



EG INDUSTRIES BERHAD

(222897-W)



annual
report 2009

CONTENTS

2	NOTICE OF MEETING
4	STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
9	CORPORATE INFORMATION
10	PROFILE OF DIRECTORS
14	CORPORATE GOVERNANCE STATEMENT
18	STATEMENT ON INTERNAL CONTROL
19	AUDIT COMMITTEE REPORT
21	STATISTICS OF SHAREHOLDINGS
23	STATISTICS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (ICULS) 2005 / 2010 HOLDINGS
25	STATISTICS OF WARRANT 2005 / 2015 HOLDINGS
27	GROUP STRUCTURE
28	GROUP FINANCIAL HIGHLIGHTS
29	LIST OF PROPERTIES HELD BY THE GROUP
30	CORPORATE SOCIAL RESPONSIBILITY STATEMENT
31	CHAIRMAN'S STATEMENT

FINANCIAL STATEMENTS

32	DIRECTORS' REPORT
37	CONSOLIDATED BALANCE SHEET
38	CONSOLIDATED INCOME STATEMENT
39	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
40	CONSOLIDATED CASH FLOW STATEMENT
42	BALANCE SHEET
43	INCOME STATEMENT
44	STATEMENT OF CHANGES IN EQUITY
45	CASH FLOW STATEMENT
46	NOTES TO THE FINANCIAL STATEMENTS
81	STATEMENT BY DIRECTORS
81	STATUTORY DECLARATION
82	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
83	PROXY FORM





Notice of Meeting

NOTICE IS HEREBY GIVEN that the EIGHTEENTH ANNUAL GENERAL MEETING of the Company will be held at EG INDUSTRIES BERHAD, Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah on Wednesday, 23 December 2009 at 11:30 a.m. for the following purposes:-

AGENDA

As Ordinary Business :-

1. To receive the Audited Financial Statements for the year ended 30 June 2009 and the Reports of the Directors and the Auditors thereon. Resolution 1
2. To approve the payment of Directors' Fees of RM37,000.00 for the year ended 30 June 2009. Resolution 2
3. To re-elect the following director retiring in accordance with Article 98(1) of the Company's Articles of Association :- Resolution 3
MR. ANDREW SU MENG KIT
4. To re-elect the following directors retiring in accordance with Article 105 of the Company's Articles of Association :-
(a) MR. TAI YEONG SHENG Resolution 4
(b) MR. ANG SENG WONG Resolution 5
(c) DR. DAMIEN LIM YAT SENG Resolution 6
(d) MR. KANG PANG KIANG Resolution 7
5. To re-elect the following director retiring under Section 129 of the Companies Act, 1965 :- Resolution 8
MR. TAI KEIK HOCK
6. To re-appoint MESSRS KPMG as auditors and to authorize the Directors to fix their remuneration. Resolution 9

As Special Business :-

To consider and if thought fit, to pass the following as an Ordinary Resolutions :-

7. • Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965 Resolution 10

"THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
8. • Proposed Renewal of Authority for the Purchase by the Company of its own ordinary shares of up to 10% of the issued and paid-up share capital ("Share Buy Back") Resolution 11

"THAT, subject to the approval of the relevant authorities, approval be and is hereby given to the Company to acquire its own shares of RM1.00 each of up to 10% of its issued and paid-up share capital from the market of Bursa Malaysia Securities Berhad, as may be determined by the Directors of the Company from time to time, in the manner set out in the Circular to the Company's shareholders dated 30 November 2009. The aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company which amount to 51,685,813 ordinary shares of RM1.00 each as at 2 November 2009 and an amount not exceeding the total of retained earnings and share premium account of RM5,056,437 based on the latest audited accounts of the Company as at 30 June 2009.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until :

- (a) the conclusion of the next AGM at which time the authority will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or





Notice of Meeting (Contd.)

- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution of the Company's shareholders in a general meeting,

whichever occurs the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date;

AND THAT the Directors of the Company be and are hereby authorized to take all such steps and do all acts and deeds and to execute, sign and deliver on behalf of the Company all necessary documents to give full effect to and for the purpose of completing or implementing the Share Buy Back in the manner set out in the Circular, which would include the maximum funds to be allocated by the Company for the purpose and that following completion of the Share Buy Back, the power to cancel or retain as treasury shares, any or all of the shares so purchased, resell on Bursa Malaysia Securities Berhad or distribute as dividends to the Company's shareholders or subsequently cancel, any or all of the treasury shares, with full power to assent to any condition, revaluation, modification, variation and/or amendment in any manner as may be required by any relevant authority or otherwise as they seem fit in the best interest of the Company."

9. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

CHAI CHURN HWA (MAICSA 0811600)
Company Secretary
Penang
30 November 2009

NOTES:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy, and in the case of a corporation, a duly authorized representative to attend and vote in his stead. A proxy may but need not be a member of the Company.

The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized.

A member who appoints two or more proxies shall specify the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.01, 18th Floor, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.

2. Explanatory notes on Special Business

Ordinary Resolutions

Resolution 10

- Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution No. 10 is in line with the Company's expansion plan which may involve the issue of new shares. Under the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the total issued capital. In order to avoid any delay and cost involved in convening such a general meeting, it is considered appropriate to seek the shareholders' approval for the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Resolution 11

- Proposed Renewal of Authority for the Share Buy Back.

The Share Buy Back will enable the Company to utilise its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy Back is also expected to stabilise the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value. Please refer to the Circular to Shareholders dated 30 November 2009.



Statement Accompanying Notice of Annual General Meeting

Directors who are standing for re-election at the Eighteenth Annual General Meeting of the Company:-

- ANDREW SU MENG KIT (Resolution 3)
- TAI YEONG SHENG (Resolution 4)
- ANG SENG WONG (Resolution 5)
- DR. DAMIEN LIM YAT SENG (Resolution 6)
- KANG PANG KIANG (Resolution 7)
- TAI KEIK HOCK (Resolution 8)

Profile of Directors who are standing for re-election :-

	ANDREW SU MENG KIT
Age	38
Nationality	Malaysian
Qualification	Qualified Public Accountant, Member of the Malaysian Institute of Accountants & Member of the Malaysian Institute of Certified Public Accountants
Position	Independent Non-Executive Director
Working Experience & Occupation	Mr Andrew started his career with KPMG and has served as Financial Controller for a subsidiary of a multi-national company listed in Australia. General Manager and Executive Director in a wood based furniture product manufacturing company. Director of Corporate Finance of a merchant bank, CEO of a company listed on the Bursa Malaysia and is currently a management consultant.
Date appointed to the Board	2 March 2007
Other Board Committee	Chairman of Nomination Committee, Audit Committee Member and Remuneration Committee Member
Other Directorships (in Public Companies)	Mexter Technology Berhad, Scan Associates Berhad
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4

	TAI YEONG SHENG
Age	32
Nationality	Malaysian
Qualification	Master of Business Administration - University of South Australia, Australia Bachelor of Engineering, Computer Engineering - McMaster University, Hamilton, Ontario, Canada
Position	Executive Director
Working Experience & Occupation	Mr Tai started his career as Teaching Assistant with McMaster University, Hamilton, Ontario, Canada and thereafter he worked as an Intermediate Software Designer with multinational corporation Alcatel Canada, Ottawa, Ontario, Canada for two years. Upon his return to Malaysia, He joined an electronics manufacturing company as an Engineer. Subsequently, he served as Marketing Manager with Nbien Sdn. Bhd. After that, he worked with SMT Technologies Sdn. Bhd. (SMTT) as Process Engineering Section Manager and subsequently as Business Development Section Manager of the company. Currently he is the Executive Director of SMTT and other subsidiaries of EG Industries Berhad and is responsible for the overall operation and expansion of the Group. He is also the Industrial Adviser for Faculty of Engineering & Science of Universiti Tunku Abdul Rahman.
Date appointed to the Board	2 December 2008
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Son of Tai Keik Hock and Brother of Tai Lee Keow
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	2





Statement Accompanying Notice of Annual General Meeting (Contd.)

	ANG SENG WONG
Age	47
Nationality	Malaysian
Qualification	Masters degree from USA & A Bachelor of Arts and a Bachelor of Business from Australia
Position	Independent Non-Executive Director
Working Experience & Occupation	Mr Ang has achieved membership status for the Australian CPA, Australian Insurance Institute and Malaysian Institute of Accountants. He started his career as an accountant in Melbourne for 5 years. Upon his return to Malaysia, Mr. Ang served as the Finance Director for a Taiwanese PCB and PCBA firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Director for an international plastics entity. His last posting as an employee was as the Executive Director for a listed electronics company. Currently, in cooperation with a US firm, he runs an export business. He also has multiple business interests in manufacturing and trading. As a part time activity, Mr Ang is a trainer. He has conducted public training and in house training for Petronas, Telekom, NEC etc. In addition he has also lectured in University Malaya for the European Union officers, UTM and Saudi General Organization for Technical Education and Vocational Training.
Date appointed to the Board	30 January 2009
Other Board Committee	Chairman of Audit Committee, Nomination Committee Member and Remuneration Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	2

	KANG PANG KIANG
Age	37
Nationality	Malaysian
Qualification	Double degrees in Bachelor of Commerce and Bachelor of Science - University of Auckland, New Zealand
Position	Executive Director
Working Experience & Occupation	Mr Kang started his career as an auditor with Ernst & Young before being promoted to senior auditor. He has experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. In 1999, he joined SMT Technologies Sdn. Bhd. (SMTT) as a Finance Manager. He played a key role in the formulation and implementation of strategic cost reduction plan and also responsible for corporate finance, planning and management of the Company. He has extensive financial management and corporate restructuring exercise experiences and audit trial on the financial planning and accounting practices. He is responsible for the Finance of the Group.
Date appointed to the Board	23 November 2009
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	Nil



Statement Accompanying Notice of Annual General Meeting (Contd.)

	DR. DAMIEN LIM YAT SENG
Age	37
Nationality	Malaysian
Qualification	1. Chartered Accountant (CA) from Institute of Chartered Accountant of England and Wales (ICAEW) and a Certified Public Accountant (CPA) 2. Certified Fraud Examiner (CFE) and a member of the Association of Certified Fraud Examiners (ACFE) 3. MBA and a DBA in International Trade and E-Commerce 4. Masters in Organisational Behavioral Psychology 5. Masters in Logistics Management 6. International Registered Certified Auditor (IRCA) for ISO, EN and HACCP standards 7. Degree in Industrial and Organisational Psychology
Position	Independent Non-Executive Director
Working Experience & Occupation	Dr. Damien has an extensive experience in financial and operational audits, consultancy and investigations into various industries encompassing private limited companies, public listed companies and both local and foreign entities. He has vast experience in fraud and financial mismanagement investigations. He began his career in one of the Big Six as an auditor in the early 90s. Dr. Damien was responsible for the overall implementation of a German multinational's new accounting system and ERP system and he is familiar with Business Intelligence Systems. He is an experienced consultant, implementer and trainer of Harvard Business School's balance Scorecard Programme and Six Sigma Quality Program and also trains on use of Palm OS and Windows Mobile personal digital assistants (PDA) for management with emphasis on Business Process Management (BPM) principles. He has trained or consulted in numerous organizations including Petronas Group, Telekom Malaysia, OCBC Bank, IOI Berhad and etc. He has also trained government agencies and bodies during his career including National Heart Institute, Pantai Medical Group, Bank Negara Malaysia and etc.
Date appointed to the Board	9 April 2009
Other Board Committee	Chairman of Remuneration Committee, Audit Committee Member and Nomination Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	Nil

	TAI KEIK HOCK
Age	71
Nationality	Malaysian
Qualification	Secondary School
Position	Executive Chairman, Managing Director
Working Experience & Occupation	Businessman, Company Director
Date appointed to the Board	14 July 1993
Other Board Committee	Remuneration Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Father of Tai Lee Keow and Tai Yeong Sheng
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4





Statement Accompanying Notice of Annual General Meeting (Contd.)

Attendance at Board Meeting

Four Meetings were held during the financial year from 1 July 2008 to 30 June 2009. The details of attendance of Directors at the Board Meetings are as follows:-

Name of Directors	Date of Meetings			
	29/8/08	26/11/08	27/2/09	22/5/09
Tai Keik Hock	✓	✓	✓	✓
Tai Lee Keow	✓	✓	✓	✓
Andrew Su Meng Kit	✓	✓	✓	✓
Tai Yeong Sheng (Appointed on 2 December 2008)	X	X	✓	✓
Ang Seng Wong (Appointed on 30 January 2009)	X	X	✓	✓
Dr. Damien Lim Yat Seng (Appointed on 9 April 2009)	X	X	X	X
Teong Kok Khong (Resigned on 9 April 2009)	✓	✓	X	X
Tai Keng Eng (Resigned on 5 June 2009)	✓	✓	✓	X

Place, date and time of the Eighteenth Annual General Meeting

The Eighteenth Annual General Meeting of the Company is scheduled to be held on Wednesday, 23 December 2009 at 11:30 a.m. at Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah.

Directors' Remunerations

The details of remuneration for Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2009 are as follows:-

Aggregate remuneration categorized into components -

	Executive Directors	Non-Executive Directors	Total
Fees (RM)	8,000	29,000	37,000
Salaries (RM)	526,720	-	526,720
Bonuses and Allowances (RM)	240,000	-	240,000
Benefits-in-kind (RM)	-	-	-
Total (RM)	774,720	29,000	803,720

The number of Directors of the Company whose total remuneration fall within the following bands -

	Executive Directors	Non-Executive Directors	Total
0 to RM50,000	-	4	4
RM50,001 to RM100,000	2	-	2
RM100,001 to RM150,000	1	-	1
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	-	-	-
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	-	-	-
RM400,001 to RM450,000	-	-	-
RM450,001 to RM500,000	1	-	1

Statement of Directors' Responsibilities

Pursuant to Paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2009, the Group has used appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant accounting standards have been followed in the preparation of these financial statements.

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the company.



Statement Accompanying Notice of Annual General Meeting (Contd.)

Share Buybacks

During the financial year, the Company bought back 55,500 shares from the open market as follows :

Period Purchased	No. of Shares	Purchase price per share (RM)			Total Consideration *(RM)
		Highest	Lowest	Average	
July 2008	1,000	0.350	0.350	0.350	350.00
September 2008	10,000	0.310	0.305	0.308	3,075.00
December 2008	32,500	0.290	0.190	0.240	6,365.00
April 2009	12,000	0.175	0.170	0.173	2,049.60
Total	55,500	0.350	0.170	0.260	11,839.60

* Excluding transaction costs

All the shares purchased by the Company were retained as treasury shares. There were no treasury shares resold or cancelled during the financial year. As at 30 June 2009, a total of 55,500 ordinary shares were held as treasury shares.

Options, Warrants or Convertible Securities

During the financial year, there were no exercise of Employee Share Option Scheme and Warrants and conversion of Irredeemable Convertible Unsecured Loan Stocks.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-audit Fees

The non-audit fees paid to the external auditor during the year was RM13,300.00.

