



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

31 March 2022



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2022

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		<u>Unaudited</u>		<u>Changes</u>	<u>Unaudited</u>		<u>Changes</u>
		<u>3 months ended</u>			<u>9 months ended</u>		
		<u>31.03.2022</u>	<u>31.03.2021</u>	<u>%</u>	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>%</u>
		<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue		305,996	231,618	32.1%	861,462	823,745	4.6%
Operating profit		17,187	14,519	18.4%	50,444	47,084	7.1%
Interest income		23	58	-60.3%	104	144	-27.8%
Interest expense		(1,317)	(1,226)	7.4%	(3,754)	(3,733)	0.6%
Depreciation & amortisation		(10,209)	(9,029)	13.1%	(31,118)	(29,550)	5.3%
Share of profit of equity-accounted associate, net of tax		21	-	100%	152	-	100%
Profit before tax		5,705	4,322	32.0%	15,828	13,945	13.5%
Tax expense	B5	(101)	(120)	-15.8%	(369)	(240)	53.8%
Profit for the financial period		5,604	4,202	33.4%	15,459	13,705	12.8%
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")		143	(1,060)	>100%	624	(675)	>100%
		143	(1,060)	>100%	624	(675)	>100%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(141)	1,685	>-100%	(5,424)	(2,597)	>100%
		(141)	1,685	>-100%	(5,424)	(2,597)	>100%
Other comprehensive income/(expense) for the financial period, net of tax		2	625	-99.7%	(4,800)	(3,272)	46.7%
Total comprehensive income for the financial period, net of tax		5,606	4,827	16.1%	10,659	10,433	2.2%

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2022 (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			9 months ended		
		31.03.2022	31.03.2021	%	31.03.2022	31.03.2021	%
		RM'000	RM'000		RM'000	RM'000	
Profit attributable to:							
Owners of the Company		5,604	4,202	33.4%	15,459	13,705	12.8%
Non-controlling interest		-	-	-	-	-	-
		<u>5,604</u>	<u>4,202</u>	33.4%	<u>15,459</u>	<u>13,705</u>	12.8%
Total comprehensive income attributable to:							
Owners of the Company		5,606	4,827	16.1%	10,659	10,433	2.2%
Non-controlling interest		-	-	-	-	-	-
		<u>5,606</u>	<u>4,827</u>	16.1%	<u>10,659</u>	<u>10,433</u>	2.2%
Basic earnings per ordinary share (sen)	B13	<u>1.45</u>	<u>1.36</u>	6.6%	<u>4.01</u>	<u>4.45</u>	-9.9%
Diluted earnings per ordinary share (sen)	B13	<u>1.45</u>	<u>1.02</u>	42.2%	<u>4.01</u>	<u>3.31</u>	21.1%

The Condensed Consolidated Statement of Profit or Loss and Other 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 MARCH 2022**

	Note	Unaudited as at 31.03.2022 RM'000	Audited as at 30.06.2021 RM'000
Assets			
Property, plant and equipment		219,886	229,509
Right-of-use assets		37,177	41,264
Investment properties		3,525	3,574
Investment in associate		2,464	2,312
Other investments		12,775	2,667
Intangible asset		12,382	12,889
Deferred tax assets		1,668	1,677
Total non-current assets		289,877	293,892
Inventories		241,787	307,612
Trade and other receivables	B6	317,127	308,344
Current tax assets		2,253	1,927
Fixed deposits with licensed banks		932	4,606
Cash and bank balances		12,230	10,543
Total current assets		574,329	633,032
Total assets		864,206	926,924
Equity			
Share capital		188,060	171,942
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B9 (ii)	7,006	7,922
Reserves		203,686	193,027
Total equity attributable to owners of the Company		390,709	364,848
Non-controlling interests		(217)	(217)
Total equity		390,492	364,631
Liabilities			
Lease liabilities		7,398	7,398
Loans and borrowings	B9 (i)	35,339	35,609
Redeemable convertible preference shares – Liability component	B9 (ii)	202	202
Provision for retirement benefits		592	612
Total non-current liabilities		43,531	43,821
Lease liabilities		719	3,282
Loans and borrowings	B9 (i)	186,968	173,835
Trade and other payables		242,183	341,088
Provision		267	267
Current tax liabilities		46	-
Total current liabilities		430,183	518,472
Total liabilities		473,714	562,293
Total equity and liabilities		864,206	926,924
Net assets per ordinary share (RM)		0.98	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 THIRD QUARTER ENDED 31 MARCH 2022**

