



EG INDUSTRIES BERHAD

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

Interim Financial Statements For The Financial Year Ended 30 June 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 FOURTH QUARTER ENDED 30 JUNE 2024**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			12 months ended		
		30.06.2024 RM'000 (Unaudited)	30.06.2023 RM'000 (Restated)		30.06.2024 RM'000 (Unaudited)	30.06.2023 RM'000 (Audited)	
Revenue		346,921	242,924	42.8	1,144,243	1,348,104	-15.1
Operating profit		38,183	29,515	29.4	123,189	102,472	20.2
Interest income		413	208	98.6	1,836	426	331.0
Interest expense		(7,894)	(6,609)	19.4	(28,950)	(19,192)	50.8
Depreciation and amortisation		(11,489)	(10,605)	8.3	(42,617)	(42,200)	1.0
Share of profit/(loss) of equity- accounted associate, net of tax		116	-	100.0	460	(116)	-496.6
Profit before tax		19,329	12,509	54.5	53,918	41,390	30.3
Tax expense	B4	(1,683)	(2,299)	-26.8	(2,757)	(2,428)	13.6
Profit for the financial period		17,646	10,210	72.8	51,161	38,962	31.3
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")		914	(527)	-273.4	501	229	118.8
		914	(527)	-273.4	501	229	118.8
<i>Items that are or may subsequently be reclassified to profit or loss</i>							
Foreign currency translation differences for foreign operations		(6,874)	6,855	-200.3	(7,928)	8,013	-198.9
		(6,874)	6,855	-200.3	(7,928)	8,013	-198.9
Other comprehensive (expense)/income for the financial period, net of tax		(5,960)	6,328	-194.2	(7,427)	8,242	-190.1
Total comprehensive income for the financial period		11,686	16,538	-29.3	43,734	47,204	-7.4



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 (CONTINUED)**

	Note	<u>Individual Quarter</u>		Changes %	<u>Cumulative Quarter</u>		Changes %
		3 months ended			12 months ended		
		30.06.2024 RM'000 (Unaudited)	30.06.2023 RM'000 (Restated)		30.06.2024 RM'000 (Unaudited)	30.06.2023 RM'000 (Audited)	
Profit attributable to:							
Owners of the Company		18,446	10,210	80.7	51,969	38,962	33.4
Non-controlling interest		(800)	-	100.0	(808)	-	100.0
		<u>17,646</u>	<u>10,210</u>	72.8	<u>51,161</u>	<u>38,962</u>	31.3
Total comprehensive income attributable to:							
Owners of the Company		12,486	16,538	-24.5	44,542	47,204	-5.6
Non-controlling interest		(800)	-	100.0	(808)	-	100.0
		<u>11,686</u>	<u>16,538</u>	-29.3	<u>43,734</u>	<u>47,204</u>	-7.4
Basic earnings per ordinary share (sen)	B12	<u>3.95</u>	<u>2.40</u>	64.6	<u>11.14</u>	<u>9.16</u>	21.6
Diluted earnings per ordinary share (sen)	B12	<u>3.95</u>	<u>2.40</u>	64.6	<u>11.14</u>	<u>9.16</u>	21.6

