



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Period Ended 31 March 2024



EG INDUSTRIES BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2024**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			9 months ended		
		31.03.2024 RM'000 (Unaudited)	31.03.2023 RM'000 (Unaudited)		31.03.2024 RM'000 (Unaudited)	31.03.2023 RM'000 (Unaudited)	
Revenue		294,883	350,471	-15.9	797,322	1,105,180	-27.9
Operating profit		28,574	26,226	9.0	85,006	72,957	16.5
Interest income		494	119	315.1	1,423	218	552.8
Interest expense		(7,245)	(5,263)	37.7	(21,056)	(12,583)	67.3
Depreciation and amortisation		(11,282)	(10,521)	7.2	(31,128)	(31,595)	-1.5
Share of profit/(loss) of equity- accounted associate, net of tax		132	(493)	126.8	344	(116)	-396.6
Profit before tax		10,673	10,068	6.0	34,589	28,881	19.8
Tax expense	B4	(348)	510	-168.2	(1,074)	(129)	732.6
Profit for the financial period		10,325	10,578	-2.4	33,515	28,752	16.6
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")		(9)	959	-100.9	(413)	756	-154.6
		(9)	959	-100.9	(413)	756	-154.6
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		103	2,060	-95.0	(1,054)	1,158	-191.0
		103	2,060	-95.0	(1,054)	1,158	-191.0
Other comprehensive income/ (expense) for the financial period, net of tax		94	3,019	-96.9	(1,467)	1,914	-176.6
Total comprehensive income for the financial period		10,419	13,597	-23.4	32,048	30,666	4.5



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2024 (CONTINUED)**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			9 months ended		
		31.03.2024 RM'000 (Unaudited)	31.03.2023 RM'000 (Unaudited)		31.03.2024 RM'000 (Unaudited)	31.03.2023 RM'000 (Unaudited)	
Profit attributable to:							
Owners of the Company		10,333	10,578	-2.3	33,523	28,752	16.6
Non-controlling interest		(8)	-	0.0	(8)	-	0.0
		<u>10,325</u>	<u>10,578</u>	-2.4	<u>33,515</u>	<u>28,752</u>	16.6
Total comprehensive income attributable to:							
Owners of the Company		10,427	13,597	-23.3	32,056	30,666	4.5
Non-controlling interest		(8)	-	0.0	(8)	-	0.0
		<u>10,419</u>	<u>13,597</u>	-23.4	<u>32,048</u>	<u>30,666</u>	4.5
Basic earnings per ordinary share (sen)	B12	<u>2.22</u>	<u>2.50</u>	-11.2	<u>7.19</u>	<u>6.79</u>	5.9
Diluted earnings per ordinary share (sen)	B12	<u>2.22</u>	<u>2.50</u>	-11.2	<u>7.19</u>	<u>6.79</u>	5.9

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 MARCH 2024

	Note	As at 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
ASSETS			
Property, plant and equipment		405,595	259,053
Right-of-use assets		50,818	46,754
Investment properties		14,878	14,664
Investment in associates		7,996	2,443
Other investments		3,136	14,723
Intangible assets		10,622	10,868
Deferred tax assets		1,570	1,570
Total non-current assets		494,615	350,075
Inventories		537,297	560,091
Trade and other receivables	B5	284,679	248,454
Current tax assets		154	57
Fixed deposits with licensed banks		1,096	1,076
Cash and bank balances		30,779	52,580
Total current assets		854,005	862,258
TOTAL ASSETS		1,348,620	1,212,333
EQUITY			
Share capital		244,910	204,310
Treasury shares		(7,586)	(8,043)
Reserves		275,695	242,714
Total equity attributable to owners of the Company		513,019	438,981
Non-controlling interests		525	(217)
Total equity		513,544	438,764
LIABILITIES			
Lease liabilities		14,017	8,291
Loans and borrowings	B8	126,672	60,886
Provision for retirement benefits		793	796
Total non-current liabilities		141,482	69,973
Trade and other payables		315,107	320,999
Lease liabilities		1,897	6,025
Loans and borrowings	B8	375,958	375,248
Provision for warranties		632	632
Current tax liabilities		-	692
Total current liabilities		693,594	703,596
Total liabilities		835,076	773,569
TOTAL EQUITY AND LIABILITIES		1,348,620	1,212,333
Net assets per ordinary share (RM)		1.14	1.06

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 THIRD QUARTER ENDED 31 MARCH 2024**