Profit Estimate, Forecast or Projection

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

Profit Guarantees

During the year, there were no profit guarantees given by the Company.

Material Contracts

Nil.

Contract Relating To Loans

During the year, there were no contracts relating to loans entered into by the Company including the interests of major shareholders and/or directors.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the year are disclosed in Note 26 to the financial statements.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.



Corporate Information

Executive Chairman & Managing Director

TAI KEIK HOCK

Executive Directors *[Non-independent]*

TAI LEE KEOW

TAI YEONG SHENG *[Appointed on 2 December 2008]*

TAI KENG ENG *[Resigned on 5 June 2009]*

KANG PANG KIANG *[Appointed on 23 November 2009]*

Independent Non-executive Directors

ANDREW SU MENG KIT

ANG SENG WONG *[Appointed on 30 January 2009]*

DR. DAMIEN LIM YAT SENG *[Appointed on 9 April 2009]*

TEONG KOK KHONG *[Resigned on 9 April 2009]*

Company Secretary

CHAI CHURN HWA *[MAICSA 0811600]*

Audit Committee

Chairman

ANG SENG WONG *[Appointed on 9 April 2009]*
[Independent Non-Executive Director]

TEONG KOK KHONG *[Resigned on 9 April 2009]*
[Independent Non-Executive Director]

Members

ANDREW SU MENG KIT
[Independent Non-Executive Director]

DR. DAMIEN LIM YAT SENG *[Appointed on 9 April 2009]*
[Independent Non-Executive Director]

TAI KEIK HOCK *[Resigned on 30 January 2009]*
[Non-Independent Executive Director]

Registered Office

Suite 18.01, 18th Floor, MWE Plaza

No. 8 Lebuhr Farquhar

10200 Penang

Tel : 04-2637762 & 2625424

Fax : 04-2635901

Registrar For Shares, Iculs & Warrants

AGRITEUM SHARE REGISTRATION SERVICES SDN. BHD.

2nd Floor, Wisma Penang Garden

42 Jalan Sultan Ahmad Shah

10050 Penang

Tel : 04-2282321

Fax : 04-2272391

Auditors

KPMG (AF 0758)

Chartered Accountants

Bankers

United Overseas Bank Berhad

CIMB Bank Berhad

Standard Chartered Bank Malaysia Berhad

Bank Islam Malaysia Berhad

OCBC Bank (Malaysia) Berhad

RHB Islamic Bank Berhad

EON Bank Berhad

Asian Finance Bank Berhad

Siam Commercial Bank Public Company Limited (Thailand)

Kasikorn Bank Public Company Limited (Thailand)

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad



Profile of Directors

EXECUTIVE CHAIRMAN & MANAGING DIRECTOR

	TAI KEIK HOCK
Age	71
Nationality	Malaysian
Qualification	Secondary School
Position	Executive Chairman, Managing Director
Working Experience & Occupation	Businessman, Company Director
Date appointed to the Board	14 July 1993
Other Board Committee	Remuneration Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Father of Tai Lee Keow and Tai Yeong Sheng
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4

EXECUTIVE DIRECTORS

	TAI LEE KEOW
Age	43
Nationality	Malaysian
Qualification	Bachelor of Commerce Degree - University of Melbourne, Master of Business Administration
Position	Executive Director
Working Experience & Occupation	General Manager Executive Director
Date appointed to the Board	14 July 1993
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Daughter of Tai Keik Hock Sister of Tai Yeong Sheng
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4



Profile of Directors (Contd.)

EXECUTIVE DIRECTORS

	TAI YEONG SHENG
Age	32
Nationality	Malaysian
Qualification	Master of Business Administration - University of South Australia, Australia Bachelor of Engineering, Computer Engineering - McMaster University, Hamilton, Ontario, Canada
Position	Executive Director
Working Experience & Occupation	Mr Tai started his career as Teaching Assistant with McMaster University, Hamilton, Ontario, Canada and thereafter he worked as an Intermediate Software Designer with multinational corporation Alcatel Canada, Ottawa, Ontario, Canada for two years. Upon his return to Malaysia, He joined an electronics manufacturing company as an Engineer. Subsequently, he served as Marketing Manager with Nbien Sdn. Bhd. After that, he worked with SMT Technologies Sdn. Bhd. (SMTT) as Process Engineering Section Manager and subsequently as Business Development Section Manager of the company. Currently he is the Executive Director of SMTT and other subsidiaries of EG Industries Berhad and is responsible for the overall operation and expansion of the Group. He is also the Industrial Adviser for Faculty of Engineering & Science of Universiti Tunku Abdul Rahman.
Date appointed to the Board	2 December 2008
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Son of Tai Keik Hock and Brother of Tai Lee Keow
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	2

	KANG PANG KIANG
Age	37
Nationality	Malaysian
Qualification	Double degrees in Bachelor of Commerce and Bachelor of Science - University of Auckland, New Zealand
Position	Executive Director
Working Experience & Occupation	Mr Kang started his career as an auditor with Ernst & Young before being promoted to senior auditor. He has experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. In 1999, he joined SMT Technologies Sdn. Bhd. (SMTT) as a Finance Manager. He played a key role in the formulation and implementation of strategic cost reduction plan and also responsible for corporate finance, planning and management of the Company. He has extensive financial management and corporate restructuring exercise experiences and audit trial on the financial planning and accounting practices. He is responsible for the Finance of the Group.
Date appointed to the Board	23 November 2009
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	Nil



Profile of Directors (Contd.)

INDEPENDENT NON-EXECUTIVE DIRECTORS

	ANDREW SU MENG KIT
Age	38
Nationality	Malaysian
Qualification	Qualified Public Accountant, Member of the Malaysian Institute of Accountants & Member of the Malaysian Institute of Certified Public Accountants
Position	Independent Non-Executive Director
Working Experience & Occupation	Mr Andrew started his career with KPMG and has served as Financial Controller for a subsidiary of a multi- national company listed in Australia. General Manager and Executive Director in a wood based furniture product manufacturing company. Director of Corporate Finance of a merchant bank, CEO of a company listed on the Bursa Malaysia and is currently a management consultant.
Date appointed to the Board	2 March 2007
Other Board Committee	Chairman of Nomination Committee, Audit Committee Member and Remuneration Committee Member
Other Directorships (in Public Companies)	Mexter Technology Berhad, Scan Associates Berhad
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4

	ANG SENG WONG
Age	47
Nationality	Malaysian
Qualification	Masters degree from USA & A Bachelor of Arts and a Bachelor of Business from Australia
Position	Independent Non-Executive Director
Working Experience & Occupation	Mr Ang has achieved membership status for the Australian CPA, Australian Insurance Institute and Malaysian Institute of Accountants. He started his career as an accountant in Melbourne for 5 years. Upon his return to Malaysia, Mr. Ang served as the Finance Director for a Taiwanese PCB and PCBA firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Director for an international plastics entity. His last posting as an employee was as the Executive Director for a listed electronics company. Currently, in cooperation with a US firm, he runs an export business. He also has multiple business interests in manufacturing and trading. As a part time activity, Mr Ang is a trainer. He has conducted public training and in house training for Petronas, Telekom, NEC etc. In addition he has also lectured in University Malaya for the European Union officers, UTM and Saudi General Organization for Technical Education and Vocational Training.
Date appointed to the Board	30 January 2009
Other Board Committee	Chairman of Audit Committee, Nomination Committee Member and Remuneration Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	2



Profile of Directors (Contd.)

INDEPENDENT NON-EXECUTIVE DIRECTORS

	DR. DAMIEN LIM YAT SENG
Age	37
Nationality	Malaysian
Qualification	<ol style="list-style-type: none"> Chartered Accountant (CA) from Institute of Chartered Accountant of England and Wales (ICAEW) and a Certified Public Accountant (CPA) Certified Fraud Examiner (CFE) and a member of the Association of Certified Fraud Examiners (ACFE) MBA and a DBA in International Trade and E-Commerce Masters in Organisational Behavioral Psychology Masters in Logistics Management International Registered Certified Auditor (IRCA) for ISO, EN and HACCP standards Degree in Industrial and Organisational Psychology
Position	Independent Non-Executive Director
Working Experience & Occupation	<p>Dr. Damien has an extensive experience in financial and operational audits, consultancy and investigations into various industries encompassing private limited companies, public listed companies and both local and foreign entities. He has vast experience in fraud and financial mismanagement investigations. He began his career in one of the Big Six as an auditor in the early 90s. Dr. Damien was responsible for the overall implementation of a German multinational's new accounting system and ERP system and he is familiar with Business Intelligence Systems. He is an experienced consultant, implementer and trainer of Harvard Business School's balance Scorecard Programme and Six Sigma Quality Program and also trains on use of Palm OS and Windows Mobile personal digital assistants (PDA) for management with emphasis on Business Process Management (BPM) principles. He has trained or consulted in numerous organizations including Petronas Group, Telekom Malaysia, OCBC Bank, IOI Berhad and etc. He has also trained government agencies and bodies during his career including National Heart Institute, Pantai Medical Group, Bank Negara Malaysia and etc.</p>
Date appointed to the Board	9 April 2009
Other Board Committee	Chairman of Remuneration Committee, Audit Committee Member and Nomination Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	Nil



Corporate Governance Statement

The Board of Directors of EG Industries Berhad is pleased to report to shareholders on the manner the Company has applied the Principles, and the extent of compliance with the Best Practices as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance (the "Code").

The Board is supportive of the recommendations of the Code, which sets out the Principles and Best Practices on structures and processes that the Company may use in its operations towards achieving optimal governance framework.

The following paragraphs describe how the Company has applied the principles and complied with the best practices of the Code.

1. DIRECTORS

1.1a Composition and Balance

As at the date of this statement, the Board consists of 7 members, comprising 1 (one) Managing Director, three (3) Executive Directors and three (3) Independent Non-Executive Directors. With this Board composition, the Company complies with paragraph 15.02 of the Listing Requirements of the Bursa Malaysia Securities Berhad where at least 2 Directors or 1/3 of the Board whichever is higher, are independent Directors.

The Directors from different backgrounds and specialization collectively bring depth and diversity in experience to the Group's operations. The Independent Non-Executive Directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgment. They bring to bear objective and independent judgment to the decision making of the Board and provide an effective check and balance for the Executive Directors.

The profiles of the members of the Board are set out in this Annual Report under the section named Profile of Directors.

1.1b Duties and Responsibilities

The Board is primarily responsible for :-

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.2 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. All Directors are furnished with the meeting agenda and other documents on matters requiring their consideration prior to and in advance of each meeting. The documents are comprehensive and include qualitative and quantitative information to enable the Board members to make an informed decision. Senior management is invited to attend these meetings to explain and clarify matters being tabled.

During the financial year ended 30 June 2009, the Board met 4 times where it deliberated on and considered matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plan. Details of each Director's attendance of Board meetings are set out below.

Name of Directors	No. of meetings attended
Tai Keik Hock	4/4
Tai Lee Keow	4/4
Andrew Su Meng Kit	4/4
Tai Yeong Sheng (Appointed on 2 December 2008)	2/4
Ang Seng Wong (Appointed on 30 January 2009)	2/4
Dr. Damien Lim Yat Seng (Appointed on 9 April 2009)	0/0
Teong Kok Khong (Resigned on 9 April 2009)	2/4
Tai Keng Eng (Resigned on 5 June 2009)	3/4



Corporate Governance Statement (Contd.)

1. DIRECTORS (contd.)

1.2 Supply of Information (contd.)

All the Directors have access to the advice and services of the Company Secretary. If required, the Directors may engage independent professionals at the Group's expense, in the furtherance of their duties.

1.3 Appointments to the Board

The Nomination Committee comprises the following members :-

Mr Andrew Su Meng Kit - Chairman, Independent Non-Executive Director
 Mr Ang Seng Wong - Independent Non-Executive Director (Appointed on 30 January 2009)
 Dr. Damien Lim Yat Seng - Independent Non-Executive Director (Appointed on 9 April 2009)
 Mr Teong Kok Khong - Independent Non-Executive Director (Resigned on 9 April 2009)

The duties and functions of the Nomination Committee are :-

1. Recommending to the Board, candidates for directorships to be filled;
2. Recommending to the Board, Directors to fill seats on Board committees;
3. Reviewing annually the required skills and experience and other qualities and core competencies of non-executive directors which should be brought to the Board; and
4. Assessing annually the effectiveness of the Board as a whole and the contribution of each individual Director.

The decision on appointment of new Directors rests with the Board after considering the recommendations of the Nomination Committee.

During the year under review, there were four (4) meetings held by the Nomination Committee.

1.4 Re-election of Directors

In accordance with the Company's Articles of Association, one third of the Directors shall retire from office and be eligible for re-election at the Annual General Meeting. Furthermore, each Director shall retire from office at least once in every three years.

Information of the Directors who will be retiring at the forthcoming Annual General Meeting is disclosed in the Statement Accompanying Notice of Annual General Meeting.

1.5 Directors' Training

The Board acknowledges the importance of constantly updating itself on the industry's direction and development. They are provided with the opportunity for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

Mandatory Accreditation Program

During the financial year, three new appointed directors had attended the Mandatory Accreditation Program conducted by the Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) within four months from their date of appointment as directors.



Corporate Governance Statement (Contd.)

1. DIRECTORS (contd.)

Continuous Education Program

During the financial year, apart from the two newly appointed Independent Non-Executive Directors who had attended the MAP program, all the directors had attended the Continuous Education Program as follows:

<u>Name of Directors</u>	<u>Type of Training</u>	<u>No. of hours attended</u>
Tai Keik Hock	Finance Made Easy for the Non-Finance	12 hours
Tai Lee Keow	Finance Made Easy for the Non-Finance	12 hours
Tai Yeong Sheng	Finance Made Easy for the Non-Finance	12 hours
Andrew Su Meng Kit	Technical Briefing for Main Market Listing Requirement	5 hours
	Technical Briefing for Main Market Listing Requirement	5 hours

All Directors received updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretary on the various amendments to the Listing Requirements especially on the combination of First and Second Board of Bursa Malaysia to one unified board which was known as Main Market of Bursa Malaysia Securities Berhad.

2. THE AUDIT COMMITTEE

The Board has on 21 July 1994 established the Audit Committee. The present Audit Committee comprises 3 members. Please refer to the Audit Committee Report for further details.

3. DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels, which will enable the Company to attract and retain Directors with the relevant experience and expertise to run the Company successfully. The remuneration of Executive Directors is structured to link rewards to corporate and individual performance.

The Remuneration Committee comprises the following members : -

Dr. Damien Lim Yat Seng - Chairman, Independent Non-Executive Director (Appointed on 9 April 2009)
Mr. Ang Seng Wong - Independent Non-Executive Director (Appointed on 30 January 2009)
Mr. Andrew Su Meng Kit - Independent Non-Executive Director
Mr. Tai Keik Hock - Executive Chairman & Managing Director

The primary duty of the Remuneration Committee is to review and recommend remuneration packages of Executive Directors for the Board's approval to ensure the Group attracts and retains the Directors needed to run the Group successfully. The individual Director is required to abstain from discussion on his/her own remuneration.