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 30 JUNE 2024

	Note	As at 30.06.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
ASSETS			
Property, plant and equipment		499,996	259,053
Right-of-use assets		50,691	46,754
Investment properties		14,698	14,664
Investment in associates		2,902	2,443
Other investments		9,751	14,723
Intangible assets		17,737	10,868
Deferred tax assets		1,564	1,570
Total non-current assets		597,339	350,075
Inventories		522,957	560,091
Trade and other receivables	B5	328,560	248,454
Current tax assets		89	57
Fixed deposits with licensed banks		1,094	1,076
Cash and bank balances		89,129	52,580
Total current assets		941,829	862,258
TOTAL ASSETS		1,539,168	1,212,333
EQUITY			
Share capital		244,910	204,310
Treasury shares		(7,385)	(8,043)
Reserves		289,549	242,714
Total equity attributable to owners of the Company		527,074	438,981
Non-controlling interests		8,268	(217)
Total equity		535,342	438,764
LIABILITIES			
Lease liabilities		7,172	8,291
Loans and borrowings	B8	147,211	60,886
Provision for retirement benefits		914	796
Total non-current liabilities		155,297	69,973
Trade and other payables		402,966	320,999
Lease liabilities		6,845	6,025
Loans and borrowings	B8	436,454	375,248
Provision for warranties		650	632
Current tax liabilities		1,614	692
Total current liabilities		848,529	703,596
Total liabilities		1,003,826	773,569
TOTAL EQUITY AND LIABILITIES		1,539,168	1,212,333
Net assets per ordinary share (RM)		1.19	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 FOURTH QUARTER ENDED 30 JUNE 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	-	-	-	-	8,013	-	-	8,013	-	8,013
Net change in fair value of equity instruments designated at FVOCI	-	-	-	229	-	-	-	229	-	229
Total other comprehensive income for the financial year	-	-	-	229	8,013	-	-	8,242	-	8,242
Profit for the financial year	-	-	-	-	-	-	38,962	38,962	-	38,962
Total comprehensive income for the financial year	-	-	-	229	8,013	-	38,962	47,204	-	47,204
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 (Audited)	204,310	-	(8,043)	(4,108)	18,726	28,558	199,538	438,981	(217)	438,764



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 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	-	-	-	(7,928)	-	-	(7,928)	-	(7,928)
Net change in fair value of equity instruments designated at FVOCI	-	-	501	-	-	-	501	-	501
Total other comprehensive expense for the financial year	-	-	501	(7,928)	-	-	(7,427)	-	(7,427)
Profit for the financial year	-	-	-	-	-	51,969	51,969	(808)	51,161
Total comprehensive income / (expense) for the financial year	-	-	501	(7,928)	-	51,969	44,542	(808)	43,734
Private placement	40,600	-	-	-	-	-	40,600	-	40,600
Resale of treasury shares	-	658	-	-	1,631	-	2,289	-	2,289
Dilution of equity interests in subsidiary companies	-	-	-	-	-	662	662	9,293	9,955
Total transactions with owners of the Company	40,600	658	-	-	1,631	662	43,551	9,293	52,844
At 30 June 2024 (Unaudited)	244,910	(7,385)	(3,607)	10,798	30,189	252,169	527,074	8,268	535,342

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 FOURTH QUARTER ENDED 30 JUNE 2024**

	30.06.204	30.06.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before tax from continuing operations	53,918	41,390
Adjustments for:		
Depreciation of property, plant and equipment	38,544	38,666
Depreciation of right-of-use assets	3,386	2,798
Depreciation of investment properties	65	65
Amortisation of intangible assets	622	671
Bad debt written off	102	149
Interest expense	28,950	19,192
Dividend income	(2)	(26)
Gain on disposal of property, plant and equipment	(189)	(80)
Gain on disposal of right-of-use assets	(43)	(118)
Loss on disposal of other investments	992	432
Interest income	(1,836)	(426)
Provision for retirement benefits	-	140
Provision for slow moving stocks	-	219
Movement in provision for warranties, net	18	365
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	286	(8,446)
Net impairment losses on:		
- intangible assets	-	675
- trade and other receivables	116	311
Reversal of impairment on other investment	(181)	-
Share of results of an associate	(460)	116
Loss on foreign exchange, net - unrealised	11,373	5,841
Operating profit before changes in working capital	135,661	101,934
Inventories	27,353	(99,661)
Trade and other receivables	(93,615)	2,298
Trade and other payables	76,735	(30,192)
Cash generated from/(used in) operations	146,134	(25,621)
Tax paid	(1,871)	(51)
Tax refunded	5	955
Dividend received	2	26
Net cash generated from/(used in) operating activities	144,270	(24,691)
Cash flows from investing activities		
Subscription of shares in an associate	-	(1)
Proceeds from issue of share capital to non-controlling interest of subsidiary company	750	-
Acquisition of:		
- property, plant & equipment	(276,176)	(33,663)
- right-of-use assets	(6,315)	(2,076)
- investment property	(99)	(11,220)
- other investments	(8,700)	-
Interest received	1,836	426
Proceeds from disposal of property, plant and equipment	5,314	319
Proceeds from disposal of other investments	13,078	2,835
Proceeds from disposal of right-of-use assets	43	270
Net cash used in investing activities	(270,269)	(43,110)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 (CONTINUED)**