	← 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



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2024 (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		
At 1 July 2023	204,310	(8,043)	(4,108)	18,726	28,558	199,538	438,981	(217)	438,764
Foreign currency translation differences for foreign operations	-	-	-	(1,054)	-	-	(1,054)	-	(1,054)
Net change in fair value of equity instruments designated at FVOCI	-	-	(413)	-	-	-	(413)	-	(413)
Total other comprehensive expense for the financial period	-	-	(413)	(1,054)	-	-	(1,467)	-	(1,467)
Profit for the financial period	-	-	-	-	-	33,523	33,523	(8)	33,515
Total comprehensive (expense)/ income for the financial period	-	-	(413)	(1,054)	-	33,523	32,056	(8)	32,048
Private placement	40,600	-	-	-	-	-	40,600	-	40,600
Resale of treasury shares	-	457	-	-	925	-	1,382	-	1,382
Dilution of equity interest in a subsidiary company	-	-	-	-	-	-	-	750	750
Total transactions with owners of the Company	40,600	457	-	-	925	-	41,982	750	42,732
At 31 March 2024 (Unaudited)	244,910	(7,586)	(4,521)	17,672	29,483	233,061	513,019	525	513,544

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 THIRD QUARTER ENDED 31 MARCH 2024**

	31.03.2024	31.03.2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax from continuing operations	34,589	28,881
Adjustments for:		
Depreciation of property, plant and equipment	28,375	28,907
Depreciation of right-of-use assets	2,458	2,136
Depreciation of investment properties	49	49
Amortisation of intangible assets	246	503
Interest expense	21,056	12,583
Dividend income	(1)	(25)
Gain on disposal of property, plant and equipment	(155)	(59)
Loss/(Gain) on disposal of other investments	994	(657)
Interest income	(1,423)	(218)
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	286	(8,479)
Share of results of an associate	(344)	116
Loss on foreign exchange, net - unrealised	13,076	25,311
Operating profit before changes in working capital	99,206	89,048
Inventories	21,667	(63,012)
Trade and other receivables	(40,351)	(73,351)
Trade and other payables	(55,875)	48,382
Cash used in operations	24,647	1,067
Tax paid	(1,863)	(39)
Dividend received	1	25
Net cash generated from operating activities	22,785	1,053
Cash flows from investing activities		
Additional investment in an associate	(5,209)	-
Acquisition of property, plant & equipment	(128,187)	(45,681)
Acquisition of right-of-use assets	(5,515)	(6,394)
Acquisition of investment properties	(263)	-
Interest received	1,424	218
Proceeds from disposal of property, plant and equipment	3,353	358
Proceeds from disposal of other investments	12,715	2,834
Net cash used in investing activities	(121,682)	(48,665)
Cash flows from financing activities		
Issue of shares pursuant to private placement	40,600	5,045
Issue of share capital to non-controlling interest of subsidiary company	750	-
Proceeds from resale of treasury shares	1,382	-
Drawdown of bank borrowings, net	1,380	67,888
Drawdown of lease liabilities	6,760	7,316
Repayment of lease liabilities	(5,162)	(3,135)
Drawdown/(Repayment) of term loans, net	51,934	(4,841)
Dividend paid	-	(251)
Interest paid	(21,056)	(12,583)
Placement of pledged deposits	(20)	(107)
Net cash generated from financing activities	76,568	59,332

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 MARCH 2024 (CONTINUED)**

	31.03.2024	31.03.2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Net (decrease)/increase in cash and cash equivalents	(22,329)	11,720
Effect of exchange rate fluctuation on cash and bank balances	528	238
Cash and cash equivalents at 1 July 2023/2022	52,580	9,768
Cash and cash equivalents at 31 March	30,779	21,726

A

A. Cash and cash equivalents

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

	Note	31.03.2024	31.03.2023
		RM'000	RM'000
		(Unaudited)	(Unaudited)
Cash and bank balances		31,766	23,380
Bank overdrafts	B8	(987)	(1,654)
		30,779	21,726

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.

On 20 February 2024, the Company 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 RM0.96 million gain from reselling of treasury shares is credited to the capital reserve. As at 31 March 2024, the Company held 16,585,900 of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held is 451,216,074.

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 March 2024.

A8. Dividend Paid

No dividend has been paid during the current financial quarter ended 31 March 2024.

