



# **EG INDUSTRIES BERHAD**

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

## **Interim Financial Statements For The Financial Period Ended 31 December 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 SECOND QUARTER ENDED 31 DECEMBER 2023**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			6 months ended		
		31.12.2023 RM'000 (Unaudited)	31.12.2022 RM'000 (Unaudited)		31.12.2023 RM'000 (Unaudited)	31.12.2022 RM'000 (Unaudited)	
<b>Revenue</b>		<b>242,589</b>	<b>374,375</b>	-35.2	<b>502,439</b>	<b>754,709</b>	-33.4
Operating profit		28,932	24,461	18.3	56,432	46,731	20.8
Interest income		423	67	531.3	929	99	838.4
Interest expense		(7,034)	(4,472)	57.3	(13,811)	(7,320)	88.7
Depreciation and amortisation		(9,666)	(10,862)	-11.0	(19,846)	(21,074)	-5.8
Share of profit of equity- accounted associate, net of tax		157	338	-53.6	212	377	-43.8
<b>Profit before tax</b>		<b>12,812</b>	<b>9,532</b>	34.4	<b>23,916</b>	<b>18,813</b>	27.1
Tax expense	B4	(403)	(328)	22.9	(726)	(639)	13.6
<b>Profit for the financial period</b>		<b>12,409</b>	<b>9,204</b>	34.8	<b>23,190</b>	<b>18,174</b>	27.6
<b>Other comprehensive income, net of tax</b>							
<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")		(145)	240	-160.4	(404)	(203)	99.0
		(145)	240	-160.4	(404)	(203)	99.0
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(84)	5,489	-101.5	(1,157)	(902)	28.3
		(84)	5,489	-101.5	(1,157)	(902)	28.3
<b>Other comprehensive expense for the financial period, net of tax</b>		<b>(229)</b>	<b>5,729</b>	-104.0	<b>(1,561)</b>	<b>(1,105)</b>	41.3
<b>Total comprehensive income for the financial period</b>		<b>12,180</b>	<b>14,933</b>	-18.4	<b>21,629</b>	<b>17,069</b>	26.7



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

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			6 months ended		
		31.12.2023 RM'000 (Unaudited)	31.12.2022 RM'000 (Unaudited)		31.12.2023 RM'000 (Unaudited)	31.12.2022 RM'000 (Unaudited)	
<b>Profit attributable to:</b>							
Owners of the Company		12,409	9,204	34.8	23,190	18,174	27.6
Non-controlling interest		-	-	-	-	-	-
		<u>12,409</u>	<u>9,204</u>	34.8	<u>23,190</u>	<u>18,174</u>	27.6
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		12,180	14,933	-18.4	21,629	17,069	26.7
Non-controlling interest		-	-	-	-	-	-
		<u>12,180</u>	<u>14,933</u>	-18.4	<u>21,629</u>	<u>17,069</u>	26.7
Basic earnings per ordinary share (sen)	B12	<u>2.67</u>	<u>2.19</u>	21.9	<u>4.98</u>	<u>4.31</u>	15.5
Diluted earnings per ordinary share (sen)	B12	<u>2.67</u>	<u>2.19</u>	21.9	<u>4.98</u>	<u>4.31</u>	15.5

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 2023. The accompanying notes are an integral part of this statement.


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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

	Note	As at 31.12.2023 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment		301,691	259,053
Right-of-use assets		51,729	46,754
Investment properties		14,796	14,664
Investment in associates		7,865	2,443
Other investments		506	14,723
Intangible assets		10,703	10,868
Deferred tax assets		1,570	1,570
<b>Total non-current assets</b>		<b>388,860</b>	<b>350,075</b>
Trade and other receivables	B5	242,197	248,454
Inventories		563,960	560,091
Current tax assets		76	57
Fixed deposits with licensed banks		1,093	1,076
Cash and bank balances		51,527	52,580
<b>Total current assets</b>		<b>858,853</b>	<b>862,258</b>
<b>TOTAL ASSETS</b>		<b>1,247,713</b>	<b>1,212,333</b>
<b>EQUITY</b>			
Share capital		244,910	204,310
Treasury shares		(8,043)	(8,043)
Reserves		264,343	242,714
<b>Total equity attributable to owners of the Company</b>		<b>501,210</b>	<b>438,981</b>
Non-controlling interests		(217)	(217)
<b>Total equity</b>		<b>500,993</b>	<b>438,764</b>
<b>LIABILITIES</b>			
Lease liabilities		14,017	8,291
Loans and borrowings	B8	119,144	60,886
Provision for retirement benefits		792	796
<b>Total non-current liabilities</b>		<b>133,953</b>	<b>69,973</b>
Lease liabilities		3,940	6,025
Loans and borrowings	B8	354,276	375,248
Trade and other payables		252,542	320,999
Provision for warranties		632	632
Current tax liabilities		1,377	692
<b>Total current liabilities</b>		<b>612,767</b>	<b>703,596</b>
<b>Total liabilities</b>		<b>746,720</b>	<b>773,569</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,247,713</b>	<b>1,212,333</b>
<b>Net assets per ordinary share (RM)</b>		<b>1.11</b>	<b>1.06</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2023. The accompanying notes are an integral part of this Statement of Financial Position.