	30.06.2024	30.06.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash flows from financing activities		
Issue of shares pursuant to private placement	40,600	6,371
Proceeds from resale of treasury shares	2,290	-
Drawdown of bank borrowings, net	56,137	130,000
Drawdown of lease liabilities	6,930	4,894
Repayment of lease liabilities	(7,229)	(4,726)
Drawdown/(Repayment) of term loans, net	92,493	(7,189)
Dividend paid	-	(252)
Interest paid	(28,950)	(19,192)
Placement of pledged deposits	(18)	(138)
Net cash generated from financing activities	162,253	109,768
Net increase in cash and cash equivalents	36,254	41,967
Effect of exchange rate fluctuation on cash and bank balances	295	845
Cash and cash equivalents at 1 July 2023/2022	52,580	9,768
Cash and cash equivalents at 30 June	81,129	52,580

A

A. Cash and cash equivalents

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

	Note	30.06.2024	30.06.2023
		RM'000	RM'000
		(Unaudited)	(Audited)
Cash and bank balances		81,129	52,580
Bank overdrafts		-	-
		81,129	52,580

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 year-to date.

A7. Changes in Debts and Equity Securities

There were no other issuance and repayment of debts and equity securities, share cancellations or resale of treasury shares during the financial year ended 30 June 2024 except for the following:

- (a) 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 final tranche of its Private Placement Exercise on 14 July 2023;
- (b) resale of 1,000,000 of 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 on 20 February 2024;
- (c) resale of 140,000 of treasury shares in the open market for a total net consideration of RM286,446 (after deducting transaction costs) at an average price of RM2.052 per share on 25 June 2024; and
- (d) resale of 300,000 of treasury shares in the open market for a total net consideration of RM618,163 (after deducting transaction costs) at an average price of RM2.066 per share on 28 June 2024.

Gain on resale of 1,440,000 treasury shares amounting to RM1,631,029 was credited to the capital reserve. As at 30 June 2024, the Company held 16,145,900 of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held is 451,656,074.

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A8. Dividend Paid

No dividend has been paid during the current financial quarter ended 30 June 2024.

A9. Segmental Reporting

	Individual Quarter Ended			Cumulative Quarter Ended		
	30.06.2024 RM'000 (Unaudited)	30.06.2023 RM'000 (Restated)	Changes %	30.06.2024 RM'000 (Unaudited)	30.06.2023 RM'000 (Audited)	Changes %
Segment revenue						
- Electronic Manufacturing Services	346,919	242,885	42.8	1,144,239	1,347,895	-15.1
- Other	2	39	-94.9	4	209	-98.8
Total Segment Revenue	346,921	242,924	42.8	1,144,243	1,348,104	-15.1
Segment result						
- Electronic Manufacturing Services	19,314	15,344	25.9	58,530	37,774	54.9
- Other	15	(2,835)	-100.5	(4,612)	3,616	-227.5
Profit before tax	19,329	12,509	54.5	53,918	41,390	30.3
Segment assets						
- Electronic Manufacturing Services	197,671	47,354	317.4	1,508,950	1,169,042	29.1
- Other	(7,123)	(1,954)	264.5	30,218	43,291	-30.2
	190,548	45,400	319.7	1,539,168	1,212,333	27.0

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 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 30.06.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Contracted but not provided for - Property, plant and equipment	12,218	61,485

A14. Material Subsequent Events

On 9 July 2024, the Company resold 2,884,000 treasury shares in the open market for a total net consideration of RM5,843,767 after deducting transaction costs, at an average price of RM2.030 per share. Subsequent to the disposal, the remaining treasury shares held by the Company is 13,261,900 shares, and the number of ordinary shares in issue after deducting the available treasury shares held is 454,540,074.