	← 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	-	-	-	-	(5,424)	-	-	(5,424)	-	(5,424)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	624	-	-	-	624	-	624
Total other comprehensive income/(expense) for the financial period	-	-	-	624	(5,424)	-	-	(4,800)	-	(4,800)
Profit for the financial period	-	-	-	-	-	-	15,459	15,459	-	15,459
Total comprehensive income/(expense) for the financial period	-	-	-	624	(5,424)	-	15,459	10,659	-	10,659
Conversion of RCPS to ordinary shares	916	(916)	-	-	-	-	-	-	-	-
Private placement	15,202	-	-	-	-	-	-	15,202	-	15,202
Total transactions with owners of the Company	16,118	(916)	-	-	-	-	-	15,202	-	15,202
At 31 March 2022 (Unaudited)	188,060	7,006	(8,043)	(3,594)	10,655	28,558	168,067	390,709	(217)	390,492



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2022 (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	
At 1 July 2020	109,905	34,533	(8,043)	26,836	(3,757)	21,396	28,558	113,620	323,048	(361)	322,687	
Foreign currency translation differences for foreign operations	-	-	-	-	-	(2,597)	-	-	(2,597)	-	(2,597)	
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(675)	-	-	-	(675)	-	(675)	
Total other comprehensive expense for the financial period	-	-	-	-	(675)	(2,597)	-	-	(3,272)	-	(3,272)	
Profit for the financial period	-	-	-	-	-	-	-	13,705	13,705	-	13,705	
Total comprehensive (expense)/income for the financial period	-	-	-	-	(675)	(2,597)	-	13,705	10,433	-	10,433	



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2022 (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
Conversion of RCPS to ordinary shares	28,943	(28,055)	-	-	-	-	-	52	940	-	940
Issue 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	-	-	-	-	-	-	-	(154)	(154)	144	(10)
Total transactions with owners of the Company	61,555	(28,055)	-	(26,836)	-	-	-	26,734	33,398	144	33,542
At 31 March 2021 (Restated)	171,460	6,478	(8,043)	-	(4,432)	18,799	28,558	154,059	366,879	(217)	366,662

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 THIRD QUARTER ENDED 31 MARCH 2022**

	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Cash flows from operating activities		
Profit before tax	15,828	13,945
Adjustments for:		
Depreciation of property, plant and equipment	29,008	25,129
Depreciation of right-of-use assets	1,558	3,605
Depreciation of investment properties	49	49
Amortisation of intangible assets	503	767
Interest expenses	3,754	3,733
Dividend income	-	(1)
(Gain)/Loss on disposal of property, plant and equipment	(15)	454
Interest income	(104)	(144)
Share of results of an associate	(152)	-
Loss on foreign exchange, net - unrealised	986	2,407
Operating profit before changes in working capital	51,415	49,944
Inventories	60,393	45,252
Trade and other receivables	(14,219)	(1,950)
Trade and other payables	(93,294)	(66,565)
Cash generated from operations	4,295	26,681
Tax paid	(427)	(793)
Tax refunded	-	2
Dividend received	-	1
Net cash generated from operating activities	3,868	25,891
Cash flows from investing activities		
Acquisition of:		
- plant and equipment	(20,561)	(32,388)
- right-of-use assets	-	(12,067)
- other investment	(9,484)	-
Interest received	104	144
Proceeds from disposal of property, plant and equipment	280	1,335
Net cash used in investing activities	(29,661)	(42,976)
Cash flows from financing activities		
Issue of shares pursuant to private placement	15,202	15,284
Proceeds from exercise of Warrants 2015/2020	-	17,328
Drawdown/(Repayment) of bank borrowing, net	18,366	(54,681)
(Repayment)/Drawdown of lease liabilities	(2,563)	6,069
(Repayment)/Drawdown of term loans	(3,302)	39,006
Dividend paid	(216)	-
Interest paid	(3,754)	(3,733)
Withdrawal of pledged deposits	3,661	13,137
Net cash generated from financing activities	27,394	32,410
Net increase in cash and cash equivalents	1,601	15,325
Effect of exchange rate fluctuation on cash and bank balances	86	15
Cash and cash equivalents at beginning of the period	10,543	12,866
Cash and cash equivalents at end of the period	12,230	28,206

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. Auditors' report of preceding annual audited financial statements

The auditors' report on financial statements for financial year ended 30 June 2021 of the Group 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. Material Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income, and cash flows during the current financial quarter under review.

A6. Material Changes in Estimates

There are no material changes in estimates for the current quarter and financial year-to date.

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 964,650 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 964,650 redeemable convertible preference shares (“RCPS”) on the basis of 1 ordinary share for 1 RCPS held; and
- (b) issuance of 36,195,400 new ordinary shares at an issue price of RM0.42 per placement share for a total proceeds of RM15,202,068 pursuant to a private placement exercise.