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A9. Segmental Reporting

	Individual Quarter Ended			Cumulative Quarter Ended		
	31.03.2024	31.03.2023	Changes	31.03.2024	31.03.2023	Changes
	RM'000 (Unaudited)	RM'000 (Unaudited)	%	RM'000 (Unaudited)	RM'000 (Unaudited)	%
Segment revenue						
- Electronic						
Manufacturing						
Services	249,883	350,424	-15.8	797,320	1,105,010	-27.8
- Other	-	47	-100.0	2	170	-98.8
Total Segment Revenue	<u>249,883</u>	<u>350,471</u>	-15.9	<u>797,322</u>	<u>1,105,180</u>	-27.9
Segment result						
- Electronic						
Manufacturing						
Services	11,497	7,317	57.1	39,216	22,430	74.8
- Other	(824)	2,751	-130.0	(4,627)	6,451	-171.7
Profit before tax	<u>10,673</u>	<u>10,068</u>	6.0	<u>34,589</u>	<u>28,881</u>	19.8
Segment assets						
- Electronic						
Manufacturing						
Services	99,153	60,573	63.7	1,311,279	1,121,688	16.9
- Other	1,754	13,694	-87.2	37,341	45,245	-17.5
	<u>100,907</u>	<u>74,267</u>	35.9	<u>1,348,620</u>	<u>1,166,933</u>	15.6

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

On 24 January 2024, Glisten Knight Sdn Bhd ("GKSB"), a wholly-owned subsidiary of the Group, issued additional 2,000,000 ordinary shares of RM1 per share, out of which 750,000 ordinary shares was subscribed by a non-controlling party by way of cash. Consequently, the Group's shareholding in GKSB has reduced from 100% to 70%.

Save as disclosed above, there were no material 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.

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A13. Capital Commitments

	As at 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Contracted but not provided for - Property, plant and equipment	43,918	61,485

A14. Material Subsequent Events

There were no material events or transactions subsequent to the end of the financial period ended 31 March 2024.

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 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Transactions with associates		
Advances (from)/given	(6,437)	49
Sales	41,116	44,769
Purchase of raw materials	-	(94)
Service charges/Buy-back of materials	633	398

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 RM'000	Total RM'000	Level 3 RM'000	Total RM'000		
31.03.2024						
Financial asset						
Quoted shares	3,136	3,136	-	-	3,136	3,136
Financial liabilities						
Term loans - variable rate	-	-	(129,034)	(129,034)	(129,034)	(129,034)
Lease liabilities	-	-	(16,722)	(16,722)	(16,722)	(15,914)
	-	-	(145,756)	(145,756)	(145,756)	(144,948)
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)

There has been no transfer between the fair value levels during the financial period-to-date and the comparative period.

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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 RM294.9 million for the current financial quarter, marking a 15.9% lower revenue as compared to the preceding year's corresponding quarter. This was mainly due to lower demand for consumer electronic, 5G wireless access and photonics related products.

However, the Group's profit before tax was increased by 6.0% as compared to RM10.1 million in the preceding year's corresponding quarter. The improved earnings were mainly due to better margin generated from favourable sales mix and reduction in foreign exchange losses.

Comparison with preceding year corresponding period

For the financial period ended 31 March 2024, the Group recorded a total revenue of RM797.3 million, a decrease of 27.9% as compared to RM1.1 billion revenue generated in the preceding year corresponding period.

Nevertheless, the Group's profit before tax for the financial period to-date increased from RM28.9 million to RM34.6 million. The 19.8% earnings enhancement was mainly due to better margins from favourable sales mix, reduced operational cost and reduction in foreign exchange losses.

Comparison with immediate preceding quarter

Description	3 rd Quarter 2024 RM'000 (Unaudited)	2 nd Quarter 2024 RM'000 (Unaudited)	Increase/(Decrease)	
			RM'000	%
Revenue	294,883	242,589	52,294	21.6%
Profit before tax	10,673	12,812	(2,139)	-16.7%
Profit for the financial period	10,325	12,409	(2,084)	-16.8%

The Group's revenue for the current financial quarter has increased from RM242.6 million to RM294.9 million, indicating a 21.6% improvement. This increase signifies resurgence in market demand, especially from the consumer electronic and data storage products.

However, less favourable product sales mix, along with increased foreign exchange losses and depreciation has resulted the Group's profit before tax to reduce from RM12.8 million in the immediate preceding quarter to RM10.7 million.

B2. Prospect

The Group is mindful of various macroeconomic challenges, including a sluggish market economy, intense competition from both local and overseas manufacturers, foreign currency fluctuations, inflationary pressures and potential hike in interest rate.