Save as disclosed above, there were no material events or transactions subsequent to the end of the current quarter under review.

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 30.06.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
(a) Transactions with a related company		
Rental of premise	140	-
(b) Transactions with associate		
Advances given	-	49
Sales	43,981	44,769
Purchase of raw materials	(99)	(94)
Service charges/Buy-back of materials	675	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.

	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		
30.06.2024						
Financial asset						
Quoted shares	9,751	9,751	-	-	9,751	9,751
Financial liabilities						
Term loans - variable rate	-	-	(155,069)	(155,069)	(155,069)	(155,069)
Lease liabilities	-	-	(14,706)	(14,706)	(14,706)	(14,017)
	-	-	(169,775)	(169,775)	(169,775)	(169,086)
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.

**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 under review, the Group’s revenue grew by 42.8% to RM346.9 million, up from RM242.9 million in the corresponding quarter of the previous year. In line with the revenue increase, the Group reported a profit before tax of RM19.3 million, reflecting a 54.5% rise compared to RM12.5 million in the previous corresponding quarter. This earnings improvement was primarily driven by higher sales orders from key customers, along with improved yield from 5G wireless access and photonic-related products.

Comparison with preceding year corresponding period

For the financial year (“FY”) ended 30 June 2024, the Group’s revenue was 15.1% lower at RM1.14 billion compared to the corresponding period of the previous year. This slight revenue decline was mainly due to slower market demand during the first half of FY2024 for consumer electronics, 5G wireless access and photonic-related products.

Despite this, the Group’s profit before tax improved by 30.3% to RM53.9 million from RM41.4 million in the previous corresponding period, driven by better margins generated from a favourable product sales mix, improved yield from 5G wireless access and photonic-related products, and a reduction in net foreign exchange loss.

Comparison with immediate preceding quarter

Description	4th Quarter 2024	3rd Quarter 2024	Increase/(Decrease)	
	RM’000 (Unaudited)	RM’000 (Unaudited)	RM’000	%
Revenue	346,921	294,883	52,038	17.6%
Profit before tax	19,329	10,673	8,656	81.1%
Profit for the financial period	17,646	10,325	7,321	70.9%

For the fourth quarter ended 30 June 2024, the Group recorded a 17.6% increase in revenue, reaching RM346.9 million compared to RM294.9 million in the immediate preceding quarter. This growth was mainly attributable to the continued recovery of market demand for consumer electronics, 5G wireless access and photonic-related products.

Correspondingly, the Group’s profit before tax increased by 81.1% to RM19.3 million, compared to RM10.7 million in the immediate preceding quarter. This strong performance was driven by better margins from a favourable product sales mix and a decrease in net foreign exchange loss.

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 interest rate hikes.

Despite these challenges, the Group remains positive about the outlook for the year 2024/2025, as there are signs of gradual recovery in the global electrical and electronics (“E&E”) industry in the coming quarters. We also anticipate robust demand for Advanced High-Speed Optical Signal Transmitters and Receivers (“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 outlook, the Group secured a second Letter of Intent (“LOI”) on 18 April 2024 with our US-based customer for the exclusive production of 400G, 800G, and next-generation 1.6T Optical Modules for 5G wireless networks and AI/Data Centre using state-of-the-art optical, electrical, and RF technologies, as well as the intellectual property (“IP”) transfer of their photonics solutions to the Group. Additionally, on 5 June 2024, the Group secured a confirmed purchase order valued at USD117 million for 5G photonics-related products from our US-based customer. These advanced products, along with new upstream components, will be manufactured at the Group’s existing facilities in Sungai Petani as well as the newly built Smart Factory 4.0 in Batu Kawan, Penang, which is slated to commence operation by early 2025.