The Remuneration Committee also reviewed the remuneration package of the Non-Executive Directors based on their contribution to the Group in terms of their knowledge, responsibility and experience.

Details of the remuneration for Directors during the financial year ended 30 June 2009 are disclosed in the Statement Accompanying Notice of Annual General Meeting.

4. SHAREHOLDERS

4.1 Dialogue with investors

The Board recognizes the importance of timely dissemination of information to shareholders and other stakeholders. The primary tools of communication with the shareholders of the Company are through the annual report, announcements through Bursa Malaysia Securities Berhad and circulars. All queries from shareholders and members of the public received through phone calls or letters are handled by the Corporate Affairs Manager and Company Secretary. Additional information about the Company is made available at its website: <http://www.eg.com.my>





Corporate Governance Statement (Contd.)

4. SHAREHOLDERS (contd.)

4.2 General Meeting

At the annual general meeting and extraordinary general meeting, the Chairman gives shareholders ample opportunity to participate through questions on the prospects, performance of the Group and other matters of concern addressed to the Board.

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The Board is responsible for presenting a balanced and meaningful assessment of the Group's financial performance and prospects primarily through the annual report, financial statements and quarterly announcements of the Group's results.

The Responsibility Statement by the Directors pursuant to the Listing Requirements of Bursa Malaysia is set out on page 7.

5.2 Internal Control

The Board is ultimately responsible for the overall system of internal controls, which includes not only financial controls but also controls relating to operations, compliance and risk management. The internal control system which is designed to meet the needs of the Company and to manage risks to which the Company is exposed can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Further details relating to internal control are set out in the Statement on Internal Control on page 18 and the Audit Committee Report on pages 19 and 20.

5.3 Relationship with Auditors

The external auditor, Messrs KPMG, has continued to report to members of the Company on its findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditor to meet its professional requirements.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report.





Statement On Internal Control

INTRODUCTION

The Board is pleased to include a statement on the state of the Group's internal controls in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

BOARD RESPONSIBILITY

It is the Board's view that the Group's objectives, its internal organization and the environment in which it operates continuously evolve and, as a result, the risks that it faces also change. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks that threatens the Group's continuous growth and financial viability.

The Board further believes that the Group's system of internal controls and risk management practices are vital to good corporate governance. The internal controls, financial or otherwise, as embedded in the Group provide reasonable assurance regarding the achievement of the Group's objectives on :

- The effectiveness and efficiency of operations;
- Reliability and transparency of financial information;
- Compliance with laws and regulations;
- Safeguarding of the Group's assets;
- Realising the Group's strategic objectives; and
- Optimising the returns to and protecting the interest of stakeholders.

The Board acknowledges its responsibility for maintaining a sound system of internal control. However, it recognises that reviewing the Group's system of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, the system can only provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

RISK MANAGEMENT FRAMEWORK

An independent professional firm was engaged by the Company to assist the Board in establishing a risk management framework for the Group. The risk profiles of the various operating units in the Group were compiled. Since then, major business risks and their possible impact and likelihood of crystallization have been evaluated by the key executives, reviewed and endorsed by senior management and subsequently by the Board of Directors.

AUDIT COMMITTEE & INTERNAL AUDIT

The Group's internal audit function is outsourced to an independent professional firm which reports directly to the Audit Committee (the "Committee"). During the financial year under review, the internal audit function carried out two cycles of risk-based audit in accordance with the internal audit plan approved by the Committee. Observations noted from internal audit were deliberated with Management and recommended action plans discussed for deployment to improve the system of internal control within the Group. The Audit Committee, on behalf of the Board, reviews internal control issues identified and recommendations from reports prepared by the internal auditor on a regular basis.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are:

- i) Quarterly review of the financial performance of the Group by the Board and the Audit Committee.
- ii) Clearly defined and structured lines of reporting and responsibility.
- iii) Management / Operation review meetings are held to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.
- iv) Regular internal quality audit based on the Sirim QAS International Standard ISO 9001:2008.

CONCLUSION

The Board is of the view that the Group's system of internal controls is adequate to address and manage the risks faced by the Group. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.



Audit Committee Report

Composition

Members of the Audit Committee, their respective designations and directorships are as follow:-

ANG SENG WONG (Appointed on 9 April 2009)
Chairman, Independent Non-Executive Director

TEONG KOK KHONG (Resigned on 9 April 2009)
Chairman, Independent Non-Executive Director

ANDREW SU MENG KIT
Independent Non-Executive Director

DR. DAMIEN LIM YAT SENG (Appointed on 9 April 2009)
Independent Non-Executive Director

TAI KEIK HOCK (Resigned on 30 January 2009)
Executive Chairman, Managing Director

Terms of Reference

Objective

The principal objective of the Audit Committee (as a committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibility

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Quorum

Three and all the members present must be non-executive directors, with a majority of them being independent directors.

Frequency of Meetings

Meetings shall be held not less than four times a year and as many times as the Committee deems necessary.

Rights of the Audit Committee

The Company shall ensure that wherever necessary and reasonable for the performance of the Committee's duties, the committee shall, in accordance with procedure determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.



Audit Committee Report (Contd.)

Functions of the Audit Committee

The functions of the Audit Committee include the following:-

- a) to recommend the appointment, to consider the audit and suitability of re-appointment of the external auditors and any questions of resignation or dismissal.
- b) to discuss with the external auditors before the commencement of audit, their audit plan, nature and scope of the audit.
- c) to discuss problems and reservations (including level of assistance given by the employees) arising from the interim and final audits and any matter the external auditors may wish to discuss (in the absence of management, where necessary).
- d) to review the external auditors' reports, its management letter and management's response.
- e) to review the quarterly and year end financial statements, prior to the approval of the Board, focusing particularly on :-
 - (i) any changes in accounting policies and practices;
 - (ii) significant adjustments arising from the audit, significant and unusual events;
 - (iii) the going concern assumption; and
 - (iv) compliance with accounting standards and other legal requirements.
- f) to review the adequacy of the scope, functions, authority competency and resources of the internal audit function.
- g) to review the internal audit program and results, ensuring the appropriate action is taken on the recommendations of the internal audit function.
- h) to approve any appointments or termination of the internal auditor / senior staff members of the internal audit function.
- i) to consider related party transactions and review the procedures to ensure appropriateness and adequacy.
- j) to consider the major findings of internal investigations and management's response.
- k) to consider other topics as defined by the Board from time to time.

Summary of Activities

The Audit Committee met four times during the financial year ended 30 June 2009. Details on the attendance of each member are outlined below:-

Name of Directors	Date of Meetings			
	29/8/08	26/11/08	27/2/09	22/5/09
Ang Seng Wong - Chairman (Appointed on 9 April 2009)	X	X	✓	✓
Teong Kok Khong - Chairman (Resigned on 9 April 2009)	✓	✓	X	X
Andrew Su Meng Kit	✓	✓	✓	✓
Dr. Damien Lim Yat Seng (Appointed on 9 April 2009)	X	X	X	X
Tai Keik Hock (Resigned on 30 January 2009)	✓	✓	X	X

In discharging its functions and duties, the Committee has considered, reviewed and discussed the following :-

- a) the quarterly and yearly results / announcements of the Company and making relevant recommendations to the Board for approval;
- b) the unusual and significant related parties transactions;
- c) the external audit plan with the external auditors;
- d) the assistance given by the company's officers and staff to the external auditors;
- e) the findings of the external auditors and their reports;
- f) the nomination of external auditors for Board's approval;
- g) reviewed related party transactions and report the same to the Board; and
- h) reviewed the scope of internal audit function to ensure that risk-based approach is being adopted.

Summary of Activities of the Internal Audit Function

The Group has outsourced the Internal Audit function, which reports to the Audit Committee and assists the Board in monitoring and managing risks and internal control. The department carries out its duties impartially and independently of the activities reviewed. It has the principal responsibility for carrying out audits on the operations within the Group and provided general assurances to the management and Audit Committee. The Audit Committee approves the coming year internal audit plan during the fourth Audit Committee meeting. The internal audit plan is derived based on a risk-based assessment of all units and operations, including subsidiaries. The internal audit reports highlight any deficiencies or findings which are discussed with management and relevant action plans agreed and implemented. Significant findings are presented in the Audit Committee Meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.





Statistics of Shareholdings

As At 2 November 2009

AUTHORISED SHARE CAPITAL	: RM200,000,000-00
PAID-UP CAPITAL	: RM51,685,813-00
CLASS OF SHARES	: ORDINARY SHARES OF RM1-00 EACH
VOTING RIGHTS	: ONE VOTE PER SHARE

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	7	0.27	316	0.00
100 – 1,000	805	30.89	776,876	1.50
1,001 – 10,000	1,260	48.35	5,766,848	11.16
10,001 – 100,000	467	17.92	14,055,487	27.19
100,001 – 2,584,289 (*)	65	2.49	20,724,022	40.10
2,584,290 and above (**)	2	0.08	10,362,264	20.05
TOTAL	2,606	100.00	51,685,813	100.00

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Ordinary Shares Held		%
		%	Indirect Interest	
Tai Keik Hock	2,645,015	5.12	6,549,550 (a)	12.67
Tai Lee Keow	1,410,079	2.73	6,549,550 (a)	12.67
Andrew Su Meng Kit	-	-	-	-
Tai Yeong Sheng (Appointed on 2 December 2008)	377,000	0.73	-	-
Ang Seng Wong (Appointed on 30 January 2009)	-	-	-	-
Dr. Damien Lim Yat Seng (Appointed on 9 April 2009)	-	-	-	-
Teong Kok Khong (Resigned on 9 April 2009)	-	-	-	-
Tai Keng Eng (Resigned on 5 June 2009)	104,920	0.20	-	-

(a) 6,549,550 shares held through Jupax Enterprise Sdn Bhd

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares Held		%
		%	Indirect Interest	
1. Jupax Enterprise Sdn Bhd	6,549,550	12.67	-	-
2. Giap Seng Auto Supply Sdn Bhd	3,812,714	7.38	-	-
3. Tai Keik Hock	2,645,015	5.12	6,549,550 (a)	12.67
4. Yeoh Sian Kok	1,476,647	2.86	-	-
5. Tai Lee See	1,454,153	2.81	3,812,714 (b)	7.38
6. Tai Lee Keow	1,410,079	2.73	6,549,550 (a)	12.67
7. Eng Giat Yang @ Ng Geek Hiang	-	-	6,549,550 (a)	12.67
8. Tai Lee Sun	900,901	1.74	3,812,714 (b)	7.38
9. Tai Chee Seong	587,322	1.14	3,812,714 (b)	7.38
10. Tai Lee Bee	105,126	0.20	3,812,714 (b)	7.38

(a) 6,549,550 shares held through Jupax Enterprise Sdn Bhd

(b) 3,812,714 shares held through Giap Seng Auto Supply Sdn Bhd



Statistics of Shareholdings (Contd.)

As At 2 November 2009

30 LARGEST SHAREHOLDERS AS AT 2 NOVEMBER 2009

Name	No. of Shares Held	%
1. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn Bhd for Jupax Enterprise Sdn. Bhd.	6,549,550	12.67
2. Giap Seng Auto Supply Sdn. Berhad	3,812,714	7.38
3. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Keik Hock	1,700,000	3.29
4. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Yeoh Sian Kok	1,475,865	2.85
5. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee See	1,454,153	2.81
6. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee Keow	1,410,000	2.73
7. CIMSEC Nominees (Asing) Sdn. Bhd. CIMB for Dominguez Hills Corporation Ltd (PB)	1,004,500	1.94
8. Tai Keik Hock	945,015	1.83
9. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee Fung	900,000	1.74
10. Tai Chee Seong	587,322	1.14
11. Tai Lee Sun	500,901	0.97
12. A.A. Anthony Securities Sdn. Bhd. IVT (CI001)	475,000	0.92
13. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Kek Chong Hwee	437,000	0.85
14. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee Sun	400,000	0.77
15. Lee Suat Wuat	386,900	0.75
16. Tan Bak Seng	380,000	0.74
17. Dallab Capital Sdn. Bhd.	354,900	0.69
18. Tai Yeong Sheng	300,000	0.58
19. OSK Nominees (Tempatan) Sdn. Berhad Pledged securities account for Mohd Isa Bin Ismail	293,700	0.57
20. Ooi Leng Hwa	275,000	0.53
21. Lee Teck Ong @ Lee Kok Chee	260,000	0.50
22. HLB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Wong Puay Chen	259,100	0.50
23. Ooi Chieng Sim	250,000	0.48
24. RHB Capital Nominees (Tempatan) Sdn. Bhd. Sin Huan Kwang (T-471154)	245,500	0.48
25. Cheah Lang Kang	240,270	0.46
26. Lye Kuan Fong	227,270	0.44
27. Mayban Securites Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ang Poh Lay (Dealer 060)	220,000	0.43
28. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chua She Liang	211,500	0.41
29. Low Ah Lin	200,000	0.39
30. BHLB Trustee Berhad Exempted – Trust Account for EPF Investment for Member Savings Scheme	187,900	0.36





Statistics of Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2005 / 2010

Holdings

As At 2 November 2009

NO. OF ICULS	: 23,330,787
DATE OF ISSUE	: 17 JUNE 2005
INTEREST	: 5% PER ANNUM

Size of Holdings	No. of Holders	%	No. of ICULS	%
1 – 99	5	3.94	150	0.00
100 – 1,000	59	46.46	42,300	0.18
1,001 – 10,000	46	36.22	171,950	0.74
10,001 – 100,000	8	6.29	243,800	1.04
100,001 – 1,166,538 (*)	4	3.15	1,959,700	8.40
1,166,539 and above (**)	5	3.94	20,912,887	89.64
TOTAL	127	100.00	23,330,787	100.00

Remarks:

* Less than 5% of issued ICULS

** 5% and above of issued ICULS

DIRECTORS' ICULS HOLDINGS

Name of Directors	Direct Interest	No. of ICULS Held		%
		%	Indirect Interest	
Tai Keik Hock	1,350,000	5.79	4,840,000 (a)	20.75
Tai Lee Keow	1,010,000	4.33	4,840,000 (a)	20.75
Andrew Su Meng Kit	-	-	-	-
Tai Yeong Sheng (Appointed on 2 December 2008)	9,000	0.04	-	-
Ang Seng Wong (Appointed on 30 January 2009)	-	-	-	-
Dr. Damien Lim Yat Seng (Appointed on 9 April 2009)	-	-	-	-
Teong Kok Khong (Resigned on 9 April 2009)	-	-	-	-
Tai Keng Eng (Resigned on 5 June 2009)	-	-	-	-

(a) 4,840,000 ICULS held through Jupax Enterprise Sdn Bhd

SUBSTANTIAL ICULS HOLDERS

Name of Substantial ICULS Holders	Direct Interest	No. of ICULS Held		%
		%	Indirect Interest	
1. Alliance Investment Bank Berhad	9,755,028	41.81	-	-
2. Jupax Enterprise Sdn Bhd	4,840,000	20.75	-	-
3. A.A. Anthony Securities Sdn. Bhd.	3,477,859	14.91	-	-
4. Yeoh Sian Kok	1,592,000	6.82	-	-
5. Tai Keik Hock	1,350,000	5.79	4,840,000 (a)	20.75
6. Tai Lee Keow	1,010,000	4.33	4,840,000 (a)	20.75
7. Eng Giat Yang @ Ng Geek Hiang	-	-	4,840,000 (a)	20.75

(a) 4,840,000 ICULS held through Jupax Enterprise Sdn Bhd



Statistics of Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2005 / 2010 Holdings (Contd.)

