,965
Term loans	38,583	41,177
Trade financing	10,000	20,000
Revolving credits	1,044	3,116
	<u>235,629</u>	<u>209,444</u>
(b) Current	200,520	173,835
Non-current	35,109	35,609
	<u>235,629</u>	<u>209,444</u>
(c) Denominated in Malaysia Ringgit	13,026	22,524
Denominated in US Dollar	222,603	186,920
	<u>235,629</u>	<u>209,444</u>

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

	No. of RCPS (‘000)	Amount RM'000
At 1 July 2021	11,363	8,124
Conversion of RCPS into ordinary shares	(939)	(892)
At 31 December 2021	<u>10,424</u>	<u>7,232</u>
Liability component		202
Equity component		<u>7,030</u>
		<u>7,232</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	Unaudited	Unaudited	Unaudited
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	10,475	10,350	20,909	20,521
Interest expenses	1,218	1,279	2,437	2,507
Interest income	(33)	(3)	(81)	(86)
Loss on foreign exchange, net - unrealised	1,646	739	2,560	681
(Gain)/Loss on disposal of property, plant and equipment	(13)	12	(14)	304
Provision for slow moving stocks	-	120	-	120

B16. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial period ended 31 December 2021 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders	7,911	5,055	9,855	9,503
Weighted average number of ordinary shares outstanding ('000)	379,623	284,321	379,623	284,321
Basic earnings per ordinary share (sen)	2.08	1.78	2.60	3.34

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 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000
Profit attributable to ordinary shareholders	7,911	5,055	9,855	9,503
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	379,623	284,321	379,623	284,321
Effect of exercise of warrants ('000)	-	2,261	-	2,261
Effect of exercise of RCPS ('000)	*	16,461	*	16,461
Weighted average number of ordinary shares ('000)	379,623	303,043	379,623	303,043
Diluted earnings per ordinary share (sen)	2.08	1.67	2.60	3.14

* 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

25 FEBRUARY 2022