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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

	← 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			
<b>At 1 July 2022</b>	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
<b>Total comprehensive (expense)/ income for the financial period</b>	-	-	-	(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)
<b>Total transactions with owners of the Company</b>	9,879	(7,078)	-	-	-	-	(2,855)	(54)	-	(54)
<b>At 31 December 2022 (Unaudited)</b>	197,939	-	(8,043)	(4,540)	9,811	28,558	178,750	402,475	(217)	402,258



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 (CONTINUED)**

	← Non-distributable →					Distributable		Non- controlling interest RM'000	Total equity RM'000
	Share capital 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		
<b>At 1 July 2023</b>	204,310	(8,043)	(4,108)	18,726	28,558	199,538	438,981	(217)	438,764
Foreign currency translation differences for foreign operations	-	-	-	(1,157)	-	-	(1,157)	-	(1,157)
Net change in fair value of equity instruments designated at FVOCI	-	-	(404)	-	-	-	(404)	-	(404)
Total other comprehensive expense for the financial period	-	-	(404)	(1,157)	-	-	(1,561)	-	(1,561)
Profit for the financial period	-	-	-	-	-	23,190	23,190	-	23,190
<b>Total comprehensive (expense)/ income for the financial period</b>	-	-	(404)	(1,157)	-	23,190	21,629	-	21,629
Private placement	40,600	-	-	-	-	-	40,600	-	40,600
<b>Total transactions with owners of the Company</b>	40,600	-	-	-	-	-	40,600	-	40,600
<b>At 31 December 2023 (Unaudited)</b>	<b>244,910</b>	<b>(8,043)</b>	<b>(4,512)</b>	<b>17,569</b>	<b>28,558</b>	<b>222,728</b>	<b>501,210</b>	<b>(217)</b>	<b>500,993</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2023. The accompanying notes are integral part of this statement.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	23,916	18,813
Adjustments for:		
Depreciation of property, plant and equipment	18,100	19,526
Depreciation of right-of-use assets	1,548	1,180
Depreciation of investment properties	33	33
Amortisation of intangible assets	165	335
Interest expense	13,811	7,320
Dividend income	(1)	(252)
Gain on disposal of property, plant and equipment	(40)	(53)
Loss/(Gain) on disposal of other investments	994	(657)
Interest income	(930)	(99)
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	286	(4,260)
Share of results of an associate	(212)	(377)
Loss on foreign exchange, net - unrealised	10,315	17,031
Operating profit before changes in working capital	67,985	58,540
Inventories	(5,193)	(7,920)
Trade and other receivables	8,257	(85,531)
Trade and other payables	(74,330)	21,726
Cash used in operations	(3,281)	(13,185)
Tax paid	(60)	(29)
Dividend received	1	252
<b>Net cash used in operating activities</b>	<b>(3,340)</b>	<b>(12,962)</b>
<b>Cash flows from investing activities</b>		
Additional investment in an associate	(5,210)	-
Acquisition of property, plant & equipment	(62,214)	(26,758)
Acquisition of right-of-use assets	(5,514)	(2,171)
Acquisition of investment properties	(165)	-
Interest received	930	99
Proceeds from disposal of property, plant and equipment	111	285
Proceeds from disposal of other investments	12,715	2,834
<b>Net cash used in investing activities</b>	<b>(59,347)</b>	<b>(25,711)</b>
<b>Cash flows from financing activities</b>		
Issue of shares pursuant to private placement	40,600	-
(Repayment)/Drawdown of bank borrowings, net	(20,701)	57,160
Drawdown of lease liabilities	6,759	3,042
Repayment of lease liabilities	(3,119)	(1,892)
Drawdown/(Repayment) of term loans, net	52,760	(1,573)
Dividend paid	-	(251)
Interest paid	(13,811)	(7,320)
Placement of pledged deposits	(17)	(106)
<b>Net cash generated from financing activities</b>	<b>62,471</b>	<b>49,060</b>