Furthermore, the Group is in the process of setting up Public Bonded Smart Warehouses in the newly built facilities in Sungai Petani, Kedah, which are scheduled to commence operations 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 expected to help the Group expand its market share and boost profitability in the long term. The Group remains steadfast in its vision to guide 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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM’000	RM’000	RM’000	RM’000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Current tax	1,683	2,325	2,757	2,454
Deferred tax	-	(26)	-	(26)
Total tax expense	1,683	2,299	2,757	2,428

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
	30.06.2024	30.06.2023
	RM’000	RM’000
	(Unaudited)	(Audited)
Trade	321,615	243,858
Non-trade	6,945	4,596
	328,560	248,454

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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 30.06.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
Not past due	183,394	158,644
Past due 1 - 30 days	115,499	68,823
Past due 31 - 60 days	18,168	13,905
Past due 61 - 90 days	4,068	616
	<u>321,129</u>	<u>241,988</u>
Credits impaired		
Past due more than 90 days	486	1,870
	<u>321,615</u>	<u>243,858</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

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 30.06.2024 RM'000 (Unaudited)	As at 30.06.2023 RM'000 (Audited)
(a) Secured		
Bankers' acceptances	397,099	332,293
Trust receipt	11,558	20,049
Term loans	155,069	68,458
Trade financing	10,500	6,000
Revolving credits	9,439	9,334
	<u>583,665</u>	<u>436,134</u>
(b) Denominated in Malaysia Ringgit	48,404	15,798
Denominated in US Dollar	535,261	420,336
	<u>583,665</u>	<u>436,134</u>

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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

An interim single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2024, has been declared and was paid on 26 August 2024. The entitlement date for the dividend payment was on 12 August 2024.

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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Depreciation and amortisation	11,489	10,605	42,617	42,200
Interest expense	7,894	6,609	28,950	19,192
Interest income	(413)	(208)	(1,836)	(426)
(Gain)/Loss on foreign exchange, net				
- realised	836	4,139	3,613	13,497
- unrealised	(1,703)	(11,190)	11,373	5,841
Gain on disposal of property, plant and equipment	(77)	(27)	(189)	(80)
Gain on disposal of right-of-use assets	(43)	(118)	(43)	(118)
Gain/(loss) on disposal of other investments	(2)	1,089	992	432
Fair value (gain)/loss on financial instruments mandatorily measured at fair value through profit or loss	-	(4,186)	286	(8,446)
Movement in provision for warranties, net	18	365	18	365
Provision for retirement benefits	-	140	-	140
Provision for slow moving stock	-	219	-	219
Impairment loss on trade receivables and other receivables	116	311	116	311
Impairment loss on intangible assets	-	675	-	675
Reversal of impairment on other investment	(181)	-	(181)	-

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Profit attributable to ordinary shareholders	18,446	10,210	51,969	38,962
Weighted average number of ordinary shares outstanding ('000)	466,526	425,442	466,526	425,442
Basic earnings per ordinary share (sen)	3.95	2.40	11.14	9.16

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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
Profit attributable to ordinary shareholders	18,446	10,210	51,969	38,962
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	466,526	425,442	466,526	425,442
Effect of exercise of warrants 2023/2028	*	-	*	-
Weighted average number of ordinary shares ('000)	466,526	425,442	466,526	425,442
Diluted earnings per ordinary share (sen)	3.95	2.40	11.14	9.16

* Effect of the potential incremental shares from Warrants was not taken into account in the computation of diluted earnings per share for the financial period ended 30 June 2024 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 30 June 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	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	4,000	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	46,971	

BY ORDER OF THE BOARD

DATO' KANG PANG KIANG
GROUP CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR
28 AUGUST 2024