



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended 30 June 2023



EG INDUSTRIES BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FORTH QUARTER ENDED 30 JUNE 2023**

	Note	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
		3 months ended		Changes %	12 months ended		Changes %
		30.06.2023 RM'000 (Unaudited)	30.06.2022 RM'000 (Restated)		30.06.2023 RM'000 (Unaudited)	30.06.2022 RM'000 (Audited)	
Revenue		242,921	252,980	-4.0	1,348,101	1,114,442	21.0
Operating profit		29,147	6,745	332.1	102,104	57,189	78.5
Interest income		196	27	625.9	414	131	216.0
Interest expense		(6,609)	(1,675)	294.6	(19,192)	(5,429)	253.5
Depreciation and amortisation		(10,607)	(10,262)	3.4	(42,202)	(41,380)	2.0
Share of profit/(loss) of equity-accounted associate, net of tax		1	94	-98.9	(115)	246	-146.7
Profit/(Loss) before tax		12,128	(5,071)	339.2	41,009	10,757	281.2
Tax expense	B4	(2,439)	436	659.4	(2,568)	67	3,932.8
Profit/(Loss) for the financial period		9,689	(4,635)	309.0	38,441	10,824	255.1
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")		(527)	(743)	-29.1	229	(119)	292.4
Gain from re-measurement of provision for retirement benefits		-	68	-100.0	-	68	-100.0
Income tax benefit related to gain from re-measurement of provision for retirement benefits		-	(14)	-100.0	-	(14)	-100.0
		(527)	(689)	-23.5	229	(65)	-452.3
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		7,783	58	13,319.0	8,941	(5,366)	266.6
		7,783	58	13,319.0	8,941	(5,366)	266.6
Other comprehensive income/ (expense) for the financial period, net of tax		7,256	(631)	1,249.9	9,170	(5,431)	268.8
Total comprehensive income/(expense) for the financial period		16,945	(5,266)	421.8	47,611	5,393	782.8



EG INDUSTRIES BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FORTH QUARTER ENDED 30 JUNE 2023 (CONTINUED)**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			12 months ended		
		30.06.2023 RM'000 (Unaudited)	30.06.2022 RM'000 (Restated)		30.06.2023 RM'000 (Unaudited)	30.06.2022 RM'000 (Audited)	
Profit/(Loss) attributable to:							
Owners of the Company		9,689	(4,635)	309.0	38,441	10,824	255.1
Non-controlling interest		-	-	-	-	-	-
		<u>9,689</u>	<u>(4,635)</u>	309.0	<u>38,441</u>	<u>10,824</u>	255.1
Total comprehensive income/ (expense) attributable to:							
Owners of the Company		16,945	(5,266)	421.8	47,611	5,393	782.8
Non-controlling interest		-	-	-	-	-	-
		<u>16,945</u>	<u>(5,266)</u>	421.8	<u>47,611</u>	<u>5,393</u>	782.8
Basic earnings per ordinary share (sen)							
	B12	<u>2.28</u>	<u>(1.18)</u>	293.2	<u>9.04</u>	<u>2.75</u>	228.7
Diluted earnings per ordinary share (sen)							
	B12	<u>2.28</u>	<u>(1.18)</u>	293.2	<u>9.04</u>	<u>2.75</u>	228.7

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


EG INDUSTRIES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	As at 30.06.2023 RM'000 (Unaudited)	As at 30.06.2022 RM'000 (Audited)
ASSETS			
Property, plant and equipment		273,424	222,180
Right-of-use assets		44,678	38,283
Investment properties		3,444	3,509
Investment in associates		2,443	2,558
Other investments		14,723	9,315
Intangible asset		11,545	12,214
Deferred tax assets		1,543	1,538
Total non-current assets		351,800	289,597
Inventories		550,222	451,343
Trade and other receivables	B5	248,029	243,166
Current tax assets		57	2,725
Fixed deposits with licensed banks		1,076	938
Cash and bank balances		52,580	9,768
Total current assets		851,964	707,940
TOTAL ASSETS		1,203,764	997,537
EQUITY			
Share capital		204,310	188,060
Treasury shares		(8,043)	(8,043)
Redeemable convertible preference shares - Equity component	B8(ii)	-	7,078
Reserves		243,121	198,365
Total equity attributable to owners of the Company		439,388	385,460
Non-controlling interests		(217)	(217)
Total equity		439,171	385,243
LIABILITIES			
Lease liabilities		8,291	5,823
Loans and borrowings	B8(i)	60,886	39,154
Provision for retirement benefits		820	662
Total non-current liabilities		69,997	45,639
Lease liabilities		6,025	3,067
Loans and borrowings	B8(i)	375,248	237,579
Trade and other payables		311,885	325,742
Provision for warranty		632	267
Current tax liabilities		806	-
Total current liabilities		694,596	566,655
Total liabilities		764,593	612,294
TOTAL EQUITY AND LIABILITIES		1,203,764	997,537
Net assets per ordinary share (RM)		1.06	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.



