



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended

31 March 2023



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2023**

	Note	Individual Quarter			Cumulative Quarter		
		Unaudited	Unaudited	Change	Unaudited	Unaudited	Change
		3 months ended			9 months ended		
		31.03.2023	31.03.2022	%	31.03.2023	31.03.2022	%
		RM'000	RM'000		RM'000	RM'000	
Revenue		350,471	305,996	14.5%	1,105,180	861,462	28.3%
Operating profit		26,226	17,187	52.6%	72,957	50,444	44.6%
Interest income		119	23	417.4%	218	104	109.6%
Interest expense		(5,263)	(1,317)	299.6%	(12,583)	(3,754)	235.2%
Depreciation and amortisation		(10,521)	(10,209)	3.1%	(31,595)	(31,118)	1.5%
Share of (loss)/profit of equity accounted associate, net of tax		(493)	21	-2,447.6%	(116)	152	-176.3%
Profit before tax		10,068	5,705	76.5%	28,881	15,828	82.5%
Tax expense	B4	510	(101)	-605.0%	(129)	(369)	-65.0%
Profit for the financial period		10,578	5,604	88.8%	28,752	15,459	86.0%
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")		959	143	570.6%	756	624	21.2%
		959	143	570.6%	756	624	21.2%
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		2,060	(141)	-1,561%	1,158	(5,424)	-121.3%
		2,060	(141)	-1,561%	1,158	(5,424)	-121.3%
Other comprehensive income/ (expense) for the financial period, net of tax		3,019	2	150,850%	1,914	(4,800)	-139.9%
Total comprehensive income for the financial period		13,597	5,606	142.5%	30,666	10,659	187.7%

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2023 (CONTINUED)**

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		<u>Unaudited</u>	<u>Unaudited</u>	Change	<u>Unaudited</u>	<u>Unaudited</u>	Change
		<u>3 months ended</u>	<u>3 months ended</u>		<u>9 months ended</u>	<u>9 months ended</u>	
<u>31.03.2023</u>	<u>31.03.2022</u>	<u>%</u>	<u>31.03.2023</u>	<u>31.03.2022</u>	<u>%</u>		
		<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Profit attributable to:							
Owners of the Company		10,578	5,604	88.8%	28,752	15,459	86.0%
Non-controlling interest		-	-	-	-	-	-
		<u>10,578</u>	<u>5,604</u>	88.8%	<u>28,752</u>	<u>15,459</u>	86.0%
Total comprehensive income attributable to:							
Owners of the Company		13,597	5,606	142.5%	30,666	10,659	187.7%
Non-controlling interest		-	-	-	-	-	-
		<u>13,597</u>	<u>5,606</u>	142.5%	<u>30,666</u>	<u>10,659</u>	187.7%
Basic earnings per ordinary share (sen)	B12	<u>2.50</u>	<u>1.45</u>	72.4%	<u>6.79</u>	<u>4.01</u>	69.3%
Diluted earnings per ordinary share (sen)	B12	<u>2.50</u>	<u>1.45</u>	72.4%	<u>6.79</u>	<u>4.01</u>	69.3%

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 MARCH 2023

	Note	Unaudited as at 31.03.2023 RM'000	Audited as at 30.06.2022 RM'000
ASSETS			
Property, plant and equipment		238,314	222,180
Right-of-use assets		42,542	38,283
Investment properties		3,460	3,509
Investment in associates		2,442	2,558
Other investments		16,374	9,315
Intangible asset		11,710	12,214
Deferred tax assets		1,538	1,538
Total non-current assets		316,380	289,597
Inventories		514,062	451,343
Trade and other receivables	B5	311,085	243,166
Current tax assets		2,635	2,725
Fixed deposits with licensed banks		1,045	938
Cash and bank balances		21,726	9,768
Total current assets		850,553	707,940
TOTAL ASSETS		1,166,933	997,537
EQUITY			
Share capital		202,984	188,060
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares - Equity component	B8(ii)	-	7,078
Reserves		226,176	198,365
Total equity attributable to owners of the Company		421,117	385,460
Non-controlling interests		(217)	(217)
Total equity		420,900	385,243
LIABILITIES			
Lease liabilities		11,684	5,823
Loans and borrowings	B8(i)	38,965	39,154
Provision for retirement benefits		661	662
Total non-current liabilities		51,310	45,639
Lease liabilities		1,387	3,067
Loans and borrowings	B8(i)	311,046	237,579
Trade and other payables		382,023	325,742
Provision for warranty		267	267
Total current liabilities		694,723	566,655
Total liabilities		746,033	612,294
TOTAL EQUITY AND LIABILITIES		1,166,933	997,537
Net assets per ordinary share (RM)		1.02	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 THIRD QUARTER ENDED 31 MARCH 2023**

