



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

30 June 2022



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		<u>Unaudited</u>	<u>Restated</u>		<u>Unaudited</u>	<u>Audited</u>	
		3 months ended			12 months ended		
		30.06.2022	30.06.2021		30.06.2022	30.06.2021	
		RM'000	RM'000		RM'000	RM'000	
Revenue		252,980	231,776	9.1%	1,114,442	1,055,521	5.6%
Operating profit		5,927	13,970	-57.6%	56,371	61,054	-7.7%
Interest income		24	107	-77.6%	128	251	-49.0%
Interest expense		(1,675)	(1,383)	21.1%	(5,429)	(5,116)	6.1%
Depreciation & amortisation		(10,263)	(12,794)	-19.8%	(41,381)	(42,344)	-2.3%
Share of profit of equity-accounted associate, net of tax		186	352	-47.2%	338	352	-4.0%
(Loss)/Profit before tax		(5,801)	252	>-100%	10,027	14,197	-29.4%
Tax expense	B5	517	8	>100%	148	(232)	>-100%
(Loss)/Profit for the financial period		(5,284)	260	>-100%	10,175	13,965	-27.1%
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")		731	214	>100%	1,355	(461)	>100%
		731	214	>100%	1,355	(461)	>100%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		59	(2,720)	>-100%	(5,365)	(5,317)	0.9%
		59	(2,720)	>-100%	(5,365)	(5,317)	0.9%
Other comprehensive income/(expense) for the financial period, net of tax		790	(2,506)	>-100%	(4,010)	(5,778)	-30.6%
Total comprehensive (expense)/income for the financial period, net of tax		(4,494)	(2,246)	>100%	6,165	8,187	-24.7%



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2022 (CONTINUED)

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		<u>Unaudited</u>	<u>Restated</u>	Changes	<u>Unaudited</u>	<u>Audited</u>	Changes
		3 months ended			12 months ended		
		30.06.2022	30.06.2021	%	30.06.2022	30.06.2021	%
		RM'000	RM'000		RM'000	RM'000	
(Loss)/Profit attributable to:							
Owners of the Company		(5,284)	260	>-100%	10,175	13,965	-27.1%
Non-controlling interest		-	-	-	-	-	-
		<u>(5,284)</u>	<u>260</u>	<u>>-100%</u>	<u>10,175</u>	<u>13,965</u>	<u>-27.1%</u>
Total comprehensive (expense)/ income attributable to:							
Owners of the Company		(4,494)	(2,246)	>100%	6,165	8,187	-24.7%
Non-controlling interest		-	-	-	-	-	-
		<u>(4,494)</u>	<u>(2,246)</u>	<u>>100%</u>	<u>6,165</u>	<u>8,187</u>	<u>-24.7%</u>
Basic (loss)/earnings per ordinary share (sen)	B13	<u>(1.34)</u>	<u>0.08</u>	<u>>-100%</u>	<u>2.59</u>	<u>4.12</u>	<u>-37.1%</u>
Diluted (loss)/earnings per ordinary share (sen)	B13	<u>(1.34)</u>	<u>0.06</u>	<u>>-100%</u>	<u>2.59</u>	<u>3.14</u>	<u>-17.5%</u>

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 30 JUNE 2022**

	Note	Unaudited as at 30.06.2022 RM'000	Audited as at 30.06.2021 RM'000
Assets			
Property, plant and equipment		221,431	229,509
Right-of-use assets		39,031	41,264
Investment properties		3,509	3,574
Investment in associate		2,650	2,312
Other investments		9,315	2,667
Intangible asset		12,214	12,889
Deferred tax assets		1,668	1,677
Total non-current assets		289,818	293,892
Inventories		450,880	307,612
Trade and other receivables	B6	242,646	308,344
Current tax assets		2,691	1,927
Fixed deposits with licensed banks		938	4,606
Cash and bank balances		9,768	10,543
Total current assets		706,923	633,032
Total assets		996,741	926,924
Equity			
Share capital		188,060	171,942
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares – Equity component	B9 (ii)	7,078	7,922
Reserves		199,137	193,027
Total equity attributable to owners of the Company		386,232	364,848
Non-controlling interests		(217)	(217)
Total equity		386,015	364,631
Liabilities			
Lease liabilities		4,849	7,398
Loans and borrowings	B9 (i)	38,935	35,609
Redeemable convertible preference shares – Liability component	B9 (ii)	-	202
Provision for retirement benefits		662	612
Total non-current liabilities		44,446	43,821
Lease liabilities		2,546	3,282
Loans and borrowings	B9 (i)	237,798	173,835
Trade and other payables		325,669	341,088
Provision		267	267
Current tax liabilities		-	-
Total current liabilities		566,280	518,472
Total liabilities		610,726	562,293
Total equity and liabilities		996,741	926,924
Net assets per ordinary share (RM)		0.97	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 FOURTH QUARTER ENDED 30 JUNE 2022**