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

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(216)	10,387
Effect of exchange rate fluctuation on cash and bank balances	(837)	120
Cash and cash equivalents at 1 July 2023/2022	52,580	9,768
<b>Cash and cash equivalents at 31 December</b>	<b>51,527</b>	<b>20,275</b>

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## A. Cash and cash equivalents

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

	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
		<b>RM'000</b>	<b>RM'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cash and bank balances		52,921	21,747
Bank overdrafts	B8	(1,394)	(1,472)
		<b>51,527</b>	<b>20,275</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2023. 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 2023. 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 2023.

**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 2023, 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 2023***

- MFRS 17, Insurance Contracts
- Amendments to 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 – Disclosure 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 and International Tax Reform – Pillar Two Model Rules

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendment to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendment to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

***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 2023 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**

During the financial period to-date, the Company increased its issued and paid-up share capital by way of issuance of 35,928,700 new ordinary shares at an issue price of RM1.13 per ordinary share for RM40,599,431 pursuant to the third tranche of its Private Placement Exercise.

As at 31 December 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 450,216,074.

Save as disclosed above, there were no issuance and repayment of debts and equity securities, share cancellations or resale of treasury shares during the financial period ended 31 December 2023.

**A8. Dividend Paid**

No dividend has been paid during the current financial quarter ended 31 December 2023.



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**A9. Segmental Reporting**

	Individual Quarter Ended			Cumulative Quarter Ended		
	31.12.2023	31.12.2022	Changes	31.12.2023	31.12.2022	Changes
	RM'000 (Unaudited)	RM'000 (Unaudited)	%	RM'000 (Unaudited)	RM'000 (Unaudited)	%
<b>Segment revenue</b>						
- Electronic						
Manufacturing						
Services	242,588	374,327	-35.2	502,437	754,586	-33.4
- Other	1	48	-97.9	2	123	-98.4
<b>Total Segment Revenue</b>	<b>242,589</b>	<b>374,375</b>	<b>-35.2</b>	<b>502,439</b>	<b>754,709</b>	<b>-33.4</b>
<b>Segment result</b>						
- Electronic						
Manufacturing						
Services	14,239	9,102	56.4	27,719	15,113	83.4
- Other	(1,427)	430	-431.9	(3,803)	3,700	-202.8
<b>Profit before tax</b>	<b>12,812</b>	<b>9,532</b>	<b>34.4</b>	<b>23,916</b>	<b>18,813</b>	<b>27.1</b>
<b>Segment assets</b>						
- Electronic						
Manufacturing						
Services	10,927	(48,880)	-122.4	1,212,126	1,061,115	14.2
- Other	(3,377)	2,921	-215.6	35,587	31,551	12.8
	<b>7,550</b>	<b>(45,959)</b>	<b>-116.4</b>	<b>1,247,713</b>	<b>1,092,666</b>	<b>14.2</b>

**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. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial quarter-under review.

**A12. 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.

**A13. Capital Commitments**

	As at	As at
	31.12.2023	30.06.2023
	RM'000 (Unaudited)	RM'000 (Audited)
Contracted but not provided for		
- Property, plant and equipment	13,057	61,485

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**A14. Material Subsequent Events**

- (a) On 2 January 2024, the Company has completed the Bonus Issue of Warrants by listing of and quotation for 225,108,007 Warrants on the Main Market of Bursa Malaysia Securities Berhad.
- (b) On 20 February 2024, the Company has resold 1,000,000 of its treasury shares in the open market for a total net consideration of RM1,379,012 (after deducting transaction costs) at an average price of RM1.383 per share. The balance of treasury shares held by the Company subsequent to the resale is 16,585,900 shares and the number of outstanding ordinary shares in issue after deducting treasury shares held is 451,216,074.