EG INDUSTRIES BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FORTH QUARTER ENDED 30 JUNE 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	-	-	-	-	(5,366)	-	-	(5,366)	-	(5,366)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(119)	-	-	-	(119)	-	(119)
Gain from re-measurement of provision for retirement benefits	-	-	-	-	-	-	68	68	-	68
Income tax benefit related to gain from re-measurement of provision for retirement benefits	-	-	-	-	-	-	(14)	(14)	-	(14)
Total other comprehensive (expense)/ income for the financial period	-	-	-	(119)	(5,366)	-	54	(5,431)	-	(5,431)
Profit for the financial period	-	-	-	-	-	-	10,824	10,824	-	10,824
Total comprehensive (expense)/ income for the financial period	-	-	-	(119)	(5,366)	-	10,878	5,393	-	5,393
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 (Audited)	188,060	7,078	(8,043)	(4,337)	10,713	28,558	163,431	385,460	(217)	385,243



EG INDUSTRIES BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FORTH QUARTER ENDED 30 JUNE 2023 (CONTINUED)**

	← 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 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	-	-	-	-	8,941	-	-	8,941	-	8,941
Net change in fair value of equity instruments designated at FVOCI	-	-	-	229	-	-	-	229	-	229
Total other comprehensive income for the financial period	-	-	-	229	8,941	-	-	9,170	-	9,170
Profit for the financial period	-	-	-	-	-	-	38,441	38,441	-	38,441
Total comprehensive income for the financial period	-	-	-	229	8,941	-	38,441	47,611	-	47,611
Conversion of RCPS to ordinary shares	9,879	(7,078)	-	-	-	-	(2,801)	-	-	-
Dividend paid	-	-	-	-	-	-	(54)	(54)	-	(54)
Private placement	6,371	-	-	-	-	-	-	6,371	-	6,371
Total transactions with owners of the Company	16,250	(7,078)	-	-	-	-	(2,855)	6,317	-	6,317
At 30 June 2023 (Unaudited)	204,310	-	(8,043)	(4,108)	19,654	28,558	199,017	439,388	(217)	439,171

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.



EG INDUSTRIES BERHAD

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FORTH QUARTER ENDED 30 JUNE 2023**

	30.06.2023	30.06.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before tax from continuing operations	41,009	10,757
Adjustments for:		
Depreciation of property, plant and equipment	38,438	38,316
Depreciation of right-of-use assets	3,028	2,328
Depreciation of investment properties	65	65
Amortisation of intangible assets	671	671
Bad debt written off	149	17
Bad debt recovered	-	(14)
Interest expense	19,192	5,429
Dividend income	(26)	(2)
Gain/(Loss) on disposal of property, plant and equipment	(196)	64
Gain on disposal of right-of-use assets	-	(20)
Gain on disposal of other investments	(657)	(1,126)
Interest income	(414)	(131)
Property, plant and equipment written off	-	1
Provision of retirement benefit	134	138
Provision for slow moving stocks	-	466
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(7,356)	(1,474)
Movement in provision of warranty	365	-
Impairment loss on trade and other receivables, net	256	200
Share of results of an associate	115	(246)
Loss/(Gain) on foreign exchange, net - unrealised	28,293	(12)
Operating profit before changes in working capital	123,066	55,427
Inventories	(89,573)	(149,907)
Trade and other receivables	(1,234)	59,303
Trade and other payables	(19,121)	(14,958)
Cash used in operations	13,138	(50,135)
Tax paid	(50)	(660)
Tax refunded	956	44
Dividend received	26	2
Net cash generated from/(used in) operating activities	14,070	(50,749)
Cash flows from investing activities		
Subscription of shares in an associate	(1)	-
Acquisition of property, plant & equipment	(36,423)	(27,342)
Acquisition of right-of-use assets	(9,422)	-
Acquisition of other investment	-	(9,485)
Interest received	414	131
Proceeds from disposal of property, plant and equipment	586	1,092
Proceeds from disposal of other investments	2,834	5,318
Proceeds from disposal of right-of-use assets	-	20
Net cash used in investing activities	(42,012)	(30,266)