Despite these challenges, the Group remains positive on the outlook for the Year 2024/2025 as there are signs for gradual recovery in the global electrical and electronics products ("E&E") industry in the coming quarters. We also anticipate robust demand for Advanced High-Speed Optical Signal Transmitter and Receiver ("Optical Modules") and AI modules, driven by the expanding landscape of wireless networking technology both locally and globally.

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B2. Prospect (continued)

As evidence of this positive stance, the Group has further secured a second Letter of Intent (“LOI”) with our US-based customer for the exclusive production of 400G, 800G and the next-generation 1.6T Optical Modules for AI/Data Center and 5G wireless network using state-of-the-art optical, electrical and RF technologies, as well as the intellectual property (“IP”) transfer of its photonics solutions to the Group. These advanced products, as well as new upstream components, will be manufactured at the Group’s newly built Smart Factory 4.0 in Batu Kawan, Penang, slated to commence operations in the second half of 2024.

Furthermore, the Group is in the process of setting up its Public Bonded Smart Warehouses in the newly built warehouses in Sungai Petani, Kedah, scheduled to commence operation in the fourth quarter of 2024. These facilities will complement the manufacturing activities and serve as a new revenue stream for the Group.

These strategic initiatives 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.

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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM’000	RM’000	RM’000	RM’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income Tax	348	(510)	1,074	129
Deferred tax	-	-	-	-
Total tax expense	348	(510)	1,074	129

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 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Trade	281,486	243,858
Non-trade	3,193	4,596
	284,679	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 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Not past due	166,239	158,644
Past due 1 - 30 days	78,542	68,823
Past due 31 - 60 days	17,649	13,905
Past due 61 - 90 days	10,862	616
	273,292	241,988
Credits impaired		
Past due more than 90 days	8,194	1,870
	281,486	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

There was no other corporate proposal which has been announced by the Company and is pending for completion as of to date.

B8. Group Borrowings and Debt Securities

	As at 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
(a) Secured		
Bankers' acceptances	344,957	332,293
Bank overdraft	987	-
Trust receipt	13,195	20,049
Term loans	129,034	68,458
Trade financing	5,000	6,000
Revolving credits	9,457	9,334
	502,630	436,134

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B8. Group Borrowings and Debt Securities (continued)

	As at 31.03.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
(b) Denominated in Malaysia Ringgit	20,085	15,798
Denominated in US Dollar	482,545	420,336
	502,630	436,134

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 Proposed

The Board of Directors proposed an interim single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ending 30 June 2024. The entitlement date and payment date will be announced at a later date.

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	
	31.03.2024 RM'000 (Unaudited)	31.03.2023 RM'000 (Unaudited)	31.03.2024 RM'000 (Unaudited)	31.03.2023 RM'000 (Unaudited)
Depreciation and amortisation	11,282	10,521	31,128	31,595
Interest expense	7,245	5,263	21,056	12,583
Interest income	(494)	(119)	(1,423)	(218)
Loss on foreign exchange, net				
- realised	4,233	5,987	2,777	15,345
- unrealised	2,761	8,280	13,076	25,311
Gain on disposal of property, plant and equipment	(115)	(6)	(155)	(59)
Loss/(Gain) on disposal of other investments	-	-	994	(657)
Fair value (gain)/loss on financial instruments mandatorily measured at fair value through profit or loss	-	(4,219)	286	(8,479)
	-	(4,219)	286	(8,479)

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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 March 2024 was based on the profit attributable to ordinary shareholders as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to ordinary shareholders	10,333	10,578	33,523	28,752
Weighted average number of ordinary shares outstanding ('000)	466,104	423,302	466,104	423,302
Basic earnings per ordinary share (sen)	2.22	2.50	7.19	6.79

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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to ordinary shareholders	10,333	10,578	33,523	28,752
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	466,104	423,302	466,104	423,302
Effect of exercise of warrants 2023/2028	*	-	*	-
Weighted average number of ordinary shares ('000)	466,104	423,302	466,104	423,302
Diluted earnings per ordinary share (sen)	2.22	2.50	7.19	6.79

* Effect of the potential incremental shares from exercise of warrants was not taken into account in the computation of diluted earnings per share as the exercise price of warrants 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 March 2024, the status of utilisation of proceeds raised is as follows:

Details	Proposed utilisation (as per Circular) RM'000	Actual amount raised RM'000	Actual utilisation RM'000	Unutilised balance RM'000	Expected time frame for utilisation of proceeds (from listing date)
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
Total	22,408	46,971	44,471	2,500	

BY ORDER OF THE BOARD

DATO' KANG PANG KIANG
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR
27 MAY 2024