	← 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	-	-	-	-	(5,424)	-	-	(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 2023 (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	-	-	-	-	1,158	-	-	1,158	-	1,158
Net change in fair value of equity instruments designated at FVOCI	-	-	-	756	-	-	-	756	-	756
Total other comprehensive income for the financial period	-	-	-	756	1,158	-	-	1,914	-	1,914
Profit for the financial period	-	-	-	-	-	-	28,752	28,752	-	28,752
Total comprehensive income for the financial period	-	-	-	756	1,158	-	28,752	30,666	-	30,666
Conversion of RCPS to ordinary shares	9,879	(7,078)	-	-	-	-	(2,801)	-	-	-
Dividend paid	-	-	-	-	-	-	(54)	(54)	-	(54)
Private placement	5,045	-	-	-	-	-	-	5,045	-	5,045
Total transactions with owners of the Company	14,924	(7,078)	-	-	-	-	(2,855)	4,991	-	4,991
At 31 March 2023 (Unaudited)	202,984	-	(8,043)	(3,581)	11,871	28,558	189,328	421,117	(217)	420,900

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 THIRD QUARTER ENDED 31 MARCH 2023**

	Note	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		28,881	15,828
Adjustments for:			
Depreciation of property, plant and equipment		28,907	29,008
Depreciation of right-of-use assets		2,136	1,558
Depreciation of investment properties		49	49
Amortisation of intangible assets		503	503
Interest expense		12,583	3,754
Dividend income		(25)	-
Gain on disposal of property, plant and equipment		(59)	(15)
Gain on disposal of other investments		(657)	-
Interest income		(218)	(104)
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss		(8,479)	-
Share of results of an associate		116	(152)
Loss on foreign exchange, net - unrealised		25,311	986
Operating profit before changes in working capital		89,048	51,415
Inventories		(63,012)	60,393
Trade and other receivables		(73,351)	(14,219)
Trade and other payables		48,382	(93,294)
Cash generated from operations		1,067	4,295
Tax paid		(39)	(427)
Dividend received		25	-
Net cash generated from operating activities		1,053	3,868
Cash flows from investing activities			
Acquisition of property, plant & equipment		(45,681)	(20,561)
Acquisition of right-of-use assets		(6,394)	-
Acquisition of other investment		-	(9,484)
Interest received		218	104
Proceeds from disposal of property, plant and equipment		358	280
Proceeds from disposal of other investments		2,834	-
Net cash used in investing activities		(48,665)	(29,661)
Cash flows from financing activities			
Issue of shares pursuant to private placement		5,045	15,202
Drawdown of bank borrowings, net		67,888	18,366
Drawdown of lease liabilities		7,316	-
Repayment of lease liabilities		(3,135)	(2,563)
Repayment of term loans		(4,841)	(3,302)
Dividend paid		(251)	(216)
Interest paid		(12,583)	(3,754)
(Placement)/Withdrawal of pledged deposits		(107)	3,661
Net cash generated from financing activities		59,332	27,394
Net increase in cash and cash equivalents		11,720	1,601
Effect of exchange rate fluctuation on cash and bank balances		238	86
Cash and cash equivalents at 1 July 2022/2021		9,768	10,543
Cash and cash equivalents at 31 March	A	21,726	12,230



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 MARCH 2023 (CONTINUED)**

A. Cash and cash equivalents

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

	Note	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000
Cash and bank balances		23,380	12,230
Bank overdrafts	B8(i)	(1,654)	-
		<u>21,726</u>	<u>12,230</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; and
- issuance of 4,000,000 new ordinary shares at an issue price of RM1.2613 per ordinary share for RM5,045,200 pursuant to a private placement exercise.

As at 31 March 2023, 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 413,287,374.

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 March 2023.