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FORTH QUARTER ENDED 30 JUNE 2023 (CONTINUED)**

	30.06.2023	30.06.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash flows from financing activities		
Issue of shares pursuant to private placement	6,371	15,202
Drawdown of bank borrowings, net	56,589	65,904
Drawdown of lease liabilities	9,606	1,495
Repayment of lease liabilities	(4,179)	(3,285)
Drawdown of term loans, net	22,777	2,990
Dividend paid	(251)	(216)
Interest paid	(19,192)	(5,416)
(Placement)/Withdrawal of pledged deposits	(123)	3,654
Net cash generated from financing activities	71,598	80,328
Net increase in cash and cash equivalents	43,656	(687)
Effect of exchange rate fluctuation on cash and bank balances	(844)	(88)
Cash and cash equivalents at 1 July 2022/2021	9,768	10,543
Cash and cash equivalents at 30 June	52,580	9,768

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 the financial year ended 30 June 2022 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 were 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 were no material changes in estimates for the current financial quarter and financial period-to date.

A7. Changes in Debts and Equity Securities

Save as disclosed below, there were no issuance and repayment of debts and equity securities, share cancellations or resale of treasury shares during the financial year ended 30 June 2023.

- 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;
- issuance of 4,000,000 new ordinary shares at an issue price of RM1.2613 per ordinary share for RM5,045,200 pursuant to the first tranche of its Private Placement Exercise; and
- issuance of 1,000,000 new ordinary shares at an issue price of RM1.3266 per ordinary share for RM 1,326,600 pursuant to the second tranche of its Private Placement Exercise.

As at 30 June 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 414,287,374.

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

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 for the financial year ended 30 June 2022 was paid on 13 July 2022.
- Annual RCPS dividend of 2% amounting to RM53,585 for the financial 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

	Individual Quarter Ended			Cumulative Quarter Ended		
	30.06.2023 RM'000 (Unaudited)	30.06.2022 RM'000 (Restated)	Changes %	30.06.2023 RM'000 (Unaudited)	30.06.2022 RM'000 (Audited)	Changes %
Segment revenue						
- Electronic						
Manufacturing						
Services	242,883	253,035	-4.0	1,347,893	1,114,235	21.0
- Other	38	(55)	169.1	208	207	0.5
Total Segment Revenue	<u>242,921</u>	<u>252,980</u>	-4.0	<u>1,348,101</u>	<u>1,114,442</u>	21.0
Segment result						
- Electronic						
Manufacturing						
Services	14,287	(6,662)	314.5	36,717	12,074	204.1
- Other	(2,159)	1,591	-235.7	4,292	(1,317)	425.9
Profit/(Loss) before tax	<u>12,128</u>	<u>(5,071)</u>	339.2	<u>41,009</u>	<u>10,757</u>	281.2
Segment assets						
- Electronic						
Manufacturing						
Services	38,109	136,548	-72.1	1,159,797	971,031	19.4
- Other	(1,279)	(3,217)	-60.2	43,967	26,506	65.9
	<u>36,830</u>	<u>133,331</u>	-72.4	<u>1,203,764</u>	<u>997,537</u>	20.7

A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current financial quarter.

A11. Material Subsequent Events

On 14 July 2023, the Company has completed its Private Placement Exercise and raised RM40.6 million proceeds from the listing of third tranche of 35,928,700 Placement Shares at an issue price of RM1.1300 per ordinary share 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 year ended 30 June 2023.