As At 2 November 2009

30 LARGEST ICULS HOLDERS AS AT 2 NOVEMBER 2009

Name	No. of ICULS Held	%
1. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Alliance Investment Bank Berhad	9,755,028	41.81
2. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Jupax Enterprise Sdn. Bhd.	4,840,000	20.75
3. A.A. Anthony Securities Sdn. Bhd.	3,477,859	14.91
4. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn Bhd for Yeoh Sian Kok	1,490,000	6.39
5. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Keik Hock	1,350,000	5.79
6. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn Bhd for Tai Lee Keow	1,010,000	4.33
7. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee See	726,000	3.11
8. Dallab Capital Sdn. Bhd.	121,700	0.52
9. Yeoh Sian Kok	102,000	0.44
10. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee Bee	63,000	0.27
11. Eu Mui @ Ee Soo Mei	52,500	0.23
12. Tan Ah Nya @ Tan Seo Kim	30,000	0.13
13. Arthur Lawrance Pharamond	28,800	0.12
14. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chia Khai Huan (820072)	22,500	0.10
15. Goh Leong Chuan	18,000	0.08
16. Foong Yuen Kai Lorry Service Company Sdn. Bhd.	15,000	0.06
17. Choo Kim Kiong	14,000	0.06
18. HLG Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for So Soo Theam (CCTS)	9,900	0.04
19. Lim Laong Eng	9,000	0.04
20. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Tiam Teck	9,000	0.04
21. Tai Yeong Sheng	9,000	0.04
22. Lim Chiew Hwa	7,500	0.03
23. Khor Yeow Peng @ Khor Yau Peng	7,000	0.03
24. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Michael Yong	6,500	0.03
25. Yap Yok Foo	5,400	0.02
26. Chong Kem Yee	5,000	0.02
27. Mohamed A'Azam Bin Shair Mohamed	5,000	0.02
28. Fong Kim Sing	5,000	0.02
29. Khu Hwa Leng	5,000	0.02
30. Lim Ah Kim	5,000	0.02





Statistics of Warrant 2005 / 2015 Holdings

As At 2 November 2009

NO. OF WARRANTS : 16,670,355

VOTING RIGHTS : ONE VOTE PER WARRANT

25

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	11	4.06	530	0.00
100 – 1,000	66	24.35	36,365	0.22
1,001 – 10,000	119	43.91	639,699	3.84
10,001 – 100,000	62	22.88	2,020,700	12.12
100,001 – 833,516(*)	9	3.32	2,349,707	14.10
833,517 and above (**)	4	1.48	11,623,354	69.72
TOTAL	271	100.00	16,670,355	100.00

Remarks:

* Less than 5% of issued warrants

** 5% and above of issued warrants

DIRECTORS' WARRANTHOLDINGS

Name of Directors	Direct Interest	No. of Warrants Held		%
		%	Indirect Interest	
Tai Keik Hock	900,000	5.40	3,226,668 (a)	19.36
Tai Lee Keow	673,334	4.04	3,226,668 (a)	19.36
Andrew Su Meng Kit	-	-	-	-
Tai Yeong Sheng (Appointed on 2 December 2008)	6,000	0.04	-	-
Ang Seng Wong (Appointed on 30 January 2009)	-	-	-	-
Dr. Damien Lim Yat Seng (Appointed on 9 April 2009)	-	-	-	-
Teong Kok Khong (Resigned on 9 April 2009)	-	-	-	-
Tai Keng Eng (Resigned on 5 June 2009)	-	-	-	-

(a) 3,226,668 warrants held through Jupax Enterprise Sdn Bhd

SUBSTANTIAL WARRANTHOLDERS

Name of Substantial Warrants Holders	Direct Interest	No. of Warrants Held		%
		%	Indirect Interest	
1. Alliance Investment Bank Berhad	6,503,352	39.01	-	-
2. Jupax Enterprise Sdn Bhd	3,226,668	19.36	-	-
3. Yeoh Sian Kok	1,061,334	6.37	-	-
4. Tai Keik Hock	900,000	5.40	3,226,668 (a)	19.36
5. Tai Lee Keow	673,334	4.04	3,226,668 (a)	19.36
6. Eng Giat Yang @ Ng Geek Hiang	-	-	3,226,668 (a)	19.36

(a) 3,226,668 warrants held through Jupax Enterprise Sdn Bhd



Statistics of Warrant 2005 / 2015 Holdings (Contd.)

As At 2 November 2009

30 LARGEST WARRANT 2005 / 2015 HOLDERS AS AT 2 NOVEMBER 2009

Name	No. of Warrants Held	%
1. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Alliance Investment Bank Berhad	6,503,352	39.01
2. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Jupax Enterprise Sdn. Bhd.	3,226,668	19.36
3. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Yeoh Sian Kok	993,334	5.96
4. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Keik Hock	900,000	5.40
5. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee Keow	673,334	4.04
6. A.A. Anthony Securities Sdn. Bhd.	521,273	3.13
7. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee See	484,000	2.90
8. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Soon Heng (100580)	131,000	0.79
9. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chua Hock Keng (100175)	115,300	0.69
10. Esabella Kon Fun Soh	114,200	0.69
11. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Jok Kuwi (100705)	105,600	0.63
12. Koh Keah Kwang	104,000	0.62
13. Tan Phee Mun @ Tan Phui Mun	101,000	0.61
14. Loo Hong Kiat	100,000	0.60
15. Ng Ah Chung	85,100	0.51
16. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Ching Thye	70,000	0.42
17. Yeoh Sian Kok	68,000	0.41
18. Dallab Capital Sdn. Bhd.	66,800	0.40
19. Lim Poh Hock	63,000	0.38
20. Fong Tuck Seng	59,000	0.35
21. HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Tuck Seng	55,000	0.33
22. Vincent Phua Chee Ee	55,000	0.33
23. Goh Jok Kuwi	53,500	0.32
24. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Foo Sai Heng	50,000	0.30
25. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Louis Tay Chee Siong (REM 109)	50,000	0.30
26. Chong Chye Neo	50,000	0.30
27. Sim Kim Pin	50,000	0.30
28. Chua Vin Teck	46,000	0.28
29. Tan Heng Lam	45,000	0.27
30. OSK Nominees (Tempatan) Sdn. Berhad OSK Capital Sdn. Bhd. for Tai Lee Bee	42,000	0.25

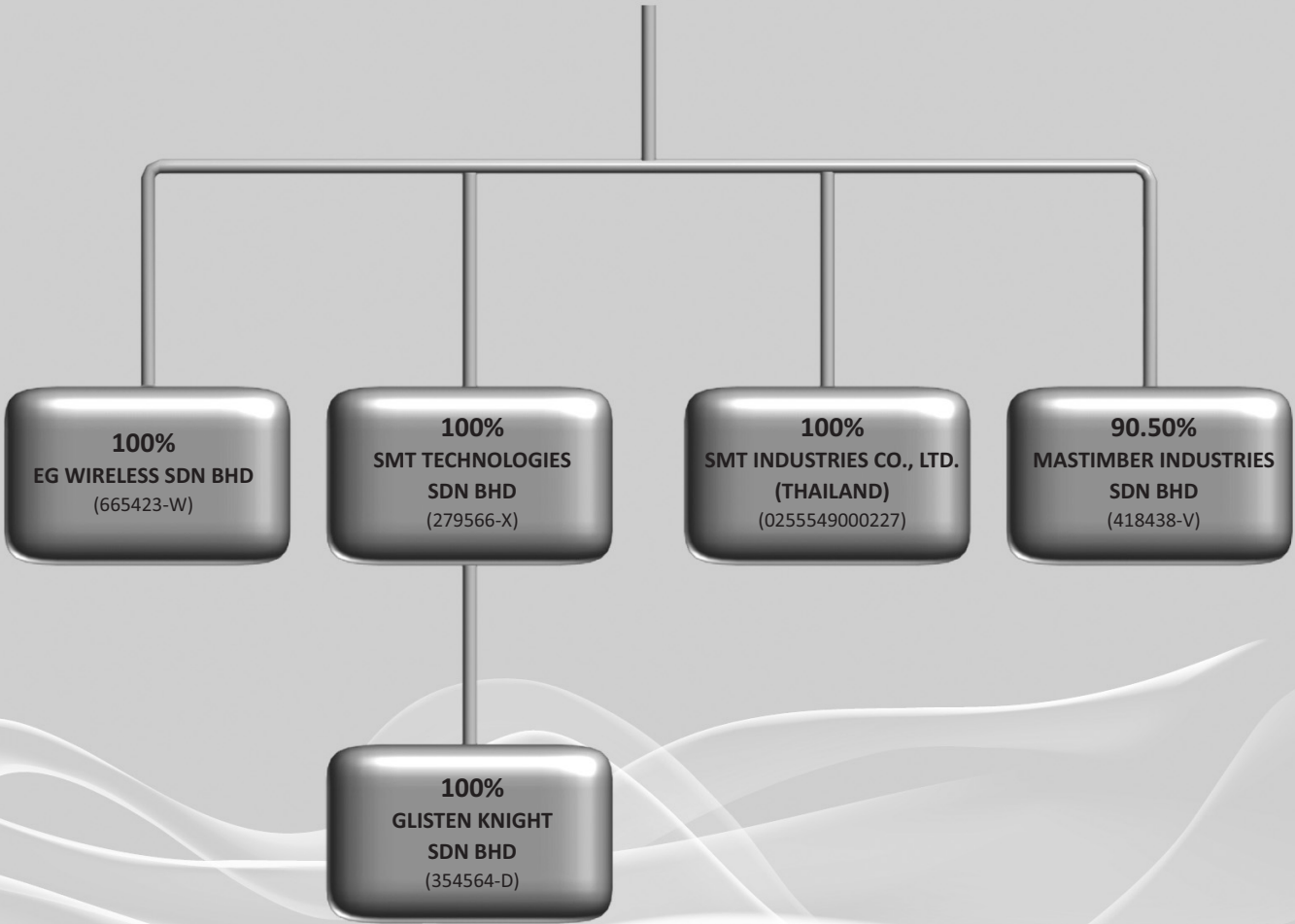




Group Structure



EG INDUSTRIES BERHAD (222897-W)

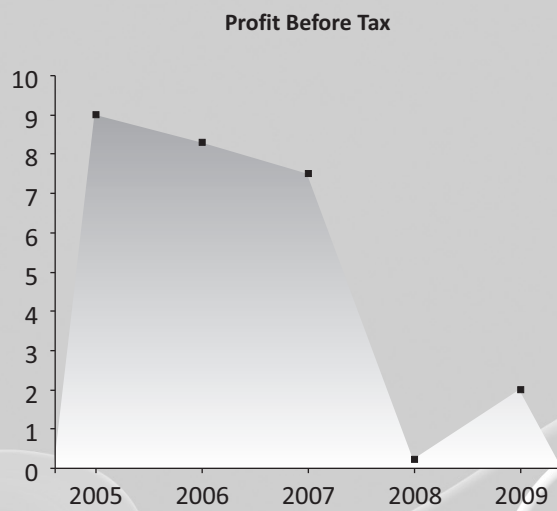
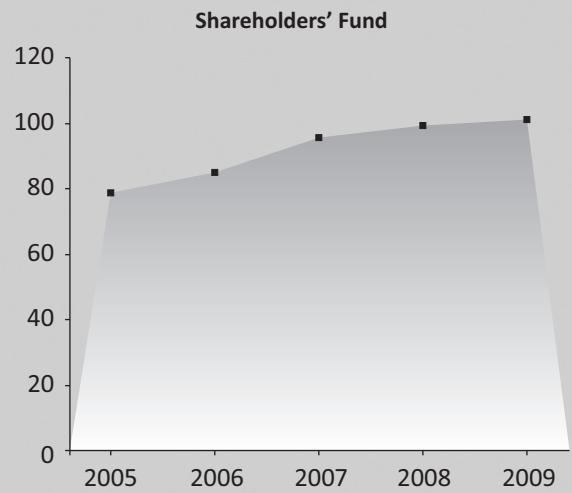
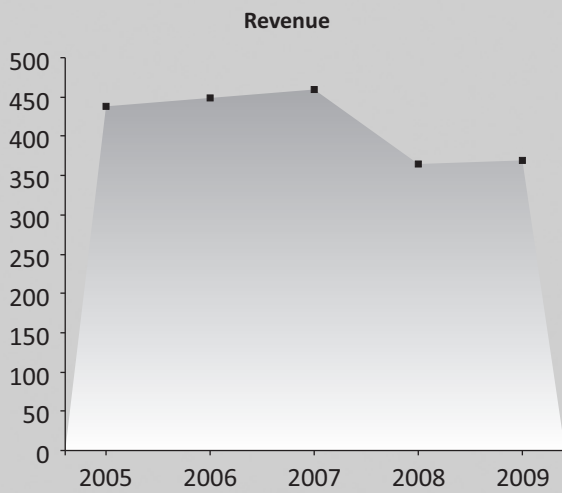


Group Financial Highlights

Year ended June 30	2005	2006	2007	2008	2009
Revenue	437.7	448.3	458.8	363.8	368.2
Shareholders' Fund	78.6**	84.6	96.2**	98.9	101.0
Profit/(Loss) Before Tax	9.0	8.3	7.5	0.2	2.0

** As restated

Amount in RM '000,000





LIST OF PROPERTIES HELD BY THE GROUP

Location	Age of Building	Date of Last Revaluation/ (Acquisition)	Area (sq. ft.)	Existing Use	Tenure	Net Book Value As at 30/06/09 (RM)
KEDAH						
Lot No. 23, 24, 26 & 31, Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling, Kedah	-	28/04/03	466,917	Vacant Land	Leasehold (60 years)	1,353,375
Lot No. 25 & 32 Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling, Kedah	10	28/04/03	209,154	Factory, Office Building & Warehouse	Leasehold (60 years)	3,114,165
H.S.(M) 343/89 P.T.No.8543, Mukim Sg. Pasir, Daerah Kuala Muda Kedah	16	16/07/09	174,240	Factory, Office Building & Warehouse	Sub-leasehold (08/10/2088)	12,697,347
Lot 2, 8 & 16 Mukim of Bujang Daerah Kuala Muda Kedah	-	28/09/05	4,216,741	Vacant Land	Freehold	3,506,720
H.S. (M) 90/1983 No. P.T. Plot 35 Mukim Sg. Pasir Tempat Bakar Arang, Kedah	-	09/05/03	121,968	Vacant Land	Sub-leasehold (09/01/2044)	687,120
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi Thailand	2	-	172,223	Factory, Office Building & Warehouse	Freehold	10,898,002



Corporate Social Responsibility Statement

In line with the Malaysia Code on Corporate Governance, the Group Corporate Social Responsibility objective is to be a responsible corporate citizen contributing to society and the development of the country as a whole.