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

**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:

	<b>As at 31.12.2023 RM'000 (Unaudited)</b>	<b>As at 30.06.2023 RM'000 (Audited)</b>
<b>Transactions with associates</b>		
Advances (from)/given	(6,439)	49
Sales	30,246	44,769
Purchase of raw materials	(529)	(94)
Service charges/other income	548	398
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**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.

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**A16. Fair Value (continued)**

	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		
<b>31.12.2023</b>						
<b>Financial asset</b>						
Quoted shares	506	506	-	-	506	506
<b>Financial liabilities</b>						
Term loans - variable rate	-	-	(123,214)	(123,214)	(123,214)	(123,214)
Lease liabilities	-	-	(18,894)	(18,894)	(18,894)	(17,957)
	-	-	(142,108)	(142,108)	(142,108)	(141,171)
<b>30.06.2023</b>						
<b>Financial asset</b>						
Quoted shares	14,723	14,723	-	-	14,723	14,723
<b>Financial liabilities</b>						
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)

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 December 2023, the Group recorded revenue of RM242.6 million, a decrease of 35.2% as compared to RM374.4 million in the previous year's corresponding quarter. This was mainly due to lower sales order from consumer electronic and 5G wireless access and photonics modular related products as a result of the slow-down of the global economic activities and decades-high inflation worldwide.

However, the profit before tax has increased from RM9.5 million to RM12.8 million mainly due to better margin generated from favourable sales mix and reduction in foreign exchange loss.

**Comparison with preceding year corresponding period**

During the financial period under review, the Group's total revenue was RM502.4 million, a decrease of 33.4% as compared to the preceding year corresponding period's revenue of RM754.7 million.

Nevertheless, the Group's profit before tax increased by 27.1% to RM23.9 million compared to the previous year corresponding period of RM18.8 million. This was mainly due to better margins from consumer electronic and 5G wireless access and photonic modular related products, as well as better control over the operating cost to counter the rise in interest expenses.

**Comparison with immediate preceding quarter**

Description	2 <sup>nd</sup> Quarter 2024 RM'000 (Unaudited)	1 <sup>st</sup> Quarter 2024 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	242,589	259,850	(17,261)	-6.6%
Profit before tax	12,812	11,104	1,708	15.4%
Profit for the period	12,409	10,781	1,628	15.1%

The Group's revenue for the current quarter was 6.6% lesser than the revenue generated in the immediate preceding quarter due to general slow-down in the global economic activities and deferral of customers sales order to year 2024.

However, the Group's profit before tax improved by 15.4% to RM12.8 million compared to the immediate preceding quarter. This enhancement was mainly due to a more favourable product sales mix and increased operational yield from 5G wireless access and photonic modular related products.

**B2. Prospect**

The Group is mindful of several challenges, including facing stiff competition from other Malaysia and overseas-based electronic manufacturing services players, potentially unfavorable foreign currency fluctuations and hike in interest rate. To capture growth in this highly-competitive environment, the Group has put in place strategies to increase involvement in upstream activities and improve yields.

As part of the future growth plans, the Group is building a new Smart Factory 4.0 in Batu Kawan, Penang that is earmarked to produce next-generation technologies, including the 5G optical modules using the photonics and semiconductor technologies, and high-speed 5G switches and network products using co-packaged optics technology. The new factory is anticipated to commence operations by second half of 2024.

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**B2. Prospect (continued)**

In addition, the Group's collaboration with other global players to set up the Lights-Out Smart Factory 4.0 is expected to eventually open a new revenue stream for EGIB to deploy in-house produced 5G high-speed technology in other Lights-Out factory setups for other technology players.

Furthermore, the Group plans to setup Global Smart Warehouse and International Procurement Centre in the newly built warehouses in Sungai Petani, Kedah that will allow global customers to monitor inventories in real time and benefit from greater cost advantages, thus incentivising them to move their overseas-located storage hubs to Malaysia for better coordination and efficiency. This shall eventually serve as a new income stream for the Group.

These plans are anticipated to assist the Group in expanding its market share and boost profitability for the long term. The Group remains steadfast in the vision to usher EGIB toward a trajectory of accelerated and sustainable growth in the coming years. Premised on the above, the Board envisages that the prospect of the Group remains favorable.

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income Tax	403	328	726	639
Deferred tax	-	-	-	-
Total tax expense	403	328	726	639

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.