	←			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	-	-	-	-	-	(5,317)	-	-	(5,317)	-	(5,317)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(461)	-	-	-	(461)	-	(461)
Total other comprehensive expense for the financial period	-	-	-	-	(461)	(5,317)	-	-	(5,778)	-	(5,778)
Profit for the financial period	-	-	-	-	-	-	-	13,965	13,965	-	13,965
Total comprehensive (expense)/income for the financial period	-	-	-	-	(461)	(5,317)	-	13,965	8,187	-	8,187



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 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	
Conversion of RCPS to ordinary shares	29,425	(26,611)	-	-	-	-	-	(1,659)	1,155	-	1,155	
Issue of shares pursuant to exercise of Warrants 2015/2020	17,328	-	-	(17,328)	-	-	-	17,328	17,328	-	17,328	
Effect arising from expiry of Warrants 2015/2020	-	-	-	(9,508)	-	-	-	9,508	-	-	-	
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	62,037	(26,611)	-	(26,836)	-	-	-	25,023	33,613	144	33,757	
At 30 June 2021 (Audited)	171,942	7,922	(8,043)	-	(4,218)	16,079	28,558	152,608	364,848	(217)	364,631	



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022 (CONTINUED)**

	← 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	-	-	-	-	(5,365)	-	-	(5,365)	-	(5,365)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	1,355	-	-	-	1,355	-	1,355
Total other comprehensive income/(expense) for the financial period	-	-	-	1,355	(5,365)	-	-	(4,010)	-	(4,010)
Profit for the financial period	-	-	-	-	-	-	10,175	10,175	-	10,175
Total comprehensive income/(expense) for the financial period	-	-	-	1,355	(5,365)	-	10,175	6,165	-	6,165
Conversion of RCPS to ordinary shares	916	(844)	-	-	-	-	(55)	17	-	17
Private placement	15,202	-	-	-	-	-	-	15,202	-	15,202
Total transactions with owners of the Company	16,118	(844)	-	-	-	-	(55)	15,219	-	15,219
At 30 June 2022 (Unaudited)	188,060	7,078	(8,043)	(2,863)	10,714	28,558	162,728	386,232	(217)	386,015

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 FOURTH QUARTER ENDED 30 JUNE 2022**

	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
Cash flows from operating activities		
Profit before tax	10,027	14,197
Adjustments for:		
Depreciation of property, plant and equipment	38,512	38,770
Depreciation of right-of-use assets	2,133	2,482
Depreciation of investment properties	65	66
Amortisation of intangible assets	671	1,026
Interest expenses	5,429	5,116
Dividend income	(2)	(2)
Gain on disposal of other investment	(1,126)	-
(Gain)/Loss on disposal of property, plant and equipment	(37)	608
Gain on disposal of right-of-use assets	-	(69)
Interest income	(128)	(251)
Provision of retirement benefit	71	111
Provision for slow moving stocks	-	751
Inventories written off	-	500
Impairment loss on trade receivables	200	1,628
Impairment loss on intangible asset	-	1,360
Share of results of an associate	(338)	(352)
Loss on foreign exchange, net - unrealised	1,149	6,718
Operating profit before changes in working capital	56,626	72,659
Inventories	(148,978)	(21,115)
Trade and other receivables	59,783	(26,760)
Trade and other payables	(9,296)	(3,767)
Cash (used in)/generated from operations	(41,865)	21,017
Tax paid	(634)	(1,024)
Tax refunded	44	2
Dividend received	2	2
Net cash (used in)/generated from operating activities	(42,453)	19,997
Cash flows from investing activities		
Acquisition of:		
- plant and equipment	(35,751)	(35,894)
- right-of-use assets	-	(528)
- other investment	(9,484)	-
Interest received	128	251
Proceeds from other investment	5,318	-
Proceeds from disposal of plant and equipment	1,833	1,187
Proceeds from disposal of right-of-use assets	-	81
Net cash used in investing activities	(37,956)	(34,903)
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	64,036	(59,249)
Drawdown of lease liabilities	-	4,677
Repayment of lease liabilities	(3,285)	(3,370)
Drawdown of term loans	5,566	30,805
Dividend paid	(216)	(807)
Interest paid	(5,416)	(5,092)
Withdrawal of pledged deposits	3,654	13,421
Net cash generated from financing activities	79,541	12,997
Net decrease in cash and cash equivalents	(868)	(1,909)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022 (CONTINUED)**