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:

- 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.
- 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> 31.03.2023 RM'000	<u>Unaudited</u> 31.03.2022 RM'000	Change %	<u>Unaudited</u> 31.03.2023 RM'000	<u>Unaudited</u> 31.03.2022 RM'000	Change %
Segment revenue						
- Electronic Manufacturing Services	350,424	305,896	14.6%	1,105,010	861,200	28.3%
- Other	47	100	-53.0%	170	262	-35.1%
Total Segment Revenue	<u>350,471</u>	<u>305,996</u>	14.5%	<u>1,105,180</u>	<u>861,462</u>	28.3%
Segment result						
- Electronic Manufacturing Services	7,317	6,999	4.5%	22,430	18,736	19.7%
- Other	2,751	(1,294)	-312.6%	6,451	(2,908)	-321.8%
Profit before tax	<u>10,068</u>	<u>5,705</u>	76.5%	<u>28,881</u>	<u>15,828</u>	82.5%
Segment assets						
- Electronic Manufacturing Services	60,573	(44,135)	-237.2%	1,121,688	834,483	34.4%
- Other	13,694	8,998	52.2%	45,245	29,723	52.2%
	<u>74,267</u>	<u>(35,137)</u>	-311.4%	<u>1,166,933</u>	<u>864,206</u>	35.0%

A10. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the financial period ended 31 March 2023.

A11. Material Subsequent Events

On 3 April 2023, RM1.33 million gross proceeds was raised from the second tranche of Private Placement with the listing of 1,000,000 Placement Shares at an issue price of RM1.3266 each on the Main Market of Bursa Malaysia Securities Berhad.

Save as disclosed above, there were no material events or transactions subsequent to the end of current financial quarter ended 31 March 2023.

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 March 2023 were as follows:

	Unaudited	Audited
	As at	As at
	31.03.2023	30.06.2022
	RM'000	RM'000
Contracted but not provided for		
- Property, plant and equipment	86,437	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
	31.03.2023	30.06.2022
	RM'000	RM'000
(a) Transactions with a related company		
Purchase of raw materials	(940)	(359)
(b) Transactions with an associate		
Advances	-	2,885
Sales	33,686	42,648
Purchase of raw materials	(81)	-
Purchase of plant and machinery	-	(7)
Service charges	141	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 RM'000	Total RM'000	Level 3 RM'000	Total RM'000		
31.03.2023						
Financial asset						
Quoted shares	16,374	16,374	-	-	16,374	16,374
Financial liabilities						
Term loans - variable rate	-	-	(40,949)	(40,949)	(40,949)	(40,949)
Lease liabilities	-	-	(13,612)	(13,612)	(13,612)	(13,071)
	-	-	(54,561)	(54,561)	(54,561)	(54,020)
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 corresponding quarter

For the current quarter ended 31 March 2023, the Group registered a revenue of RM350.5 million, an increase of 14.5% as compared to the previous year corresponding quarter of RM306.0 million. This was mainly attributed to increase in sales for consumer electronic products, 5G wireless access and photonics modular related products.

Correspondingly, the Group's profit before tax increased by 76.5% to RM10.1 million as compared to previous year's corresponding quarter. This was mainly driven by higher sales generated despite some forex losses and higher interest rate in the market.

Comparison with preceding year corresponding period

During the financial period under review, the Group achieved a total revenue of RM1.1 billion, an increase of 28.3% as compared to the preceding year corresponding period's revenue of RM861.5 million. The increase was primarily contributed by higher sales from consumer electronic products, 5G wireless access and photonics modular related products as mentioned above.

In tandem with the increase in revenue, the Group's profit before tax improved from RM15.8 million in previous year's corresponding period to RM28.9 million on the back of higher sales from products with better margin despite some forex losses and higher interest rate.

Comparison with immediate preceding quarter

Description	3 rd Quarter 2023	2 nd Quarter 2023	Increase/(Decrease)	
	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000	%
Revenue	350,471	374,375	(23,904)	-6.4%
Profit before tax	10,068	9,532	536	+5.6%
Profit for the period	10,578	9,204	1,374	+14.9%

For the financial quarter under review, the Group's profit before tax for the current financial quarter has increased from RM9.5 million to RM10.1 million despite softening of revenue to RM350.5 million as compared to the immediate preceding quarter. The improved earnings were mainly attributed to the favourable product sales mix

B2. Prospect

The Group remains optimistic on the outlook for the Year 2023/2024 as we move upstream beyond our electronics industry. We also anticipate demand for 5G wireless and photonic modular related products to remain robust. As a testament, 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 for the advanced telecommunication industry.

Also, on 22 May 2023, we have entered into a partnership arrangement with Japanese automation giant, Yamaha Motor Co Ltd, for the setting up of our Smart 4.0 Light-Out Factory using EG’s state-of-the-art 5G high-speed modules in Batu Kawan, Penang. Upon operation commencement at the new Batu Kawan plant by early 2024, the Group will boost its production capacity and envisage that renowned conglomerate would participate in with our EG’s 5G high-speed modules. This endeavour should add value to all our stakeholders.

