



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

31 December 2022



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

	Note	Individual Quarter			Cumulative Quarter		
		Unaudited	Unaudited	Change	Unaudited	Unaudited	Change
		3 months ended	3 months ended		6 months ended	6 months ended	
		31.12.2022	31.12.2021	%	31.12.2022	31.12.2021	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		374,375	358,478	4.4%	754,709	555,466	35.9%
Operating profit		24,461	19,640	24.5%	46,731	33,257	40.5%
Interest income		67	33	103.0%	99	81	22.2%
Interest expense		(4,472)	(1,218)	267.2%	(7,320)	(2,437)	200.4%
Depreciation and amortisation		(10,862)	(10,475)	3.7%	(21,074)	(20,909)	0.8%
Share of profit of equity accounted associate, net of tax		338	89	279.8%	377	131	187.8%
Profit before tax		9,532	8,069	18.1%	18,813	10,123	85.8%
Tax expense	B4	(328)	(158)	107.6%	(639)	(268)	138.4%
Profit for the financial period		9,204	7,911	16.3%	18,174	9,855	84.4%
Other comprehensive income, 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")		240	(734)	-132.7%	(203)	481	-142.2%
		240	(734)	-132.7%	(203)	481	-142.2%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		5,489	(3,026)	-281.4%	(902)	(5,283)	-82.9%
		5,489	(3,026)	-281.4%	(902)	(5,283)	-82.9%
Other comprehensive income/ (expense) for the financial period, net of tax		5,729	(3,760)	-252.4%	(1,105)	(4,802)	-77.0%
Total comprehensive income for the financial period		14,933	4,151	259.7%	17,069	5,053	237.8%



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (CONTINUED)**

	Note	Individual Quarter			Cumulative Quarter		
		Unaudited	Unaudited	Change %	Unaudited	Unaudited	Change %
		3 months ended			6 months ended		
		31.12.2022	31.12.2021		31.12.2022	31.12.2021	
RM'000	RM'000	RM'000	RM'000				
Profit attributable to:							
Owners of the Company		9,204	7,911	16.3%	18,174	9,855	84.4%
Non-controlling interest		-	-	-	-	-	-
		<u>9,204</u>	<u>7,911</u>	16.3%	<u>18,174</u>	<u>9,855</u>	84.4%
Total comprehensive income attributable to:							
Owners of the Company		14,933	4,151	259.7%	17,069	5,053	237.8%
Non-controlling interest		-	-	-	-	-	-
		<u>14,933</u>	<u>4,151</u>	259.7%	<u>17,069</u>	<u>5,053</u>	237.8%
Basic earnings per ordinary share (sen)							
	B12	<u>2.19</u>	<u>2.08</u>	5.3%	<u>4.31</u>	<u>2.60</u>	65.8%
Diluted earnings per ordinary share (sen)							
	B12	<u>2.19</u>	<u>2.08</u>	5.3%	<u>4.31</u>	<u>2.60</u>	65.8%

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 2022. The accompanying notes are an integral part of this statement.


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Unaudited as at 31.12.2022 RM'000	Audited as at 30.06.2022 RM'000
ASSETS			
Property, plant and equipment		227,988	222,180
Right-of-use assets		39,275	38,283
Investment properties		3,476	3,509
Investment in associates		2,934	2,558
Other investments		11,196	9,315
Intangible asset		11,877	12,214
Deferred tax assets		1,537	1,538
Total non-current assets		298,283	289,597
Inventories		456,363	451,343
Trade and other receivables	B5	314,369	243,166
Current tax assets		2,337	2,725
Fixed deposits with licensed banks		1,039	938
Cash and bank balances		20,275	9,768
Total current assets		794,383	707,940
TOTAL ASSETS		1,092,666	997,537
EQUITY			
Share capital		197,939	188,060
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares - Equity component	B8(ii)	-	7,078
Reserves		212,579	198,365
Total equity attributable to owners of the Company		402,475	385,460
Non-controlling interests		(217)	(217)
Total equity		402,258	385,243
LIABILITIES			
Lease liabilities		8,054	5,823
Loans and borrowings	B8(i)	39,000	39,154
Provision for retirement benefits		654	662
Total non-current liabilities		47,708	45,639
Lease liabilities		1,986	3,067
Loans and borrowings	B8(i)	309,319	237,579
Trade and other payables		330,906	325,742
Provision for warranty		267	267
Current tax liabilities		222	-
Total current liabilities		642,700	566,655
Total liabilities		690,408	612,294
TOTAL EQUITY AND LIABILITIES		1,092,666	997,537
Net assets per ordinary share (RM)		0.98	0.97