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

A12. Changes in the Composition of the Group

On 25 May 2023, EG Operations Sdn. Bhd., a wholly-owned subsidiary of EG Industries Berhad, has collaborated with an internationally renowned manufacturer to establish a 30% associated company named Genitronic (Malaysia) Sdn. Bhd. (“Genitronic”) for the production of advanced 5G photonic modular for commercial network communication and security related products.

Save as disclosed above, there were no other material changes in the composition of the Group for 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 30 June 2023 were as follows:

	As at 30.06.2023 RM'000 (Unaudited)	As at 30.06.2022 RM'000 (Audited)
Contracted but not provided for - Property, plant and equipment	48,326	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:

	As at 30.06.2023 RM'000 (Unaudited)	As at 30.06.2022 RM'000 (Audited)
(a) Transactions with a related company		
Purchase of raw materials	(1,035)	(359)
(b) Transactions with an associate		
Advances	60	2,885
Sales	44,769	42,648
Purchase of raw materials	(94)	-
Purchase of plant and machinery	-	(7)
Service charges	398	226

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

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		
30.06.2023						
Financial asset						
Quoted shares	14,723	14,723	-	-	14,723	14,723
Financial liabilities						
Term loans - variable rate	-	-	(68,458)	(68,458)	(68,458)	(68,458)
Lease liabilities	-	-	(14,965)	(14,965)	(14,965)	(14,316)
	-	-	(83,423)	(83,423)	(83,423)	(82,774)
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.

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**B1. Review of Performance****Comparison with preceding year corresponding quarter**

The Group reported a revenue of RM242.9 million during the financial quarter under review as compared to RM252.9 million generated in the previous year corresponding quarter. The slight reduction in revenue was mainly due to lower sales orders from the data storage and consumer electronic products.

Nevertheless, the Group managed to achieve a profit before tax of RM12.1 million as compared to a loss before tax of RM5.1 million in previous year's corresponding quarter. The positive shift in profitability was mainly driven by favourable product sales mix from the consumer electronic products, 5G wireless access and photonic modular related products despite some foreign exchange losses and higher interest rate in the market.

Comparison with preceding year corresponding period

During the financial period under review, the Group accomplished a significant milestone by achieving a total revenue of RM1.3 billion, marking a notable 21.0% revenue improvement as compared to the preceding year corresponding period on the back of higher sales from consumer electronic products, 5G wireless and photonic modular related products.

Correspondingly, the Group's profit before tax also increased from RM10.8 million in the preceding year corresponding period to RM41.0 million. The significant improvement in earnings were primarily driven by higher sales generated from products with better margin and RM7.4 million fair value gain on financial instruments, despite the net foreign exchange losses and higher interest rate.

Comparison with immediate preceding quarter

Description	4 th Quarter 2023 RM'000 (Unaudited)	3 rd Quarter 2023 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	242,921	350,471	(107,550)	-30.7
Profit before tax	12,128	10,068	2,060	20.5
Profit for the period	9,689	10,578	(889)	-8.4

For the financial quarter under review, the Group's profit before tax increased from RM10.1 million to RM12.1 million despite a 31% reduction in revenue as compared to the immediate preceding quarter. The improvement in profit before tax were mainly driven by favourable product sales mix from the 5G wireless access and photonic modular related products and better control over the Group's operating expenses.

B2. Prospect

The Group is well-positioned for a positive outlook in the Year 2023/2024 with a strategic move upstream beyond our electronic 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 ("5G Photonics Optical Modules") for 5G wireless network for the advanced telecommunication industry.

Additionally, the Group will collaborate with a worldwide top 3 Ethernet switches company through its 30% associated company, Genitronic, for the production of 5G photonic modular using co-packaged optics technology by first half of Year 2024.