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**B5. Trade and Other Receivables**

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

	As at 31.12.2023 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Trade	239,113	243,858
Non-trade	3,084	4,596
	242,197	248,454

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 31.12.2023 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Not past due	186,166	158,644
Past due 1 - 30 days	30,538	68,823
Past due 31 - 60 days	12,880	13,905
Past due 61 - 90 days	5,806	616
	235,390	241,988
<b>Credits impaired</b>		
Past due more than 90 days	3,723	1,870
	239,113	243,858

**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 Bonus Issue of Warrants**

On 17 October 2023, the Company proposed to undertake a bonus issue of 225,108,037 warrants ("Warrant(s)") on the basis of 1 Warrant for every 2 existing ordinary shares held in EG Industries Berhad ("EGIB Share(s)" or "Share(s)") held by the entitled shareholders on an entitlement date to be determined and announced later. The shareholders have unanimously approved the Proposed Bonus Issue of Warrant via the Extraordinary General Meeting held on 29 November 2023.

On 5 December 2023, the Board of Directors had resolved to fix the exercise price for the Warrants at RM1.80 per Warrant.

On 2 January 2024, the Company has completed its listing of and quotation for 225,108,007 Warrants on the Main Market of Bursa Malaysia Securities Berhad.

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.



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**B8. Group Borrowings and Debt Securities**

	As at 31.12.2023 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
(a) Secured		
Bankers' acceptances	321,618	332,293
Bank overdraft	1,394	-
Trust receipt	17,994	20,049
Term loans	123,215	68,458
Trade financing	-	6,000
Revolving credits	9,199	9,334
	<u>473,420</u>	<u>436,134</u>
(b) Denominated in Malaysia Ringgit	20,772	15,798
Denominated in US Dollar	452,648	420,336
	<u>473,420</u>	<u>436,134</u>

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortisation	9,666	10,862	19,846	21,074
Interest expense	7,034	4,472	13,811	7,320
Interest income	(423)	(67)	(929)	(99)
Loss/(Gain) on foreign exchange, net				
- realised	7,281	13,065	(1,456)	9,358
- unrealised	(2,670)	(1,248)	10,315	17,031
Loss/(Gain) on disposal of property, plant and equipment	23	(138)	(40)	(53)
Loss/(Gain) on disposal of other investments	737	-	994	(657)
Fair value (gain)/loss on financial instruments mandatorily measured at fair value through profit or loss	-	(959)	286	(4,260)
	<u>-</u>	<u>(959)</u>	<u>286</u>	<u>(4,260)</u>

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**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 2023 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to ordinary shareholders	12,409	9,204	23,190	18,174
Weighted average number of ordinary shares outstanding ('000)	465,264	421,230	465,264	421,230
Basic earnings per ordinary share (sen)	2.67	2.19	4.98	4.31

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to ordinary shareholders	12,409	9,204	23,190	18,174
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	465,264	421,230	465,264	421,230
Effect of conversion of RCPS ('000)	-	*	-	*
Weighted average number of ordinary shares ('000)	465,264	421,230	465,264	421,230
Diluted earnings per ordinary share (sen)	2.67	2.19	4.98	4.31

\* 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 RCPS is higher than the average market price of the Company's ordinary shares.

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**B13. Utilisation of Proceeds**

On 14 July 2023, the Company had completed a private placement of 40,928,700 ordinary shares in three tranches by raising total gross proceeds of RM46.97 million.

As at 31 December 2023, the status of utilisation of proceeds raised is as follows:

<b>Details</b>	<b>Proposed utilisation (as per Circular) RM'000</b>	<b>Actual amount raised RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Unutilised balance RM'000</b>	<b>Expected time frame for utilisation of proceeds (from listing date)</b>
Business expansion					
- Construction of a two-storey factory	12,000	12,968	12,968	-	Within 12 months
- Building and setting up of 4 additional warehouses	4,000	4,000	1,500	2,500	Within 12 months
General working capital	5,908	29,674	29,674	-	Within 6 months
Expenses for the Proposed Private Placement	500	329	329	-	Immediate
<b>Total</b>	<b>22,408</b>	<b>46,971</b>	<b>44,471</b>	<b>2,500</b>	

**BY ORDER OF THE BOARD**

DATO' KANG PANG KIANG  
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR  
29 FEBRUARY 2024