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2022. 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 2022**

	← Non-distributable				→ Distributable					
	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	Total RM'000	Non- controlling interest RM'000	Total equity 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 expense for the financial period	-	-	-	481	(5,283)	-	-	(4,802)	-	(4,802)
Profit for the financial period	-	-	-	-	-	-	9,855	9,855	-	9,855
Total comprehensive income for the financial 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 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 2022	188,060	7,078	(8,043)	(4,337)	10,713	28,558	163,431	385,460	(217)	385,243
Foreign currency translation differences for foreign operations	-	-	-	-	(902)	-	-	(902)	-	(902)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(203)	-	-	-	(203)	-	(203)
Total other comprehensive expense for the financial period	-	-	-	(203)	(902)	-	-	(1,105)	-	(1,105)
Profit for the financial period	-	-	-	-	-	-	18,174	18,174	-	18,174
Total comprehensive (expense)/income for the financial period	-	-	-	(203)	(902)	-	18,174	17,069	-	17,069
Conversion of RCPS to ordinary shares	9,879	(7,078)	-	-	-	-	(2,801)	-	-	-
Dividend paid	-	-	-	-	-	-	(54)	(54)	-	(54)
Total transactions with owners of the Company	9,879	(7,078)	-	-	-	-	(2,855)	(54)	-	(54)
At 31 December 2022 (Unaudited)	197,939	-	(8,043)	(4,540)	9,811	28,558	178,750	402,475	(217)	402,258

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2022. The accompanying notes are integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

	Note	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		18,813	10,123
Adjustments for:			
Depreciation of property, plant and equipment		19,526	19,419
Depreciation of right-of-use assets		1,180	1,122
Depreciation of investment properties		33	32
Amortisation of intangible assets		335	336
Interest expense		7,320	2,437
Dividend income		(252)	-
Gain on disposal of property, plant and equipment		(53)	(14)
Gain on disposal of other investments		(657)	-
Interest income		(99)	(81)
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss		(4,260)	-
Share of results of an associate		(377)	(131)
Loss on foreign exchange, net - unrealised		17,031	2,560
Operating profit before changes in working capital		58,540	35,803
Inventories		(7,920)	21,114
Trade and other receivables		(85,531)	(16,278)
Trade and other payables		21,726	(57,661)
Cash used in operations		(13,185)	(17,022)
Tax paid		(29)	(420)
Dividend received		252	-
Net cash used in operating activities		(12,962)	(17,442)
Cash flows from investing activities			
Acquisition of property, plant & equipment		(26,758)	(8,206)
Acquisition of right-of-use assets		(2,171)	-
Interest received		99	81
Proceeds from disposal of property, plant and equipment		285	204
Proceeds from disposal of other investments		2,834	-
Net cash used in investing activities		(25,711)	(7,921)
Cash flows from financing activities			
Drawdown of bank borrowings, net		57,160	29,756
Drawdown of lease liabilities		3,042	-
Repayment of lease liabilities		(1,892)	(1,803)
Repayment of term loans		(1,573)	(2,293)
Dividend paid		(251)	(216)
Interest paid		(7,320)	(2,437)
(Placement)/Withdrawal of pledged deposits		(106)	3,662
Net cash generated from financing activities		49,060	26,669
Net increase in cash and cash equivalents		10,387	1,306
Effect of exchange rate fluctuation on cash and bank balances		120	50
Cash and cash equivalents at 1 July 2022/2021		9,768	10,543
Cash and cash equivalents at 31 December	A	20,275	11,899

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (CONTINUED)**

A. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Note	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000
Cash and bank balances		21,747	11,899
Bank overdrafts	B8(i)	(1,472)	-
		<u>20,275</u>	<u>11,899</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2022. 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 2022. 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 2022.