As at 31 March 2022, 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 398,889,289.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares during the current financial period ended 31 March 2022.

A8. Dividend Paid

No dividend has been paid during the current financial quarter.

A9. Segmental Reporting

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

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u> 31.03.2022 RM’000	<u>Unaudited</u> 31.03.2021 RM’000	Change %	<u>Unaudited</u> 31.03.2022 RM’000	<u>Unaudited</u> 31.03.2021 RM’000	Change %
Segment revenue						
- Electronic Manufacturing Services	305,896	231,577	32.1%	861,200	823,544	4.6%
- Other	100	41	>100%	262	201	30.3%
Total Segment Revenue	305,996	231,618	32.1%	861,462	823,745	4.6%
Segment Result						
- Electronic Manufacturing Services	6,999	5,432	28.8%	18,736	17,181	9.1%
- Other	(1,294)	(1,110)	16.6%	(2,908)	(3,236)	-10.1%
Profit before tax	5,705	4,322	32.0%	15,828	13,945	13.5%
Segment assets						
- Electronic Manufacturing Services	(44,135)	51,114	>-100%	834,483	838,957	-0.5%
- Other	8,998	(1,596)	>-100%	29,723	25,270	17.6%
	(35,137)	49,518	>-100%	864,206	864,227	0.0%

A10. Valuation of Property, Plant and Equipment

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

A11. Material Subsequent Events

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

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

Capital commitments of the Group as at 31 March 2022 is as follows:

	Unaudited As at 31.03.2022 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>

A15. 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 31.03.2022 RM'000	Audited As at 30.06.2021 RM'000
(a) Transactions with a related company		
Purchase of raw materials	<u>(316)</u>	<u>(1,153)</u>
(b) Transaction with an associate		
Advances	-	578
Sales	30,978	44,897
Purchase	(1,656)	(1,144)
Service charges	<u>159</u>	<u>167</u>

**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.

	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
31.03.2022						
Financial asset						
Quoted shares	12,775	12,775	-	-	12,775	12,775
Financial liabilities						
Term loans – variable rate	-	-	(37,422)	(37,422)	(37,422)	(37,422)
Finance lease liabilities	-	-	(8,369)	(8,369)	(8,369)	(8,117)
	-	-	(45,791)	(45,791)	(45,791)	(45,539)
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 March 2022, the Group registered revenue of RM306.0 million, an increase of 32.1% as compared to previous year corresponding quarter's revenue of RM231.6 million. The increase in revenue was mainly driven by increase in sales for data storage product.

The Group reported higher profit before tax of RM5.7 million for the current quarter as compared to RM4.3 million in previous year corresponding quarter on the back of higher sales generated.

Comparison with preceding year corresponding period

During the financial period under review, the Group's revenue was slightly improved by 4.6% to RM861.5 million from RM823.7 million in the preceding year corresponding period. This was mainly attributable to the higher sales demand from customers in data storage products.

The Group's profit before tax reported at RM15.8 million from RM13.9 million in previous year corresponding period. The improved margin was mainly due to more favourable product sales mix and savings in operating expenses.

B2. Comparison with immediate Preceding Quarter

Description	3 rd Quarter 2022 RM'000 (Unaudited)	2 nd Quarter 2022 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	305,996	358,478	(52,482)	-14.6%
Profit before tax	5,705	8,069	(2,364)	-29.3%
Profit for the financial period	5,604	7,911	(2,307)	-29.2%

For the current quarter under review, the Group's revenue stood at RM306.0 million, reduced by 14.6% as compared to the immediate preceding quarter of RM358.5 million. The decrease in revenue was mainly attributable to lower sales volume for both data storage and consumer electronic products due to shortage of components and prolonged disruption of global supply chain.

Correspondingly, the Group recorded a lower profit before tax of RM5.7 million as compared to RM8.1 million in the immediate preceding quarter.

**B3. Prospect**

The Group remains positive on the outlook for Year 2022 despite the continuous challenges in overall macro economy, such as component shortages, possible prolonged disruption on global supply chain due to China's unexpected long lockdown, appreciation of US Dollar against Malaysia Ringgit and the ongoing U.S. - China trade war.

Although Malaysia is in the Phase to Endemic, the Company remains mindful and continues to adhere to Covid-19 Standard Operating Procedures for the safety of all employees and to mitigate operation disruptions. The Group also take cognizant of challenges posed by global shortage of some key components and management is working closely with suppliers to secure the necessary material to fulfil market demand.

In light of these challenges, the Group will continue its efforts to improve its product margins through strengthening of its product mix with the expansion of revenue contribution from its vertical integrated EMS and widen the revenue base from either new or existing customers to optimize its current production capacity from the ready enlarged machineries based.