Environmental Responsibility

As an Electronics Manufacturing Services provider, the Group is fully committed to implementing environmental management system based on ISO14001 standard with the aim of conserving global environment and creating a sustainable society. The Group has also started using lead free materials in its production and RoHS Compliance.

To achieve the goal, the Group makes continuous effort to ensure comply with all applicable legal environmental legislations and regulations and other requirements to which the Group subscribes.

The Group set and reviews targets and objectives in order to improve the environment performance. The Group creates and promotes environmental awareness to all suppliers and employees through meetings, training and education.

Safety and Health Responsibility

The Group would continuously work to enhance safety and health managements. Poor safety and health performance impacts financial performance, either in the form of additional expenses or lost revenue, while good safety performance contributes to better employee well-being and competitiveness. On 2 November 2009, the subsidiary company – SMT Technologies Sdn Bhd (“SMTT”) had launched the OHSAS 18001 program, target to achieve Occupational Health and Safety Management Systems certification in early 2010.

This responsibility is administered by a committee which embraces all division managers and employees’ participation. A number of safety and health training programs have been developed and conducted to enhance performance and compliance to safety and health as an integral part of regulatory requirements such as USECHH; Nadoopod; FMA Noise Exposure.

Employee’s Welfare

For the employees of the Company, the Group has an Employee Welfare Committee which continuously organise various activities such as Company Annual Dinner, Team Building Program, Satay Night, Bowling, badminton, Futsa Competition. Various reward and incentives had been given to the employees for those who achieve certain work efficiency target and attendance record. In addition to that, the Group also provides canteen subsidy, hostel and related facilities to the local, as well as foreign workers.

Responsibility and Charity to the Society

Apart from providing employment to about 1,000 employees the Group also conducted annual blood donation event as charity to society whereby the employees of the Company donated their blood to blood bank via Sungai Petani General Hospital. This year more than 70 donors contributed as compared to last year 58. In appreciation the company and the donors are presented with certificates.

SMTT also participated in Facilitating The Under-Employed and Unemployed in Skill Enhancement Training, Industrial Exposure and Talent Pool Creation in the Field of Engineering (NCITES) program collaborated by Northern Corridor Implementation Authority (NCIA) in September 2009.





Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2009.

FINANCIAL OVERVIEW

For the financial year under review, the Group recorded a turnover of RM368.2 million as compared to RM363.8 million in the preceding year. The profit before tax was RM2.0 million as compared to a profit before tax of RM0.2 in the preceding year. The increase in profitability of the Group was mainly due to the improved operational efficiency and savings from better cost controls.

CORPORATE DEVELOPMENT

The Company does not have new corporate exercise during the financial year. There was no new issuance of shares from the conversion of ICULS 2005/2010. The Group established SMT Industries Co.,Ltd., a wholly owned subsidiary in Bangkok, Thailand, which provides Electronics Manufacturing Services ("EMS") to the data storage, computer peripheral, telecommunication, consumer electronic/ electrical and automotive industrial products industries in Thailand. It has started commenced operations and has started contributing to the top line and bottom line of the Group.

FUTURE OUTLOOK

Despite the global economy downturn, the Group has exceeded expectations and had risen to the occasion, performing much better than it did last year. While the economic condition and market outlook remains highly bearish and largely conservative, we however are optimistic about the Group's prospects and we anticipate growth and further improved performance for the coming year.

The Group will continue to focus on its position of strength in servicing the data storage industry, telecommunication industry and vacuum cleaner product manufacturing. The demand is growing vigorously in the data storage industry for which the Group is strategically positioned to meet. The demand within the replacement market is also encouraging and we can expect it to add positively to the Group's performance. Furthermore, the revenue growth seen in the telecommunications and vacuum cleaner manufacturing industries will further strengthen the profit margins of the Group.

The marketing and operating landscape for the EMS industry remains highly competitive. However, we are confident that with the Group's high caliber management team coupled with prudent financial and management practices, the Group continues to make progress on its operational efficiencies. In light of that, the Group's recent installation of Advanced Realtime Monitoring system enables the management and operations team to monitor the manufacturing efficiency with greater transparency and allow quick real-time responses to any changes or opportunities.

We anticipate that our Thailand manufacturing plant will continue to grow and contribute to the bottom line of the Group for Financial Year 2010. The Thailand plant has strategically strengthened the Group's position as a major regional service provider and giving us more flexibility and timeliness in providing our services to our customers.

AWARDS AND RECOGNITIONS

This year had been a remarkable year for the Company, as its wholly owned subsidiary – SMT Technologies Sdn Bhd ("SMTT") was awarded "Supplier of the Year 2008" by its main customer – Western Digital Corporation ("WD"), for its best quality and business performance over the WD's fiscal year 2008. In addition, SMTT also won the "2009 Frost & Sullivan South East Asia Technological Award" for Product Quality Leadership. This award is bestowed upon the company that has demonstrated superior quality control over its competitors in EMS industry in the region. These two achievements had boosted the morale of employees of SMTT to strive more on quality improvements and ensuring customer satisfaction.

DIVIDEND

No dividend was declared for the year.

APPRECIATION

On behalf of the Board of Directors, I would like to welcome the new Executive Directors – Mr Tai Yeong Sheng and Mr. Kang Pang Kiang, who joined us on 1 December 2008 and 23 November 2009 respectively, and new Independent Non-Executive Directors, Mr Ang Seng Wong and Dr. Damien Lim Yat Seng, who joined us on 30 January 2009 and 9 April 2009 respectively. I would like to also express our sincere gratitude to Mr Teong Kok Khong and Ms Tai Keng Eng, who resigned on 9 April 2009 and 5 June 2009 respectively, for their valuable contribution to the Group while they were on the Board.

I wish to extend our deepest appreciation to our management team and employees of the Group for their contribution and continued support. Their effective execution of the Group's strategies through sheer hard work, unwavering commitment and cohesive team work in a demanding and challenging business environment have certainly contributed much to the success and proud performance of the Group.

Our sincere gratitude to my fellow directors, our shareholders, customers, suppliers, financiers, professionals and all those who have given the Group their continued commitment, dedication, contributions and support during the financial year ended 30th June 2009.

TAI KEIK HOCK

Executive Chairman

30 November 2009





Directors' Report

For The Year Ended 30 June 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2009.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) attributable to :		
Shareholders of the Company	2,026,128	(995,821)
Minority interest	(191,429)	-
	1,834,699	(995,821)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividends

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are :

Tai Keik Hock	
Tai Lee Keow	
Tai Yeong Sheng	(Appointed on 2.12.2008)
Andrew Su Meng Kit	
Ang Seng Wong	(Appointed on 30.1.2009)
Damien Lim Yat Seng	(Appointed on 9.4.2009)
Tai Keng Eng	(Resigned on 5.6.2009)
Teong Kok Khong	(Resigned on 9.4.2009)



Directors' Report (Contd.)

For The Year Ended 30 June 2009

Directors' interests

The interests and deemed interests in the shares, warrants and irredeemable convertible unsecured loan stocks ("ICULS") of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

The Company	Balance at 1.7.2008/ #	Bought	(Sold)	Balance at 30.6.2009
Number of ordinary shares of RM1 each				
<u>- Direct interest</u>				
Tai Keik Hock				
- own	2,683,715	329,800	(368,500)	2,645,015
- others *	3,873,518	-	(20,100)	3,853,418
Tai Lee Keow				
- own	1,410,079	-	-	1,410,079
Tai Yeong Sheng				
- own	# 77,000	-	-	77,000
<u>- Deemed interest</u>				
Tai Keik Hock				
- own	6,549,550	-	-	6,549,550
- others	3,812,714	-	-	3,812,714
Tai Lee Keow				
- own	6,549,550	-	-	6,549,550
Number of warrants 2005/2015				
<u>- Direct interest</u>				
Tai Keik Hock				
- own	900,000	-	-	900,000
- others *	526,000	-	-	526,000
Tai Lee Keow				
- own	673,334	-	-	673,334
Tai Yeong Sheng				
- own	# 6,000	-	-	6,000
<u>- Deemed interest</u>				
Tai Keik Hock				
- own	3,226,668	-	-	3,226,668
Tai Lee Keow				
- own	3,226,668	-	-	3,226,668



Directors' Report (Contd.)

For The Year Ended 30 June 2009

Directors' interests (contd.)

The Company	Balance at 1.7.2008/#	Bought	(Sold)	Balance at 30.6.2009
Number of RM1 nominal value of 5% ICULS 2005/2010				
- <u>Direct interest</u>				
Tai Keik Hock				
- own	1,350,000	-	-	1,350,000
- others *	789,000	-	-	789,000
Tai Lee Keow				
- own	1,010,000	-	-	1,010,000
Tai Yeong Sheng				
- own	# 9,000	-	-	9,000
- <u>Deemed interest</u>				
Tai Keik Hock				
- own	4,840,000	-	-	4,840,000
Tai Lee Keow				
- own	4,840,000	-	-	4,840,000

* These are shares, warrants and ICULS respectively held in the name of the spouse and children and are treated as the interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

As at date of appointment as Director.

By virtue of their interests in the shares of the Company, Mr. Tai Keik Hock and Ms. Tai Lee Keow are also deemed to be interested in the shares of the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at 30 June 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Warrants

As at the end of the financial year, the Company has the following outstanding warrants :

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 30.6.2009
Warrants 2005/2015	RM1.00	16.6.2015	16,670,355

Warrants 2005/2015 were issued on 17 June 2005 in conjunction with the issuance of RM25,005,533 nominal value of 5 year 5% ICULS 2005/2010. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one new ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.00 per ordinary share within 10 years from the date of the issue of the warrant. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll created on 12 April 2005.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except where the benefit is acquired through the Company as disclosed in the financial statements.





Directors' Report (Contd.)

For The Year Ended 30 June 2009

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

The Company implemented an Employee Share Option Scheme ("ESOS") which is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 6 December 2004.

The salient features of the scheme are as follows :

- i) Employees of the Group (including executive Directors) who have attained the age of 18 years and above, have been confirmed in the employment of the Group and are employed full time by and on the payroll of any company in the Group are eligible to participate in the ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.

In the case of executive Directors, major shareholders and/or persons connected with an executive Director or major shareholders of the Company, their specific entitlements under the ESOS shall be approved by the shareholders of the Company in a general meeting.

- ii) The total number of shares to be offered shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company (or such maximum percentage as allowable by the relevant authorities) at any point of time during the tenure of the ESOS, which shall be in force for a period of five years.
- iii) Not more than 50% (or such percentage as allowable by the relevant authorities) of new shares of the Company available under the ESOS should be allocated in aggregate to the Directors and senior management of the Group and not more than 10% (or such percentage as allowable by the relevant authorities) of new shares of the Company available under the ESOS should be allocated to any individual Director or employee who, either singly or collectively through persons connected with him, holds 20% or more in the issued and paid-up share capital of the Company.
- iv) The option price for each share shall be subject to a discount of not more than 10% from the 5-day weighted average market price of the shares of the Company immediately preceding the offer date, or the par value of the shares of the Company of RM1, whichever is the higher.
- v) No option shall be granted for less than 100 shares to any eligible employee and shall always be in multiples of 100 shares.
- vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.
- vii) The new shares to be issued upon any exercise of the option shall, upon allotment and issuance, rank pari passu in all respects with the existing shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of the new shares. The option shall not carry any rights to vote at any general meeting of the Company.
- viii) The eligible employees of the Group who have been granted options shall not sell, transfer, assign or charge the new ordinary shares of the Company obtained through the exercise of the options offered to him under the ESOS from the date of offer of such options.

No ESOS was granted by the Company as at to date.

Irredeemable convertible unsecured loan stocks ("ICULS")

On 17 June 2005, the Company issued RM25,005,533 nominal value of 5 year 5% ICULS at 100% of its nominal value, together with 16,670,355 free detachable new warrants on the basis of RM3.00 nominal value of ICULS with two new warrants for every six existing original shares of RM1.00 each held in the Company.

The salient features of the ICULS are disclosed in Note 24 to the financial statements.





Directors' Report (Contd.)

For The Year Ended 30 June 2009

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Tai Keik Hock

Tai Yeong Sheng

Kedah,

Date : 14 September 2009





Consolidated Balance Sheet

At 30 June 2009

37

	Note	2009 RM	2008 RM
Assets			
Property, plant and equipment	3	93,055,696	96,662,022
Prepaid lease payments	4	3,746,447	3,825,449
Other investments	6	99,659	100,551
Goodwill on consolidation	7	10,147,672	10,147,672
Deferred tax assets	8	4,159,574	4,302,304
Total non-current assets		111,209,048	115,037,998
Asset classified as held for sale	9	400,655	801,310
Receivables, deposits and prepayments	10	40,919,695	24,955,732
Inventories	11	31,988,272	27,085,679
Current tax assets		482,377	495,552
Cash and cash equivalents	12	13,552,388	6,680,897
Total current assets		87,343,387	60,019,170
Total assets		198,552,435	175,057,168
Equity			
Share capital	13	51,685,813	51,685,813
Reserves	14	48,850,560	46,582,388
Total equity attributable to shareholders of the Company		100,536,373	98,268,201
Minority interest		479,346	670,775
Total equity		101,015,719	98,938,976
Liabilities			
Borrowings	15	5,401,631	7,845,982
Total non-current liabilities		5,401,631	7,845,982
Payables and accruals	16	20,930,578	2,142,688
Borrowings	15	71,152,029	66,129,522
Current tax liabilities		52,478	-
Total current liabilities		92,135,085	68,272,210
Total liabilities		97,536,716	76,118,192
Total equity and liabilities		198,552,435	175,057,168

The notes on pages 46 to 80 are an integral part of these financial statements.





Consolidated Income Statement

For The Year Ended 30 June 2009

38

	Note	2009 RM	2008 RM
Continuing operations			
Revenue	17	368,247,807	363,838,691
Cost of sales		(354,728,479)	(355,539,791)
Gross profit		<u>13,519,328</u>	<u>8,298,900</u>
Administrative expenses		(6,889,689)	(6,531,466)
Selling and distribution expenses		(949,543)	(1,198,177)
Other operating expenses		(1,470,103)	(185,675)
Other operating income		2,087,027	3,034,040
Operating profit	18	<u>6,297,020</u>	<u>3,417,622</u>
Finance costs	20	(4,259,600)	(3,213,898)
Profit before tax		<u>2,037,420</u>	<u>203,724</u>
Tax expense	21	(202,721)	3,073,131
Profit for the year		<u>1,834,699</u>	<u>3,276,855</u>
Attributable to :			
Shareholders of the Company		2,026,128	3,362,392
Minority interest		(191,429)	(85,537)
Profit for the year		<u>1,834,699</u>	<u>3,276,855</u>
Basic earnings per ordinary share (sen)	22	<u>3.92</u>	<u>6.51</u>
Diluted earnings per ordinary share (sen)	22	<u>3.20</u>	<u>4.73</u>

The notes on pages 46 to 80 are an integral part of these financial statements.