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 2022, 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 1 January 2022

- Annual improvements to MFRS Standards 2018-2020
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- 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*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- 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.



A2. Significant Accounting Policies (continued)

Standards issued but not yet effective (continued)

The Group does not plan to apply MFRS 17, *Insurance Contracts and Amendments to MFRS 17, Insurance Contracts - Initial Application of MFRS 17* and MFRS 9 - *Comparative Information* 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 2022 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 financial quarter and financial period-to date.

A7. Issuance of Equity or Debt Securities

During the financial period-to-date, the Company increased its issued share capital by way of issuance of 10,398,085 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 10,398,085 Redeemable Convertible Preference Shares ("RCPS") on the basis of 1 ordinary share for 1 RCPS held.

As at 31 December 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 409,287,374.

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

A8. Dividend Paid

Since the end of the previous financial year, the amount of dividends declared and paid by the Company in respect of its RCPS were as follows:

- the annual RCPS dividend of 2% amounting to RM197,564 in respect of the financial year ended 30 June 2022 was paid on 13 July 2022.
- the annual RCPS dividend of 2% amounting to RM53,585 for the period covering from 1 July 2022 to 12 October 2022 was paid on 12 October 2022. This dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

A9. Segmental Reporting

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

	Individual Quarter Ended			Cumulative Quarter Ended		
	<u>Unaudited</u>	<u>Unaudited</u>	Change	<u>Unaudited</u>	<u>Unaudited</u>	Change
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
- Electronic Manufacturing Services	374,327	358,424	4.4%	754,586	555,304	35.9%
- Other	48	54	-11.1%	123	162	-24.1%
Total Segment Revenue	374,375	358,478	4.4%	754,709	555,466	35.9%
Segment result						
- Electronic Manufacturing Services	9,102	8,965	1.5%	15,113	11,737	28.8%
- Other	430	(896)	-148.0%	3,700	(1,614)	-329.2%
Profit before tax	9,532	8,069	18.1%	18,813	10,123	85.8%
Segment assets						
- Electronic Manufacturing Services	(48,880)	(23,140)	111.2%	1,061,115	878,618	20.8%
- Other	2,921	(418)	-798.8%	31,551	20,725	52.2%
	(45,959)	(23,558)	95.1%	1,092,666	899,343	21.5%

A10. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the financial period ended 31 December 2022.

A11. Material Subsequent Events

On 8 February 2023, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposed to undertake a private placement of up to 40,928,700 new ordinary shares in EG Industries Berhad (“EGIB”), representing not more than 10% of the existing issued ordinary shares in EGIB (“Proposed Private Placement”), at an issue price to be determined and fixed at a later date.

Save as disclosed above, there were no material events or transactions subsequent to the end of current financial quarter ended 31 December 2022.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current 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 December 2022 were as follows:

	Unaudited	Audited
	As at	As at
	31.12.2022	30.06.2022
	RM'000	RM'000
Contracted but not provided for		
- Property, plant and equipment	107,898	1,393

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 were as follows:

	Unaudited	Audited
	As at	As at
	31.12.2022	30.06.2022
	RM'000	RM'000
(a) Transactions with a related company		
Purchase of raw materials	(934)	(359)
(b) Transactions with an associate		
Advances	-	2,885
Sales	24,267	42,648
Purchase of raw materials	(67)	-
Purchase of plant and machinery	-	(7)
Service charges	97	226

**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 financial 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 not carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM'000	Carrying amount RM'000
	Level 1	Total	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
31.12.2022						
Financial asset						
Quoted shares	11,196	11,196	-	-	11,196	11,196
Financial liabilities						
Term loans - variable rate	-	-	(42,753)	(42,753)	(42,753)	(42,753)
Lease liabilities	-	-	(10,451)	(10,451)	(10,451)	(10,040)
	-	-	(53,204)	(53,204)	(53,204)	(52,793)
30.06.2022						
Financial asset						
Quoted shares	9,315	9,315	-	-	9,315	9,315
Financial liabilities						
Term loans - variable rate	-	-	(46,139)	(46,139)	(46,139)	(46,139)
Lease liabilities	-	-	(9,195)	(9,195)	(9,195)	(8,890)
	-	-	(55,334)	(55,334)	(55,334)	(55,029)