	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
Effect of exchange rate fluctuation on cash and bank balances	93	(414)
Cash and cash equivalents at beginning of the period	10,543	12,866
Cash and cash equivalents at end of the period	9,768	10,543

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 30 June 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 financial year ended 30 June 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> 30.06.2022 RM’000	<u>Restated</u> 30.06.2021 RM’000	Change %	<u>Unaudited</u> 30.06.2022 RM’000	<u>Audited</u> 30.06.2021 RM’000	Change %
Segment revenue						
- Electronic Manufacturing Services	253,035	231,654	9.2%	1,114,235	1,055,198	5.6%
- Other	(55)	122	>-100%	207	323	-35.9%
Total Segment Revenue	252,980	231,776	9.1%	1,114,442	1,055,521	5.6%
Segment Result						
- Electronic Manufacturing Services	(5,915)	2,168	>-100%	12,821	19,349	-33.7%
- Other	114	(1,916)	>100%	(2,794)	(5,152)	-45.8%
Profit before tax	(5,801)	252	>-100%	10,027	14,197	-29.4%
Segment assets						
- Electronic Manufacturing Services	135,786	64,081	>100%	970,269	903,038	7.4%
- Other	(3,21)	(1,384)	>100%	26,472	23,886	10.8%
	132,535	62,697	>100%	996,741	926,924	7.5%

**A10. Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment during the financial year ended 30 June 2022.

A11. Material Subsequent Events

There were no material subsequent events or transactions to be disclosed as at the date of this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial year-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 30 June 2022 is as follows:

	Unaudited As at 30.06.2022 RM'000	Audited As at 30.06.2021 RM'000
Authorised and contracted for -Property, plant and equipment	<u>298</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 30.06.2022 RM'000	Audited As at 30.06.2021 RM'000
(a) Transactions with a related company		
Purchase of raw materials	<u>(359)</u>	<u>(1,153)</u>
(b) Transaction with an associate		
Advances	2,871	578
Sales	42,455	44,897
Purchase	-	(1,144)
Service charges	<u>226</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
30.06.2022						
Financial asset						
Quoted shares	9,315	9,315	-	-	9,315	9,315
Financial liabilities						
Term loans – variable rate	-	-	(46,140)	(46,140)	(46,140)	(46,140)
Finance lease liabilities	-	-	(7,587)	(7,587)	(7,587)	(7,395)
	-	-	(53,727)	(53,727)	(53,727)	(53,535)
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 30 June 2022, the Group registered revenue of RM253.0 million, an increase of 9.1% as compared to previous year corresponding quarter's revenue of RM231.8 million. This was mainly attributable to higher sales of the data storage products.

However, the Group reported a loss before tax of RM5.8 million as compared to profit before tax of RM0.3 million in previous year corresponding quarter. These were mainly due to less favourable product sales mix, weakening of Ringgit Malaysia against US Dollar and increased labour cost as a result of revision in minimum wages effective from 1 May 2022. However, the said losses have been off-set against RM1.126 million gain on disposal of other investment during the financial quarter under review.

Comparison with preceding year corresponding period

During the financial year under review, the Group's revenue was slightly improved by 5.6% to RM1.11 billion from RM1.06 billion in the preceding year corresponding period. This was mainly attributable to the higher sales from data storage products.

Despite the increased in revenue, the Group's profit before tax decreased from RM14.2 million in previous year corresponding period to RM10.0 million. These were mainly due the reasons mentioned above.

B2. Comparison with immediate Preceding Quarter

Description	4 th Quarter 2022 RM'000 (Unaudited)	3 rd Quarter 2022 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	252,980	305,996	(53,016)	-17.3%
(Loss)/Profit before tax	(5,801)	5,705	(11,506)	>-100%
(Loss)/Profit for the financial period	(5,284)	5,604	(10,888)	>-100%

Revenue for the current quarter stood at RM253.0 million, decreased by 17.3% as compared to the immediate preceding quarter of RM306.0 million. This was mainly due to lower sales volume for both data storage and consumer electronic products as a result of the prolonged disruption in supply chain and shortages of key components and parts.

Correspondingly, the Group recorded a loss before tax of RM5.8 million as compared to profit before tax of RM5.7 million in the immediate preceding quarter. The significant reduction in profit before tax was mainly due to lower sales volume, increased labour and operational costs, and approximately RM6.0 million loss in foreign exchange caused by the weakening of Ringgit Malaysia.