In addition, the Group will continue exploring new business opportunities including venturing into the production of 5G related products for its the existing and new customers globally.

B4. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the current financial period-to-date.

B5. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense	101	120	369	240
Deferred tax	-	-	-	-
Tax expense	101	120	369	240

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.

B6. Trade and Other Receivables

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

	Unaudited As at 31.03.2022 RM'000	Audited As at 30.06.2021 RM'000
Trade	309,947	305,340
Non-trade	7,180	3,004
	317,127	308,344

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 31.03.2022 RM'000	Audited As at 30.06.2021 RM'000
Not past due	164,760	188,212
Past due 1 - 30 days	88,720	81,023
Past due 31 - 60 days	42,617	16,420
Past due 61 - 90 days	9,067	3,428
	305,164	289,083
Credits impaired		
Past due more than 90 days	4,783	16,257
	309,947	305,340

B7. Profit/(Loss) on Sale of Unquoted Investment and/or Property

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

B8. 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.

The Company has fixed the issue price of its first tranche of Placement Shares at RM0.42 each on 3 February 2022. 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 RM15.20 million.

B8. Corporate Proposals (continued)

Proposed Private Placement (continued)

On 10 March 2022, a further announcement was made by M&A Securities Sdn. Bhd. that Bursa Securities had vide its letter dated 10 March 2022 granted the Company an extension of time of 6 months until 19 September 2022 to complete the implementation of the entire Proposed Private Placement.

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed in the second half of 2022.

Saved as disclosed above, there were no other corporate proposals which had been announced by the Company and are pending for completion as of to date.

B9. Group Borrowings and Debt Securities

(i) Group borrowings

	Unaudited As at 31.03.2022 RM'000	Audited As at 30.06.2021 RM'000
(a) Secured		
Bankers' acceptances	166,673	127,186
Trust receipt	12,612	17,965
Term loans	37,422	41,177
Trade financing	5,600	20,000
Revolving credits	-	3,116
	222,307	209,444
(b) Current	186,968	173,835
Non-current	35,339	35,609
	222,307	209,444
(c) Denominated in Malaysia Ringgit	7,311	22,524
Denominated in US Dollar	214,996	186,920
	222,307	209,444

(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	(965)	(916)
At 31 March 2022	10,398	7,208
Liability component		202
Equity component		7,006
		7,208

B10. 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.

B11. Dividend Declared

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

B12. Notes to the Statement of Profit or Loss and Other Comprehensive Income

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Depreciation and amortisation	10,209	9,029	31,118	29,550
Interest expenses	1,317	1,226	3,754	3,733
Interest income	(23)	(58)	(104)	(144)
(Gain)/Loss on foreign exchange, net -unrealised	(1,574)	1,726	986	2,407
(Gain)/Loss on disposal of property, plant and equipment	(1)	150	(15)	454

B13. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial period ended 31 March 2022 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.03.2022 RM'000	Restated 31.03.2021 RM'000	Unaudited 31.03.2022 RM'000	Restated 31.03.2021 RM'000
Profit attributable to ordinary shareholders	5,604	4,202	15,459	13,705
Weighted average number of ordinary shares outstanding ('000)	385,516	308,128	385,516	308,128
Basic earnings per ordinary share (sen)	1.45	1.36	4.01	4.45

B13. 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 31.03.2022 RM'000	Restated 31.03.2021 RM'000	Unaudited 31.03.2022 RM'000	Restated 31.03.2021 RM'000
Profit attributable to ordinary shareholders	5,604	4,202	15,459	13,705
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	385,516	308,128	385,516	308,128
Effect of exercise of private placement ('000)	*	105,440	*	105,440
Weighted average number of ordinary shares ('000)	385,516	413,568	385,516	413,568
Diluted earnings per ordinary share (sen)	1.45	1.02	4.01	3.31

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

B14. Utilisation of Proceeds

The status of the utilisation of RM15.20 million proceeds from the first tranche of Private Placement ("1st tranche") as at 31 March 2022 is as follows:

Details	Proposed utilisation (as per Circular) RM'000	Proposed utilisation (1 st Tranche) RM'000	Actual utilisation (1 st tranche) RM'000	Expected time frame for utilisation of proceeds (from listing date)
Repayment of bank borrowings	31,790	-	-	Within 6 months
Purchase of production line	10,000	-	-	Within 6 months
General working capital	22,722	14,809	14,809	Within 12 months
Expenses for the Proposed Private Placement	1,300	393	393	Immediate
Total	65,812	15,202	15,202	

BY ORDER OF THE BOARD

DATO' KANG PANG KIANG
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR
24 MAY 2022