Consolidated Statement of Changes In Equity

For The Year Ended 30 June 2009

	Attributable to shareholders of the Company										Total equity RM
	Non-distributable					Distributable					
	Share capital RM	Capital reserve RM	Warrants reserve RM	Exchange translation reserve RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Minority interest RM		
At 1 July 2007	51,685,813	20,060,651	-	-	15,170,314	-	8,568,820	95,485,598	756,312	96,241,910	
- As previously reported	(3,699,893)	3,699,893	-	-	-	-	-	-	-	-	
- Fair value of warrants (Note 31)											
- As restated	51,685,813	16,360,758	3,699,893	-	15,170,314	-	8,568,820	95,485,598	756,312	96,241,910	
Profit for the year	-	-	-	-	-	-	3,362,392	3,362,392	(85,537)	3,276,855	
Foreign exchange translation differences #	-	-	-	(579,789)	-	-	-	(579,789)	-	(579,789)	
At 30 June 2008	51,685,813	16,360,758	3,699,893	(579,789)	15,170,314	-	11,931,212	98,268,201	670,775	98,938,976	
Profit for the year	-	-	-	-	-	-	2,026,128	2,026,128	(191,429)	1,834,699	
Treasury shares acquired	-	-	-	-	-	(12,058)	-	(12,058)	-	(12,058)	
Foreign exchange translation differences #	-	-	-	254,102	-	-	-	254,102	-	254,102	
At 30 June 2009	51,685,813	16,360,758	3,699,893	(325,687)	15,170,314	(12,058)	13,957,340	100,536,373	479,346	101,015,719	

net gains/(losses) recognised directly in equity

The notes on pages 46 to 80 are an integral part of these financial statements.



Consolidated Cash Flow Statement

For The Year Ended 30 June 2009

	Note	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		2,037,420	203,724
Adjustments for :			
Depreciation of property, plant and equipment	3	14,011,824	11,175,270
Amortisation of prepaid lease payments	4	79,002	81,457
Change in fair value of asset classified as held for sale	9	400,655	-
Dividend income	18	(81,673)	(29,201)
Gain on disposal of plant and equipment	18	(30,646)	-
Gain on disposal of quoted investments	18	(14,131)	(1,437,415)
Interest income	18	(148,883)	(51,888)
Interest expense	20	4,259,600	3,213,898
Operating profit before changes in working capital		20,513,168	13,155,845
Changes in working capital :			
Inventories		(4,902,593)	649,374
Receivables, deposits and prepayments		(15,941,105)	(5,404,196)
Payables and accruals		18,379,884	(4,143,694)
Cash generated from operations		18,049,354	4,257,329
Income tax refunded/(paid)		6,063	(147,136)
Net cash from operating activities		18,055,417	4,110,193
Cash flows from investing activities			
Purchase of property, plant and equipment	A	(6,579,274)	(25,067,927)
Interest received		148,883	51,888
Dividends received (net)		81,272	27,137
Proceeds from disposal of plant and equipment		30,646	-
Proceeds from disposal of other investments	6	15,023	1,779,565
Treasury shares acquired		(12,058)	-
Net cash used in investing activities		(6,315,508)	(23,209,337)
Cash flows from financing activities			
Drawdown of borrowings, net		5,318,410	25,579,888
Repayment of finance lease liabilities		(460,275)	(6,452)
Drawdown of term loans		-	5,074,637
Repayment of term loans		(4,437,422)	(2,225,988)
Interest paid		(5,259,719)	(4,139,935)
Placement of pledged deposits		(3,037,035)	(1,500,000)
Net cash (used in)/from financing activities		(7,876,041)	22,782,150
Net increase in cash and cash equivalents		3,863,868	3,683,006
Cash and cash equivalents at 1 July		3,425,598	(240,277)
Effect of exchange rates on cash and cash equivalents		3,876	(17,131)
Cash and cash equivalents at 30 June	B	7,293,342	3,425,598





Consolidated Cash Flow Statement (Contd.)

For The Year Ended 30 June 2009

NOTES

A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM9,290,941 (2008 : RM25,067,927) of which RM2,711,667 (2008 : RM Nil) was acquired by means of finance lease. The balance of RM6,579,274 (2008 : RM25,067,927) was made by cash payments.

B. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts :

	Note	2009 RM	2008 RM
Deposits with licensed banks (excluding pledged deposits)		1,019,134	1,900,000
Cash and bank balances	12	7,996,219	3,280,897
Bank overdrafts	15	(1,722,011)	(1,755,299)
		<u>7,293,342</u>	<u>3,425,598</u>

The notes on pages 46 to 80 are an integral part of these financial statements.





Balance Sheet

At 30 June 2009

42

	Note	2009 RM	2008 RM
Assets			
Property, plant and equipment	3	3,467	4,399
Prepaid lease payments	4	1,353,375	1,380,624
Investment in subsidiaries	5	55,206,262	55,206,262
Other investments	6	99,659	100,551
Deferred tax assets	8	354,131	604,161
Total non-current assets		<u>57,016,894</u>	<u>57,295,997</u>
Receivables, deposits and prepayments	10	18,907,520	20,102,547
Current tax assets		12,514	12,113
Cash and cash equivalents	12	4,550,718	2,533,805
Total current assets		<u>23,470,752</u>	<u>22,648,465</u>
Total assets		<u>80,487,646</u>	<u>79,944,462</u>
Equity			
Share capital	13	51,685,813	51,685,813
Reserves	14	25,105,030	26,112,909
Total equity		<u>76,790,843</u>	<u>77,798,722</u>
Liabilities			
Borrowings	15	-	974,501
Total non-current liabilities		<u>-</u>	<u>974,501</u>
Payables and accruals	16	2,642,292	91,110
Borrowings	15	1,054,511	1,080,129
Total current liabilities		<u>3,696,803</u>	<u>1,171,239</u>
Total liabilities		<u>3,696,803</u>	<u>2,145,740</u>
Total equity and liabilities		<u>80,487,646</u>	<u>79,944,462</u>

The notes on pages 46 to 80 are an integral part of these financial statements.





Income Statement

For The Year Ended 30 June 2009

	Note	2009 RM	2008 RM
Continuing operations			
Revenue	17	229,814	119,734
Administrative expenses		(823,929)	(860,700)
Other operating expenses		(800)	(10,787)
Other operating income		14,131	1,437,415
Operating (loss)/profit	18	(580,784)	685,662
Finance costs	20	(165,007)	(242,119)
(Loss)/Profit before tax		(745,791)	443,543
Tax expense	21	(250,030)	(201,702)
(Loss)/Profit for the year		(995,821)	241,841

The notes on pages 46 to 80 are an integral part of these financial statements.



Statement of Changes In Equity

For The Year Ended 30 June 2009

	Share capital RM	Non-distributable				Accumulated losses RM	Total equity RM
		Capital reserve RM	Warrant reserve RM	Share premium RM	Treasury shares RM		
At 1 July 2007							
- As previously reported	51,685,813	20,060,651	-	15,170,314	-	(9,359,897)	77,556,881
- Fair value of warrants (Note 31)	-	(3,699,893)	3,699,893	-	-	-	-
- As restated	51,685,813	16,360,758	3,699,893	15,170,314	-	(9,359,897)	77,556,881
Profit for the year	-	-	-	-	-	241,841	241,841
At 30 June 2008	51,685,813	16,360,758	3,699,893	15,170,314	-	(9,118,056)	77,798,722
Treasury shares acquired	-	-	-	-	(12,058)	-	(12,058)
Loss for the year	-	-	-	-	-	(995,821)	(995,821)
At 30 June 2009	51,685,813	16,360,758	3,699,893	15,170,314	(12,058)	(10,113,877)	76,790,843

The notes on pages 46 to 80 are an integral part of these financial statements.





Cash Flow Statement

For The Year Ended 30 June 2009

45

	Note	2009 RM	2008 RM
Cash flows from operating activities			
(Loss)/Profit before tax from continuing operations		(745,791)	443,543
Adjustments for :			
Depreciation of property, plant and equipment	3	932	926
Amortisation of prepaid lease payments	4	27,249	27,249
Dividend income	18	(81,673)	(29,201)
Interest income	18	(100,142)	(42,533)
Gain on disposal of quoted investments	18	(14,131)	(1,437,415)
Interest expense	20	165,007	242,119
Operating loss before changes in working capital		(748,549)	(795,312)
Changes in working capital :			
Receivables, deposits and prepayments		1,195,027	4,934,298
Payables and accruals		2,551,182	(2,511,951)
Cash generated from operations		2,997,660	1,627,035
Income tax paid		-	(3,281)
Interest paid	24	(1,165,126)	(1,168,156)
Net cash from operating activities		1,832,534	455,598
Cash flows from investing activities			
Treasury shares acquired		(12,058)	-
Purchase of plant and equipment		-	(900)
Interest received		100,142	42,533
Dividends received (net)		81,272	27,137
Proceeds from disposal of quoted investments	6	15,023	1,779,565
Net cash from investing activities		184,379	1,848,335
Cash flow from financing activity			
Placement of pledged deposits		(3,037,035)	(1,500,000)
Net cash used in financial activity		(3,037,035)	(1,500,000)
Net (decrease)/increase in cash and cash equivalents		(1,020,122)	803,933
Cash and cash equivalents at 1 July		1,033,805	229,872
Cash and cash equivalents at 30 June		13,683	1,033,805

Note

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following amounts :

	Note	2009 RM	2008 RM
Deposits with licensed banks (excluding pledged deposits)	12	-	1,000,000
Cash and bank balances	12	13,683	33,805
		13,683	1,033,805

The notes on pages 46 to 80 are an integral part of these financial statements.



Notes To The Financial Statements

EG Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows :

Registered office

Suite 18.01, 18th Floor
MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang

Principal place of business

Lot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 14 September 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective :

FRSs/Interpretations	Effective date
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 123, Borrowing Costs	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010





Notes To The Financial Statements (Contd.)

1. Basis of preparation (contd.)

(a) Statement of compliance (contd.)

The Group plans to apply FRS 8 from the annual period beginning 1 July 2009.

The Group and the Company plan to apply the other FRSs, amendments and interpretations from the annual period beginning 1 July 2010 except for Amendments to FRS 1 and FRS 127, FRS 4, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the remaining standards, amendments and interpretations is not expected to have any material impact or any material change in accounting policy except as follows :

FRS 8, Operating Segments

FRS 8 will become effective for financial statements of the Group for the year ending 30 June 2010. FRS 8, which replaces FRS 114₂₀₀₄, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 29). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than the changes in disclosures.

IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 will become effective for the financial statements of the Group for the year ending 30 June 2011, and will apply to goodwill, investment in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136 and FRS 139 respectively. The adoption of IC Interpretation 10 is not expected to have any significant impact on the financial statements of the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 9 - Asset classified as held for sale.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes to the financial statements :

- i) Note 7.1 - Impairment testing for goodwill;
- ii) Note 8 - Deferred tax assets;
- iii) Note 9 - Asset classified as held for sale; and
- iv) Note 11 - Inventories.



Notes To The Financial Statements (Contd.)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Notes To The Financial Statements (Contd.)

2. Significant accounting policies (contd.)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.



Notes To The Financial Statements (Contd.)

2. Significant accounting policies (contd.)

(c) Property, plant and equipment (contd.)

(iii) Depreciation (Contd.)

The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates :

	%
Buildings	2
Plant and machinery	10 - 33
Furniture and fittings	10 - 33
Office equipment	10 - 33
Tools and equipment	10 - 20
Motor vehicles	20
Factory renovation	10

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.





Notes To The Financial Statements (Contd.)

2. Significant accounting policies (contd.)

(f) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investments in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to :

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(h) Impairment of assets

The carrying amounts of assets except for financial assets, inventories, deferred tax assets and assets classified as held for sale are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.



Notes To The Financial Statements (Contd.)

2. Significant accounting policies (contd.)

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(m) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(n) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.



Notes To The Financial Statements (Contd.)

2. Significant accounting policies (contd.)

(n) Tax expense (contd.)

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Following the adoption of the revised FRS 112 during the last financial year, unutilised reinvestment allowance that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the reinvestment allowance is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised reinvestment allowance can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Management fee

Management fee are recognised when the services are rendered.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.



Notes To The Financial Statements (Contd.)

2. Significant accounting policies (contd.)

(q) Interest income and borrowing costs (contd.)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes, warrants and share options granted to employees.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(o) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(i) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(p) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible loan stocks that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instruments is measured at amortised cost using the effective interest method. The equity component of a compound financial instruments is not remeasured subsequent to initial recognition.



Notes To The Financial Statements (Contd.)

3. Property, plant and equipment

Group	Freehold land	Buildings	Plant and machinery	Furniture and fittings	Office equipment	Tools and equipment	Motor vehicles	Factory renovation	Capital work-in-progress	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2007	4,153,215	16,111,883	121,073,977	607,693	2,470,499	6,056,516	1,231,227	2,581,047	5,627,615	159,913,672
Additions	41,619	-	18,428,638	2,523	50,566	95,194	4,630	59,855	6,384,902	25,067,927
Transfer to asset classified as held for sale (Note 9)	-	-	(4,006,548)	-	-	-	-	-	-	(4,006,548)
Reclassification	1,419,832	-	-	-	-	-	-	-	(1,419,832)	-
Exchange differences	-	-	-	53	(197)	-	(6,582)	-	(627,545)	(634,271)
At 30 June 2008/1 July 2008	5,614,666	16,111,883	135,496,067	610,269	2,520,868	6,151,710	1,229,275	2,640,902	9,965,140	180,340,780
Additions	-	244,277	8,140,023	38,539	63,093	480,631	269,313	1,294	53,771	9,290,941
Disposal	-	-	-	-	-	-	(98,962)	-	-	(98,962)
Reclassification	-	9,502,435	1,484,490	-	-	-	-	-	(10,986,925)	-
Exchange differences	89,597	-	-	242	1,245	-	2,337	-	1,021,785	1,115,206
At 30 June 2009	5,704,263	25,858,595	145,120,580	649,050	2,585,206	6,632,341	1,401,963	2,642,196	53,771	190,647,965
Accumulated depreciation										
At 1 July 2007	-	2,066,904	67,174,518	544,927	1,537,333	2,571,140	846,612	967,471	-	75,708,905
Charge for the year	-	304,299	9,635,422	21,659	253,512	605,979	147,003	207,396	-	11,175,270
Transfer to asset classified as held for sale (Note 9)	-	-	(3,205,238)	-	-	-	-	-	-	(3,205,238)
Exchange differences	-	-	-	(15)	(55)	-	(109)	-	-	(179)
At 30 June 2008/1 July 2008	-	2,371,203	73,604,702	566,571	1,790,790	3,177,119	993,506	1,174,867	-	83,678,758
Charge for the year	-	681,371	12,100,722	22,542	244,700	643,163	110,128	209,198	-	14,011,824
Disposal	-	-	-	-	-	-	(98,962)	-	-	(98,962)
Exchange differences	-	-	-	51	92	-	506	-	-	649
At 30 June 2009	-	3,052,574	85,705,424	589,164	2,035,582	3,820,282	1,005,178	1,384,065	-	97,592,269
Carrying amounts										
At 1 July 2007	4,153,215	14,044,979	53,899,459	62,766	933,166	3,485,376	384,615	1,613,576	5,627,615	84,204,767
At 30 June 2008/1 July 2008	5,614,666	13,740,680	61,891,365	43,698	730,078	2,974,591	235,769	1,466,035	9,965,140	96,662,022
At 30 June 2009	5,704,263	22,806,021	59,415,156	59,886	549,624	2,812,059	396,785	1,258,131	53,771	93,055,696



Notes To The Financial Statements (Contd.)