B3. Prospect

The Group remains cautiously optimistic on the outlook for Year 2022 despite the continuous challenges in overall macro economy, especially on the prolonged global shortages of key components, rising inflation rate, increase of minimum wages and the weakening of Ringgit Malaysia against US Dollar.

The Group expects demand for both Data Storage and Consumer Electronic Products to remain robust and therefore, management has taken steps to stock up materials to mitigate risk of components shortages and working closely with suppliers to secure the necessary material to fulfil market demand. Besides, the Group will continue its efforts towards the implementation of factory automation to improve its overall cost-efficiency, quality and reduce reliance in labour.

In addition, the Group will continue to 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 30.06.2022 RM'000	Audited 30.06.2021 RM'000	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
Current tax expense				
- Current year	(284)	60	85	300
- Over-provision in prior year	(233)	105	(233)	105
Deferred tax	-	(173)	-	(173)
Total tax expense	(517)	(8)	(148)	232

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 30.06.2022 RM'000	Audited As at 30.06.2021 RM'000
Trade	237,691	305,340
Non-trade	4,955	3,004
	242,646	308,344

B6. 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:

	Unaudited As at 30.06.2022 RM'000	Audited As at 30.06.2021 RM'000
Not past due	168,563	188,212
Past due 1 - 30 days	64,982	81,023
Past due 31 - 60 days	3,153	16,420
Past due 61 - 90 days	211	3,428
	<hr/> 236,909	<hr/> 289,083
Credits impaired		
Past due more than 90 days	782	16,257
	<hr/> <hr/> 237,691	<hr/> <hr/> 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.

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.

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 30.06.2022 RM'000	Audited As at 30.06.2021 RM'000
(a) Secured		
Bankers' acceptances	199,281	127,186
Trust receipt	18,501	17,965
Term loans	46,140	41,177
Trade financing	4,000	20,000
Revolving credits	8,811	3,116
	<u>276,733</u>	<u>209,444</u>
(b) Current	237,798	173,835
Non-current	38,935	35,609
	<u>276,733</u>	<u>209,444</u>
(c) Denominated in Malaysia Ringgit	15,005	22,524
Denominated in US Dollar	261,728	186,920
	<u>276,733</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	(965)	(861)
Interest expense	-	13
Dividend paid	-	(198)
At 30 June 2022	<u>10,398</u>	<u>7,078</u>
Liability component		-
Equity component		<u>7,078</u>
		<u>7,078</u>

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

During the current financial period ended 30 June 2022, the Company has declared a fifth annual preference dividend rate of 2% per annum on the nominal value (RM0.95) of the RCPS, amounting to RM197,564 in respect of the period from 1 July 2021 to 30 June 2022 payable on 13 July 2022.

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 30.06.2022 RM'000	Restated 30.06.2021 RM'000	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
Depreciation and amortisation	10,263	12,794	41,381	42,344
Interest expenses	1,675	1,383	5,429	5,116
Interest income	(24)	(107)	(128)	(251)
Loss/(Gain) on foreign exchange, net				
- realised	6,010	(6,554)	6,584	(869)
- unrealised	163	4,311	1,149	6,718
(Gain)/Loss on disposal of plant and equipment	(22)	154	(37)	608
Gain on disposal of right-of-use assets	-	(69)	-	(69)
Gain on disposal of other investment	(1,126)	-	(1,126)	-
Impairment loss on intangible assets	-	1,360	-	1,360
Inventories written off	-	500	-	500
Provision for retirement benefits	71	111	71	111
Provision for slow moving stocks	-	751	-	751
Impairment loss on trade receivables	200	1,628	200	1,628

B13. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial year ended 30 June 2022 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 30.06.2022 RM'000	Restated 30.06.2021 RM'000	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
(Loss)/Profit attributable to ordinary shareholders	(5,284)	260	10,175	13,965
Weighted average number of ordinary shares outstanding ('000)	393,235	339,044	393,235	339,044
Basic (loss)/earnings per ordinary share (sen)	(1.34)	0.08	2.59	4.12

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 30.06.2022 RM'000	Restated 30.06.2021 RM'000	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
(Loss)/Profit attributable to ordinary shareholders	(5,284)	260	10,175	13,965
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	393,235	339,044	393,235	339,044
Effect of conversion of RCPS ('000)	*	*	*	*
Effect of exercise of private placement ('000)	*	105,440	*	105,440
Weighted average number of ordinary shares ('000)	393,235	444,484	393,235	444,484
Diluted (loss)/earnings per ordinary share (sen)	(1.34)	0.06	2.59	3.14

* 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 30 June 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
 30 AUGUST 2022