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 31.03.2023 RM’000	Unaudited 31.03.2022 RM’000	Unaudited 31.03.2023 RM’000	Unaudited 31.03.2022 RM’000
Current tax (income)/expense	(510)	101	129	369
Deferred tax	-	-	-	-
Total tax expense	(510)	101	129	369

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 As at 31.03.2023 RM'000	Audited As at 30.06.2022 RM'000
Trade	305,593	237,020
Non-trade	5,492	6,146
	311,085	243,166

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 As at 31.03.2023 RM'000	Audited As at 30.06.2022 RM'000
Not past due	242,249	206,984
Past due 1 - 30 days	58,377	26,597
Past due 31 - 60 days	2,045	2,492
Past due 61 - 90 days	2,899	165
	305,570	236,238
Credits impaired		
Past due more than 90 days	23	782
	305,593	237,020

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 23 February 2023, Bursa Malaysia has approved the listing of and quotation for up to 40,928,700 Placement Shares (representing 10% of the total issued ordinary shares of the Company) on the Main Market of Bursa Securities.

On 20 March 2023, the Company has listed first tranche of 4,000,000 new Placement Shares at an issue price of RM1.2613 per ordinary share for a gross proceeds of RM5.05 million on the Main Market of Bursa Securities.

The Company has further completed the listing of its second tranche of 1,000,000 new Placement Shares at an issue price of RM1.3266 per ordinary share for a gross proceeds of RM1.33 million on 3 April 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 31.03.2023 RM'000	Audited As at 30.06.2022 RM'000
(a) Secured		
Bank overdraft	1,654	-
Bankers' acceptances	290,767	199,281
Trust receipt	7,823	18,502
Term loans	40,949	46,139
Trade financing	-	4,000
Revolving credits	8,818	8,811
	350,011	276,733
(b) Current	311,046	237,579
Non-current	38,965	39,154
	350,011	276,733
(c) Denominated in Malaysia Ringgit	11,890	6,194
Denominated in US Dollar	338,121	270,539
	350,011	276,733

(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 March 2023	-	-

During the financial period ended 31 March 2023, 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 31.03.2023	Unaudited 31.03.2022	Unaudited 31.03.2023	Unaudited 31.03.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	10,521	10,209	31,595	31,118
Interest expense	5,263	1,317	12,583	3,754
Interest income	(119)	(23)	(218)	(104)
Loss/(Gain) on foreign exchange, net				
- realised	5,987	1,981	15,345	575
- unrealised	8,280	(1,574)	25,311	986
Gain on disposal of property, plant and equipment	(6)	(1)	(59)	(15)
Gain on disposal of other investments	-	-	(657)	-
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(4,219)	-	(8,479)	-

B12. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial period ended 31 March 2023 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.03.2023	Unaudited 31.03.2022	Unaudited 31.03.2023	Unaudited 31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders	10,578	5,604	28,752	15,459
Weighted average number of ordinary shares outstanding ('000)	423,302	385,516	423,302	385,516
Basic earnings per ordinary share (sen)	2.50	1.45	6.79	4.01

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:

B12. Earnings Per Ordinary Share (continued)

	Individual Quarter Ended		Cumulative Quarter Ended	
	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000
Profit attributable to ordinary shareholders	10,578	5,604	28,752	15,459
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	423,302	385,516	423,302	385,516
Effect of conversion of RCPS ('000)	-	*	-	*
Effect of exercise of private placement ('000)	*	*	*	*
Weighted average number of ordinary shares ('000)	423,302	385,516	423,302	385,516
Diluted earnings per ordinary share (sen)	2.50	1.45	6.79	4.01

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

B13. Utilisation of Proceeds

The status of utilisation of RM5.05 million proceeds from the first tranche of Private Placement ("1st tranche") as at 31 March 2023 is as follows:

Details	Proposed utilisation (as per Circular) RM'000	Actual utilisation (1 st tranche) RM'000	Expected time frame for utilisation of proceeds (from listing date)
Business expansion			
- Construction of a two-storey factory	12,000	939	Within 12 months
- Building and setting up of 4 additional warehouses	4,000	4,000	Within 12 months
General working capital	5,908	-	Within 6 months
Expenses for the Proposed Private Placement	500	106	Immediate
Total	22,408	5,045	

BY ORDER OF THE BOARD

DATO' KANG PANG KIANG
 GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR
 31 MAY 2023