3. Property, plant and equipment (contd.)

Company	Office equipment RM
Cost	
At 1 July 2007/30 June 2008	6,800
At 1 July 2008/30 June 2009	6,800
Accumulated depreciation	
At 1 July 2007	1,475
Charge for the year	926
At 30 June 2008/1 July 2008	2,401
Charge for the year	932
At 30 June 2009	3,333
Carrying amounts	
At 1 July 2007	4,425
At 30 June 2008/1 July 2008	4,399
At 30 June 2009	3,467

3.1 Assets under finance lease - Group

Included in the carrying amount of plant and equipment are assets acquired under finance lease amounting to RM141,792 (2008 : RM29,031).

3.2 Assets held in trust - Group

Motor vehicles with a carrying amount of RM226,496 (2008 : RM125,600) are registered in the name of certain Directors and held in trust on behalf of a subsidiary.

3.3 Security - Group

The following property, plant and equipment are charged as securities to financial institutions for borrowings granted to certain subsidiaries as disclosed in Note 15 to the financial statements :

Carrying amounts	2009 RM	2008 RM
Freehold land	5,704,263	5,614,666
Buildings	22,806,021	13,740,680
Plant and machinery	50,023,155	57,235,726
Furniture and fittings	19,783	35,873
Office equipment	467,144	679,178
Tools and equipment	2,202,057	2,783,122
Motor vehicles	162,367	70,022
Factory renovation	1,258,131	1,466,035
	<u>82,642,921</u>	<u>81,625,302</u>





Notes To The Financial Statements (Contd.)

3. Property, plant and equipment (contd.)

3.4 Borrowing costs - Group

Included in property, plant and equipment of the Group is interest capitalised of RM95,699 (2008 : RM41,619) relating to a subsidiary's term loan to finance the construction of a subsidiary's factory building. The construction of the factory building was completed during the current financial year.

4. Prepaid lease payments

Cost	Note	Group		Total RM	Company Unexpired period more than 50 years RM
		Unexpired period less than 50 years RM	Unexpired period more than 50 years RM		
At 1 July 2007/30 June 2008		2,100,000	2,371,372	4,471,372	1,634,949
At 1 July 2008/30 June 2009		2,100,000	2,371,372	4,471,372	1,634,949
Accumulated amortisation					
At 1 July 2007		241,654	322,812	564,466	227,076
Amortisation for the year	18	39,480	41,977	81,457	27,249
At 30 June 2008/1 July 2008		281,134	364,789	645,923	254,325
Amortisation for the year	18	39,480	39,522	79,002	27,249
At 30 June 2009		320,614	404,311	724,925	281,574
Carrying amounts					
At 1 July 2007		1,858,346	2,048,560	3,906,906	1,407,873
At 30 June 2008/1 July 2008		1,818,866	2,006,583	3,825,449	1,380,624
At 30 June 2009		1,779,386	1,967,061	3,746,447	1,353,375

4.1 Security

At 30 June 2009, prepaid lease payments of the Group comprising leasehold land with carrying amount of RM2,393,072 (2008 : RM2,444,825) are charged as securities to licensed banks for borrowings granted to certain subsidiaries as disclosed in Note 15 to the financial statements.

5. Investment in subsidiaries - Company

	2009 RM	2008 RM
Unquoted shares, at cost	55,206,262	55,206,262



Notes To The Financial Statements (Contd.)

5. Investment in subsidiaries - Company (contd.)

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest		Country of incorporation	Principal activities
	2009 %	2008 %		
SMT Technologies Sdn. Bhd.	100	100	Malaysia	Provision of Electronic Manufacturing Services (EMS) for computer peripherals, telecommunication and consumer electronic/electrical products industries
Mastimber Industries Sdn. Bhd.	90.5	90.5	Malaysia	Manufacture and sale of 2-layer solid wood parquet flooring
EG Wireless Sdn. Bhd. *	100	100	Malaysia	Original Equipment Manufacturer/Original Design Manufacturer (OEM/ODM) in complete box built wireless technology products
SMT Industries Co., Ltd *	100	100	Thailand	Provision of Electronic Manufacturing Services (EMS) for computer peripherals, telecommunication, consumer electronic/electrical and automotive industrial products industries
<i>Subsidiary of SMT Technologies Sdn. Bhd.</i>				
Glisten Knight Co., Ltd *	100	100	Malaysia	Investment holding company

* Not audited by KPMG

6. Other investments - Group/Company

	2009 RM	2008 RM
Quoted shares in Malaysia, at cost	281,678	623,828
Less : Disposal	(892)	(342,150)
Allowance for diminution in value	(181,127)	(181,127)
	<u>99,659</u>	<u>100,551</u>
Market value	<u>1,968,000</u>	<u>1,865,000</u>

Details of disposed investments stated at cost are as follows :

	Note	2009 RM	2008 RM
Proceeds from disposal		15,023	1,779,565
Carrying amount of investments disposed		(892)	(342,150)
Gain on disposal of quoted investments	18	<u>14,131</u>	<u>1,437,415</u>



Notes To The Financial Statements (Contd.)

7. Goodwill on consolidation - Group

	RM
Cost/Carrying amounts	
At 1 July 2007	<u>10,147,672</u>
At 30 June 2008/1 July 2008	<u>10,147,672</u>
At 30 June 2009	<u>10,147,672</u>

7.1 Impairment testing for goodwill

The goodwill on consolidation has been allocated to the following cash generating units ("CGU") for the purpose of annual impairment testing as follows :

- i) Electronic Manufacturing Services (RM10,142,066); and
- ii) Investment holding (RM5,606)

The Group has determined the recoverable amount of the goodwill relating to the above CGUs based on value in use calculations. The calculations were determined using projected cash flows based on actual operating results and a three-year business plan developed based on past performance, management's assessment of future trends and expectations of market developments.

In determining the recoverable amount of the CGUs, the respective projected cash flows were discounted using a pre-tax discount rate of 5.47%.

8. Deferred tax assets

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities after appropriate offsetting are attributable to the following :

	2009 RM	2008 RM
Group		
Property, plant and equipment	5,420,876	5,391,298
Unabsorbed capital allowances	-	(948,145)
ICULS (equity component)	(354,131)	(604,161)
Tax loss carry-forwards	(256,569)	(402,000)
Unutilised reinvestment allowance	(8,969,750)	(7,739,296)
Net deferred tax assets	<u>(4,159,574)</u>	<u>(4,302,304)</u>
Company		
Deferred tax assets - ICULS (equity component)	<u>(354,131)</u>	<u>(604,161)</u>



Notes To The Financial Statements (Contd.)

8. Deferred tax assets (contd.)

Recognised deferred tax assets and liabilities (contd.)

Movement in temporary differences during the year are as follows :

	At 1 July	Recognised	At 30 June	Recognised	Exchange	At 30 June
	2007	in the	2008	in the		difference
	RM	income	RM	income	RM	RM
		statement		statement		
		(Note 21)		(Note 21)		
		RM		RM		RM
Group						
Property, plant and equipment	6,041,618	(650,320)	5,391,298	29,578	-	5,420,876
Unabsorbed capital allowances	(414,000)	(534,145)	(948,145)	948,145	-	-
Tax losses carry-forwards	(730,000)	328,000	(402,000)	152,944	(7,513)	(256,569)
ICULS (equity component)	(805,863)	201,702	(604,161)	250,030	-	(354,131)
Unutilised reinvestment allowance	(5,400,000)	(2,339,296)	(7,739,296)	(1,230,454)	-	(8,969,750)
	<u>(1,308,245)</u>	<u>(2,994,059)</u>	<u>(4,302,304)</u>	<u>150,243</u>	<u>(7,513)</u>	<u>(4,159,574)</u>

Company

ICULS (equity component)	<u>(805,863)</u>	<u>201,702</u>	<u>(604,161)</u>	<u>250,030</u>	<u>-</u>	<u>(354,131)</u>
--------------------------	------------------	----------------	------------------	----------------	----------	------------------

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Unrecognised deferred tax assets

Deferred tax has not been recognised in respect of the following items :

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
		(Restated)		(Restated)
Property, plant and equipment	1,831,000	1,768,000	3,000	4,000
Unutilised reinvestment allowances	(22,890,000)	(21,858,000)	-	-
Unabsorbed capital allowances	(2,559,000)	(1,701,000)	(7,000)	(7,000)
Tax losses carry-forwards	(6,862,000)	(5,615,000)	(2,251,000)	(1,755,000)
Others	12,000	40,000	-	-
	<u>(30,468,000)</u>	<u>(27,366,000)</u>	<u>(2,255,000)</u>	<u>(1,758,000)</u>

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits there from.

The comparative figures have been restated to reflect the revised unabsorbed capital allowances and tax losses carry-forwards available to the Group and the Company respectively.





Notes To The Financial Statements (Contd.)

9. Asset classified as held for sale - Group

	2009 RM	2008 RM
At 1 July	4,006,548	-
Reclassified from property, plant and equipment (Note 3)	-	4,006,548
At 30 June	4,006,548	4,006,548
Accumulated depreciation		
At 1 July	(3,205,238)	-
Reclassified from property, plant and equipment (Note 3)	-	(3,205,238)
Change in fair value (Note 18)	(400,655)	-
At 30 June	(3,605,893)	(3,205,238)
Carrying value		
At 30 June	400,655	801,310

9.1 Estimate

Asset classified as held for sale consists of a machinery which is measured at the lower of their carrying amount and fair value less cost to sell following the intended disposal of the asset during the previous financial year. At 30 June 2009, the Group is still trying to dispose of the machinery and has written down the carrying amount to its estimated fair value.

10. Receivables, deposits and prepayments

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Trade					
Amount due from related parties	10.1	4,028,426	3,990,646	-	-
External parties	10.2	33,915,486	19,097,055	-	-
		37,943,912	23,087,701	-	-
Non-trade					
Amount due from subsidiaries	10.1	-	-	18,745,388	19,972,604
Amount due from related parties	10.1	1,475,213	510,213	75,810	75,810
Other receivables		1,030,098	978,052	64,322	52,133
Deposits		94,507	100,692	2,000	2,000
Prepayments		375,965	279,074	20,000	-
		2,975,783	1,868,031	18,907,520	20,102,547
		40,919,695	24,955,732	18,907,520	20,102,547



Notes To The Financial Statements (Contd.)

10. Receivables, deposits and prepayments (contd.)

10.1 Amount due from related parties and subsidiaries

The trade amount due from related parties is subject to normal trade terms.

The non-trade amounts due from subsidiaries and related parties are unsecured, interest-free and repayable on demand.

10.2 Analysis of foreign currency exposure for significant receivables

Significant trade receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	Group	
	2009 RM	2008 RM
US Dollar ("USD")	15,513,019	14,626,481
Euro Dollar ("EUR")	54,023	349,088
	15,567,042	14,975,569

11. Inventories - Group

	2009 RM	2008 RM
Raw materials	16,160,236	11,613,563
Work-in-progress	11,000,222	10,409,241
Manufactured inventories	4,772,927	4,977,033
Consumables	31,593	49,141
Packing materials	23,294	36,701
	31,988,272	27,085,679

11.1 Security

The inventories are pledged to licensed banks as securities for borrowings granted to certain subsidiaries as disclosed in Note 15 to the financial statements.

11.2 Estimates

The write down of inventories to net realisable value during the year amounted to RM1,088,275 (2007 : RM Nil) and is included in cost of sales.

Inventories amounting to RM5.0 million (2008 : RM5.4 million) are considered to be slow moving. No write down has been made as the Directors are of the opinion that these inventories can be realised.

12. Cash and cash equivalents

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Deposits with licensed banks	12.1	5,556,169	3,400,000	4,537,035	2,500,000
Cash and bank balances	12.2	7,996,219	3,280,897	13,683	33,805
		13,552,388	6,680,897	4,550,718	2,533,805



Notes To The Financial Statements (Contd.)

12. Cash and cash equivalents (contd.)

12.1 Deposits with licensed banks

Included in deposits with licensed banks of the Group and the Company is RM4,537,035 (2008 : RM1,500,000) and RM4,537,035 (2008 : RM2,500,000) respectively held in lien as securities for borrowings granted to certain subsidiaries (Note 15).

12.2 Cash and bank balances

Cash and bank balances denominated in currencies other than the functional currency of the Group entities are as follows :

	2009 RM	2008 RM
USD	5,232,256	8,193

13. Share capital - Group/Company

	2009		2008	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each				
Authorised	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid	51,685,813	51,685,813	51,685,813	51,685,813

14. Reserves

	Note	Group		Company	
		2009 RM	2008 RM (Restated)	2009 RM	2008 RM (Restated)
Non-distributable :					
Capital reserve					
- ICULS (equity component)	24	16,360,758	16,360,758	16,360,758	16,360,758
Exchange translation reserve	14.1	(325,687)	(579,789)	-	-
Warrant reserve	14.2	3,699,893	3,699,893	3,699,893	3,699,893
Share premium		15,170,314	15,170,314	15,170,314	15,170,314
Accumulated losses		-	-	(10,113,877)	(9,118,056)
Treasury shares	14.3	(12,058)	-	(12,058)	-
		34,893,220	34,651,176	25,105,030	26,112,909
Distributable :					
Retained earnings		13,957,340	11,931,212	-	-
		48,850,560	46,582,388	25,105,030	26,112,909

The movements in the reserves are disclosed in the statements of changes in equity.



Notes To The Financial Statements (Contd.)

14. Reserves (contd.)

14.1 Exchange translation reserve

The exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.2 Warrant reserve

The warrant reserve represents the value allocated to the issue of Warrants 2005/2015 (Note 23). When the warrants are exercised or expire, the warrant reserve remains in equity, although it may be transferred to another reserve account within equity.

14.3 Treasury shares

The shareholders of the Company in the Extraordinary General Meeting held on 29 May 2008, approved the Company's plan to repurchase up to 10% of its issued and paid-up share capital which comprises ordinary shares with par value of RM1 each.