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's corresponding quarter

The Group recorded a revenue of RM374.4 million, an increase by 4.4% for the current quarter under review as compared to the previous year's corresponding quarter. This increase was primarily driven by higher sales orders from existing key customers for consumer electronic products, 5G wireless access and photonics modular related products.

Correspondingly, the Group's profit before tax increase by 18.1% to RM9.5 million as compared to RM8.1 million in the previous year's corresponding quarter. The higher profit before tax was mainly due to higher sales from more favourable product mix coupled with RM1.0 million fair value gain on quoted investment. However, this has been partially offset by the higher interest expense as a result of increasing interest rate.

Comparison with preceding year corresponding period

During the financial period under review, the Group achieved a total revenue of RM754.7 million, an increase of 35.9% as compared to the preceding year corresponding period's revenue of RM555.5 million. This was mainly attributable to higher sales from both new and existing consumer electronic products, 5G wireless access and photonics modular related products as mentioned above.

In line with the revenue growth, the Group's profit before tax increased from RM10.1 million in previous year corresponding period to RM18.8 million mainly due to higher sales from products with better margin and RM4.3 million fair value gain on quoted investment. However, the improved margin has been partially offset by the higher interest expense as a result of increased interest rate and higher borrowings to part-finance the Group's expansion plan.

Comparison with immediate preceding quarter

Description	2 nd Quarter 2023 RM'000 (Unaudited)	1 st Quarter 2023 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	374,375	380,334	(5,959)	-1.6%
Profit before tax	9,532	9,281	251	2.7%
Profit for the period	9,204	8,970	234	2.6%

For the financial quarter under review, the Group's revenue reduced by 1.6% to RM374.4 million as compared to the immediate preceding quarter of RM380.3 million due to slow-down of sales from data storage products.

Despite RM5.9 million drop in revenue, profit before tax for the current financial quarter increased by 2.7% to RM9.5 million as compared to the immediate preceding quarter mainly due to higher sales margin generated from favourable product mix mentioned above and appreciation of Ringgit Malaysia against US Dollars. However, this has been offset by RM1.6 million higher interest expense and RM2.3 million lesser fair value gain on quoted investments.

**B2. Prospect**

Despite the continuous challenges in overall macro economy, especially on the rising interest and inflation rates, increased minimum wages and on-going US-China Trade War, the Group remains optimistic on the outlook for the financial year ending 30 June 2023.

The Group continues efforts to increase its product and customer portfolio. To this end, the Group has signed a Letter of Intent (“LOI”) with our US-based customer for the transfer of its first-ever pioneer 5G photonics technology to South East Asia, and the production of the advanced high speed optical signal transmitter and receiver (“Optical Modules”) for 5G wireless network. With that, the Group will add the said 5G photonic modular products into our portfolio, on top of expanding on the current and new range of 5G wireless and wired access related products.

At the same time, the Group is boosting its production capacity to accommodate larger clientele. The Group is building a new Smart 4.0 manufacturing plant in Batu Kawan, Penang to expand its manufacturing capacity and increase its ability to take on more orders from its existing and potential customers. The new plant is expected to commence operations by early 2024.

Overall, the Group expects demand for consumer electronic products to remain robust and therefore, management has taken necessary steps to mitigate risk of components shortages and working closely with suppliers to secure the necessary material to fulfil market demand.

The Group will undergird these efforts with an ongoing stringent focus on enhancing cost-efficiency throughout the operations by effectively managing resource allocation and adopting new technologies to enable the Group to improve its resilience and chart future growth.

B3. Profit Forecast and Profit Guarantee

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

B4. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000
Current tax expense	328	158	639	268
Deferred tax	-	-	-	-
Total tax expense	328	158	639	268

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 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.