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

B2. Prospect (continued)

Also, we have entered into a partnership arrangement with Japanese automation giant - Yamaha Motor Co Ltd in May 2023 for the setting up of 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 is committed to supporting its strategic initiatives with ongoing strong focus on enhancing production yield and operational efficiency, as well as 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Current tax expense/(income)	2,439	(552)	2,568	(183)
Deferred tax	-	116	-	116
Total tax expense/(income)	2,439	(436)	2,568	(67)

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:

	As at	As at
	30.06.2023	30.06.2022
	RM'000	RM'000
	(Unaudited)	(Audited)
Trade	243,631	237,020
Non-trade	4,398	6,146
	248,029	243,166

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

B5. 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 was as follows:

	As at 30.06.2023 RM'000 (Unaudited)	As at 30.06.2022 RM'000 (Audited)
Not past due	158,371	206,984
Past due 1 - 30 days	68,830	26,597
Past due 31 - 60 days	13,961	2,492
Past due 61 - 90 days	624	165
	<hr/>	<hr/>
	241,786	236,238
Credits impaired		
Past due more than 90 days	1,845	782
	<hr/>	<hr/>
	<u>243,631</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 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 proceed of RM5.05 million on the Main Market of Bursa Securities.

The Company has further listed second tranche of 1,000,000 new Placement Shares at an issue price of RM1.3266 per ordinary share for a gross proceed of RM1.33 million on 3 April 2023.

On 14 July 2023, the Company has completed its Private Placement exercise by raising gross proceeds of RM40.60 million from the listing of final tranche of 35,928,700 new ordinary shares on the Main Market of Bursa Securities at an issue price of RM1.1300 per ordinary share.

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.

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

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

	As at 30.06.2023 RM'000 (Unaudited)	As at 30.06.2022 RM'000 (Audited)
(a) Secured		
Bankers' acceptances	332,293	199,281
Trust receipt	20,049	18,502
Term loans	68,458	46,139
Trade financing	6,000	4,000
Revolving credits	9,334	8,811
	436,134	276,733
(b) Current	375,248	237,579
Non-current	60,886	39,154
	436,134	276,733
(c) Denominated in Malaysia Ringgit	8,299	6,194
Denominated in US Dollar	427,835	270,539
	436,134	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 30 June 2023	-	-

During the financial year ended 30 June 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.

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Depreciation and amortisation	10,607	10,262	42,202	41,380
Bad debt written off	149	17	149	17
Bad debt recovered	-	(14)	-	(14)
Interest expense	6,609	1,675	19,192	5,429
Interest income	(196)	(27)	(414)	(131)
(Gain)/Loss on foreign exchange, net				
- realised	(8)	6,010	15,337	6,585
- unrealised	2,982	(587)	28,293	(12)
(Gain)/Loss on disposal of property, plant and equipment	(137)	79	(196)	64
Gain on disposal of right-of-use assets	-	(20)	-	(20)
Gain on disposal of other investments	-	(1,126)	(657)	(1,126)
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	1,123	(1,474)	(7,356)	(1,474)
Provision for retirement benefits	134	138	134	138
Provision for slow moving stock	-	466	-	466
Provision for warranty	365	-	365	-
Impairment loss on trade receivables and other receivables	256	200	256	200

B12. Earnings Per Ordinary Share**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share for the financial period ended 30 June 2023 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Profit/(Loss) attributable to ordinary shareholders	9,689	(4,635)	38,441	10,824
Weighted average number of ordinary shares outstanding ('000)	425,442	393,235	425,442	393,235
Basic earnings per ordinary share (sen)	2.28	(1.18)	9.04	2.75

**EG INDUSTRIES BERHAD**

Registration No. 199101012585 (222897-W)

(Incorporated in Malaysia)

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Profit/(Loss) attributable to ordinary shareholders	9,689	(4,635)	38,441	10,824
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	425,442	393,235	425,442	393,235
Effect of conversion of RCPS ('000)	-	*	-	*
Effect of exercise of private placement ('000)	*	*	*	*
Weighted average number of ordinary shares ('000)	425,442	393,235	425,442	393,235
Diluted earnings per ordinary share (sen)	2.28	(1.18)	9.04	2.75

* 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 RM1.33 million proceeds from the second tranche of Private Placement ("2nd tranche") as at 30 June 2023 is as follows:

Details	Proposed utilisation (as per Circular) RM'000	Actual utilisation (1 st tranche) RM'000	Actual utilisation (2 nd tranche) RM'000	Expected time
				frame for utilisation of proceeds (from listing date)
Business expansion				
- Construction of a two-storey factory	12,000	939	1,320	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	7	Immediate
Total	22,408	5,045	1,327	



EG INDUSTRIES BERHAD

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

BY ORDER OF THE BOARD

DATO' KANG PANG KIANG
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR
29 AUGUST 2023