B5. Trade and Other Receivables

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

	Unaudited	Audited
	As at	As at
	31.12.2022	30.06.2022
	RM'000	RM'000
Trade	308,903	237,020
Non-trade	5,466	6,146
	<u>314,369</u>	<u>243,166</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 was as follows:

	Unaudited	Audited
	As at	As at
	31.12.2022	30.06.2022
	RM'000	RM'000
Not past due	193,305	206,984
Past due 1 - 30 days	104,609	26,597
Past due 31 - 60 days	6,159	2,492
Past due 61 - 90 days	3,787	165
	<u>307,860</u>	<u>236,238</u>
Credits impaired		
Past due more than 90 days	1,043	782
	<u>308,903</u>	<u>237,020</u>

B6. Profit/(Loss) on Sale of Unquoted Investment and/or Property

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

B7. Corporate Proposals

Proposed Private Placement

On 8 February 2023, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake a private placement of up to 40,928,700 new ordinary shares in EGIB, representing not more than 10% of the existing issued ordinary shares in EGIB, at an issue price to be determined and fixed at a later date.

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed in the first half of 2023.

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.

**B8. Group Borrowings and Debt Securities****(i) Group borrowings**

	Unaudited As at 31.12.2022 RM'000	Audited As at 30.06.2022 RM'000
(a) Secured		
Bank overdraft	1,472	-
Bankers' acceptances	284,608	199,281
Trust receipt	10,660	18,502
Term loans	42,753	46,139
Trade financing	-	4,000
Revolving credits	8,826	8,811
	<u>348,319</u>	<u>276,733</u>
(b) Current	309,319	237,579
Non-current	39,000	39,154
	<u>348,319</u>	<u>276,733</u>
(c) Denominated in Malaysia Ringgit	10,409	6,194
Denominated in US Dollar	337,910	270,539
	<u>348,319</u>	<u>276,733</u>

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

	No. of RCPS (’000)	Amount RM’000
Equity component of RCPS		
At 1 July 2022	10,398	7,078
Conversion of RCPS into ordinary shares	(500)	(475)
At 30 September 2022	9,898	6,603
Conversion of RCPS upon maturity on 12 October 2022	(9,898)	(6,603)
At 31 December 2022	-	-

During the financial quarter ended 31 December 2022, 9,898,085 RCPS were mandatorily converted into 9,898,085 ordinary shares of the Company at the issue price of RM0.95 each upon its maturity on 12 October 2022. Accordingly, the RCPS have been removed from the Official List of Bursa Securities with effect from 13 October 2022.

B9. 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.

B10. Dividend Declared

No dividend has been recommended or declared for the current financial quarter.

B11. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Profit before tax is arrived at after charging/(crediting):

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	10,862	10,475	21,074	20,909
Interest expense	4,472	1,218	7,320	2,437
Interest income	(67)	(33)	(99)	(81)
Loss/(Gain) on foreign exchange, net				
- realised	13,065	(659)	9,358	(1,406)
- unrealised	(1,248)	1,646	17,031	2,560
Gain on disposal of property, plant and equipment	(138)	(13)	(53)	(14)
Gain on disposal of other investments	-	-	(657)	-
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(959)	-	(4,260)	-

B12. Earnings Per Ordinary Share

Basic earnings per ordinary share

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders	9,204	7,911	18,174	9,855
Weighted average number of ordinary shares outstanding ('000)	421,230	379,623	421,230	379,623
Basic earnings per ordinary share (sen)	2.19	2.08	4.31	2.60

B12. 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 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000
Profit attributable to ordinary shareholders	9,204	7,911	18,174	9,855
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	421,230	379,623	421,230	379,623
Effect of conversion of RCPS ('000)	-	*	-	*
Weighted average number of ordinary shares ('000)	421,230	379,623	421,230	379,623
Diluted earnings per ordinary share (sen)	2.19	2.08	4.31	2.60

* The effect of the potential incremental shares from RCPS was not taken into account in the computation of diluted earnings per share as the exercise price of the 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
20 FEBRUARY 2023