During the year, the Company repurchased 55,500 (2008 : Nil) of its issued share capital from the open market at an average price of RM0.22 (2008 : RM Nil) per share. The total consideration paid was RM12,058 (2009 : RM Nil) including transaction costs of RM219 (2008 : RM Nil). The repurchase was financed by internally generated funds.

The shares bought back are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

No treasury shares were re-issued during the current financial year. At 30 June 2009, the Group held 55,500 (2008 : Nil) of the Company's shares. The number of outstanding ordinary shares of RM1 each in issue after the set-off is 51,630,313 (2008 : 51,685,813).

15. Borrowings

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current :				
Secured				
Bank overdrafts	1,722,011	1,755,299	-	-
Bankers' acceptances	33,240,412	33,856,002	-	-
Revolving credit	30,200,000	24,000,000	-	-
Export credit refinancing	-	266,000	-	-
Term loans	4,430,336	5,165,099	-	-
Finance lease liabilities	504,759	6,993	-	-
	70,097,518	65,049,393	-	-
Unsecured :				
ICULS (liability component) (Note 24)	1,054,511	1,080,129	1,054,511	1,080,129
	71,152,029	66,129,522	1,054,511	1,080,129
Non-current :				
Secured				
Term loans	3,640,245	6,864,596	-	-
Finance lease liabilities	1,761,386	6,885	-	-
	5,401,631	6,871,481	-	-
Unsecured :				
ICULS (liability component) (Note 24)	-	974,501	-	974,501
	5,401,631	7,845,982	-	974,501



Notes To The Financial Statements (Contd.)

15. Borrowings (contd.)

15.1 Interest rates and securities

The effective interest rates of the borrowings are as follows :

	Group	
	2009 % per annum	2008 % per annum
Bank overdrafts	8.00	8.00 - 8.25
Bankers' acceptances	3.41 - 8.00	4.91 - 5.52
Revolving credit	3.68 - 6.37	5.00 - 5.90
Export credit refinancing	Nil	4.50
Term loans - fixed rate	4.06 - 7.50	4.06 - 7.50
- variable rate	5.50 - 7.75	6.25 - 8.00
Finance lease liabilities	2.65 - 4.00	4.00

The secured borrowings of the Group are secured by way of :

- a debenture creating fixed and floating charges over all the assets of certain subsidiaries;
- legal charges over the freehold land, leasehold land and buildings of certain subsidiaries;
- first fixed charge over a subsidiary's plant and machinery;
- deposits of the Group and the Company held in lien;
- joint and several guarantee by certain Directors; and
- corporate guarantee by the Company.

15.2 Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
2009						
Bank overdrafts (RM)		1,722,011	1,722,011	-	-	-
Bankers' acceptances (RM)	2010	33,240,412	33,240,412	-	-	-
Revolving credit (RM)	2010	30,200,000	30,200,000	-	-	-
Term loans						
- RM						
- Fixed rate	2011	2,166,240	1,674,266	491,974	-	-
- Variable rate	2011	326,016	167,520	158,496	-	-
-Thai Baht ("THB")						
- Fixed rate	2010	880,107	880,107	-	-	-
- Variable rate	2012	4,698,218	1,708,443	1,708,443	1,281,332	-
Finance lease liabilities						
- RM	2014	2,169,447	477,339	517,398	1,174,710	-
- THB	2012	96,698	27,420	69,278	-	-
ICULS (liability component)	2010	1,054,511	1,054,511	-	-	-
		76,553,660	71,152,029	2,945,589	2,456,042	-



Notes To The Financial Statements (Contd.)

15. Borrowings (contd.)

15.2 Terms and debt repayment schedule (contd.)

Group	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
2008						
Bank overdrafts (RM)		1,755,299	1,755,299	-	-	-
Bankers' acceptances (RM)	2009	33,856,002	33,856,002	-	-	-
Revolving credit (RM)	2009	24,000,000	24,000,000	-	-	-
Export credit refinancing (RM)	2009	266,000	266,000	-	-	-
Term loans						
- RM						
- Fixed rate	2011	3,994,129	1,832,079	1,832,079	329,971	-
- Variable rate	2011	450,541	167,520	167,520	115,501	-
- THB						
- Fixed rate	2009	1,558,400	1,558,400	-	-	-
- Variable rate	2012	6,026,625	1,607,100	1,607,100	2,812,425	-
Finance lease liabilities (THB)	2010	13,878	6,993	6,885	-	-
ICULS (liability component)	2010	2,054,630	1,080,129	974,501	-	-
		<u>73,975,504</u>	<u>66,129,522</u>	<u>4,588,085</u>	<u>3,257,897</u>	<u>-</u>

Company

2009

ICULS (liability component)	2010	<u>1,054,511</u>	<u>1,054,511</u>	-	-	-
-----------------------------	------	------------------	------------------	---	---	---

2008

ICULS (liability component)	2010	<u>2,054,630</u>	<u>1,080,129</u>	<u>974,501</u>	-	-
-----------------------------	------	------------------	------------------	----------------	---	---

The term loans are repayable as follows :

- i) monthly instalments of RM13,960, RM62,500 and RM83,333 each over a period of 96 months, 48 months and 60 months respectively; and
- ii) quarterly instalments of RM458,513 each over 16 instalments.

15.3 Finance lease liabilities

Finance lease liabilities are payable as follows :

Group	← 2009 →			← 2008 →		
	Minimum lease payments RM	Interest RM	Principal RM	Minimum lease payments RM	Interest RM	Principal RM
Less than 1 year	651,327	146,568	504,759	7,782	789	6,993
Between 1 and 5 years	1,959,941	198,555	1,761,386	7,133	248	6,885
	<u>2,611,268</u>	<u>345,123</u>	<u>2,266,145</u>	<u>14,915</u>	<u>1,037</u>	<u>13,878</u>



Notes To The Financial Statements (Contd.)

16. Payables and accruals

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	16.1	18,579,173	402,097	-	-
Non-trade					
Amount due to a subsidiary	16.2	-	-	2,531,928	-
Amount due to Directors	16.2	61,277	4,005	57,272	-
Other payables	16.3	804,202	390,972	6,452	7,490
Accrued expenses		1,485,926	1,345,614	46,640	83,620
		2,351,405	1,740,591	2,642,292	91,110
		20,930,578	2,142,688	2,642,292	91,110

16.1 Trade payables

Included in trade payables of the Group is an amount of RM1,727,093 (2008 : RM Nil) being advance payment made by a subsidiary to certain suppliers for the purchase of raw materials.

Significant trade payables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	Group	
	2009 RM	2008 RM
USD	1,710,263	80,855
Singapore Dollar ("SGD")	-	582
EUR	-	20,538

16.2 Amount due to a subsidiary and Directors

The non-trade amounts due to a subsidiary and Directors are unsecured, interest-free and payable on demand.

16.3 Other payables

Significant other payables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	Group	
	2009 RM	2008 RM
USD	38,892	62,703

17. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of goods	368,065,993	363,766,957	-	-
Dividend income (gross)	81,673	29,201	81,673	29,201
Interest income	100,141	42,533	100,141	42,533
Management fee (from a subsidiary)	-	-	48,000	48,000
	368,247,807	363,838,691	229,814	119,734



Notes To The Financial Statements (Contd.)

18. Operating (loss)/profit

Operating (loss)/profit is arrived at:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
After charging :				
Amortisation of prepaid lease payments (Note 4)	79,002	81,457	27,249	27,249
Auditors' remuneration				
- Auditors of the Company	105,000	100,000	30,000	30,000
- Other auditors	15,864	4,009	-	-
Depreciation of property, plant and equipment (Note 3)	14,011,824	11,175,270	932	926
Directors' fees				
- Current Directors	31,000	26,000	31,000	26,000
- Past Director	4,000	-	4,000	-
Directors' remuneration				
- Directors of the Company	446,080	240,000	240,000	240,000
- Other Directors				
- Current Directors	196,980	636,688	-	-
- Past Director	269,400	-	-	-
Director's other emoluments				
- Director of the Company	240,000	240,000	240,000	240,000
Rental of equipment	687,034	2,548,496	-	-
Rental of premises	64,829	96,307	-	-
Rental of motor vehicle	11,257	-	-	-
Personnel expenses (excluding executive Directors)				
- Wages, salaries and others	11,734,842	14,386,037	72,000	65,993
- Contribution to Employees' Provident Fund	880,012	1,052,258	8,640	7,907
Change in fair value of asset classified as held for sale (Note 9)	400,655	-	-	-
Inventories written down (Note 11)	1,088,275	-	-	-
Unrealised loss on foreign currency exchange (net)	203,746	-	-	-
And crediting :				
Dividend (gross) from quoted investments in Malaysia	81,673	29,201	81,673	29,201
Gain on disposal of quoted investments (Note 6)	14,131	1,437,415	14,131	1,437,415
Gain on disposal of plant and equipment	30,646	-	-	-
Gain on foreign currency exchange				
- Realised (net)	1,203,624	943,016	-	-
- Unrealised (net)	-	431,003	-	-
Interest income	148,883	51,888	100,141	42,533



Notes To The Financial Statements (Contd.)

19. Key management personnel compensation

Key management personnel compensation are as follows :

	Group		Company	
	2009	2008	2009	2008
Directors' fee	6,000	4,000	6,000	4,000
Short-term employee benefits	917,393	624,000	480,000	480,000
Defined contribution plan	49,296	74,880	22,080	28,800
	<u>972,689</u>	<u>702,880</u>	<u>508,080</u>	<u>512,800</u>

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the executive Directors and certain members of senior management of the Group and of the Company.

20. Finance costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense :				
Bank borrowings	3,973,291	2,970,449	-	-
Finance lease liabilities	217,001	42,949	-	-
ICULS (Note 24)	165,007	242,119	165,007	242,119
Total interest expense	<u>4,355,299</u>	<u>3,255,517</u>	<u>165,007</u>	<u>242,119</u>
Less : Interest expense capitalised in capital work-in-progress (Note 3.4)	(95,699)	(41,619)	-	-
	<u>4,259,600</u>	<u>3,213,898</u>	<u>165,007</u>	<u>242,119</u>

21. Tax expense

Recognised in the income statement

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense				
- current year	52,478	-	-	-
- prior years	-	(79,072)	-	-
Total current tax	52,478	(79,072)	-	-
Deferred tax expense				
- origination and reversal of temporary differences	(99,787)	(927,847)	-	-
- crystallisation of deferred tax assets (ICULS)	250,030	201,702	250,030	201,702
- effect of adopting FRS 112	-	(2,339,296)	-	-
- prior years	-	71,382	-	-
Total deferred tax	150,243	(2,994,059)	250,030	201,702
Total tax expense	<u>202,721</u>	<u>(3,073,131)</u>	<u>250,030</u>	<u>201,702</u>



Notes To The Financial Statements (Contd.)

21. Tax expense (contd.)

Reconciliation of effective tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(Loss) for the year	1,834,699	3,276,855	(995,821)	241,841
Total tax expense	202,721	(3,073,131)	250,030	201,702
Profit/(Loss) excluding tax	2,037,420	203,724	(745,791)	443,543
Tax calculated using Malaysian tax rate at 25% (2008 : 26%)	509,355	52,968	(186,448)	115,321
Effect of changes in tax rate *	-	(145,839)	-	18,707
Effect of difference tax rate in foreign jurisdiction	(5,830)	-	-	-
Effect of tax incentive	(122,449)	-	-	-
Non-deductible expenses	421,351	103,940	65,792	85,071
Tax losses not available for set-off	-	114,966	-	-
Income not subject to tax	(3,533)	(373,728)	(3,533)	(373,728)
Deferred tax relating to ICULS	250,030	201,702	250,030	201,702
Deferred tax assets recognised	(1,479,510)	(3,177,313)	-	-
Deferred tax assets not recognised	775,366	363,214	124,189	160,214
Tax savings from utilisation of tax losses	(15,720)	-	-	-
Others	(126,339)	(205,351)	-	(5,585)
Over provision in prior years	-	(7,690)	-	-
Tax expense	202,721	(3,073,131)	250,030	201,702

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

A foreign subsidiary of the Group was granted promotional privileges under the Investment Promotional Act, B.E.2520 for a period of eight years from the date income is first derived for a period of eight years for the manufacturing of printed circuit boards.

Another subsidiary was granted pioneer status under Section 7(3) of the Promotion of Investment Act, 1986 for a period of 5 years from 1 March 2007 for the manufacturing of complete box built wireless technology products. Under the pioneer status, 70% of the said subsidiary's statutory income is exempted from income tax.

22. Basic earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM2,026,128 (2008 : RM3,362,392) and the weighted average number of ordinary shares outstanding during the year of 51,658,442 (2008 : 51,685,813).

Diluted earnings per ordinary share

The diluted earnings per ordinary share is based on the net profit attributable to ordinary shareholders and after adjusting for savings on interest arising from the conversion of warrants and ICULS of RM2,934,835 (2008 : RM4,340,699) and on weighted average number of ordinary shares outstanding during the year of 91,659,584 (2008 : 91,686,955) calculated as follows :

	2009	2008
Weighted average number of shares as above	51,658,442	51,685,813
Effect of warrants and ICULS	40,001,142	40,001,142
	91,659,584	91,686,955





Notes To The Financial Statements (Contd.)

23. Warrants

As at the end of the financial year, the Company has the following outstanding warrants :

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 30.6.2009
Warrants 2005/2015	RM1.00	16.6.2015	16,670,355

Warrants 2005/2015 were issued on 17 June 2005 in conjunction with the issuance of RM25,005,533 nominal value of 5 year 5% ICULS 2005/2010. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one new ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.00 per ordinary share within 10 years from the date of the issue of the warrant. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll created on 12 April 2005.

24. Irredeemable convertible unsecured loan stocks ("ICULS")

On 17 June 2005, the Company issued RM25,005,533 nominal value of 5 year 5% ICULS at 100% of its nominal value, together with 16,670,355 free detachable new warrants on the basis of RM3.00 nominal value of ICULS with two new warrants for every six existing original shares of RM1.00 each held in the Company.

The main features of the ICULS are as follows :

- The ICULS are in multiples of RM1.00 and constituted by a Trust Deed dated 12 April 2005 made between the Company and the Trustee for the holders of the ICULS;
- The ICULS are convertible into new ordinary shares in the Company at any time from the date of issue of the ICULS until the maturity date on 16 June 2010;
- Upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of conversion of the ICULS; and
- The interest on ICULS is payable semi-annually in arrears.

The residual value, after deducting the liability component from the fair value of the instrument as a whole, is split between the conversion option of the ICULS and warrants as follows :

	Group/Company			Total RM
	Liability component of ICULS RM	Equity component of ICULS RM (Note 14) (Restated)	Equity component of Warrants 2005/2015 RM (Note 14) (Restated)	
At the date of issuance of ICULS				
- nominal value	5,006,216	16,541,762	3,457,555	25,005,533
- deferred tax asset	-	1,159,403	242,338	1,401,741
	5,006,216	17,701,165	3,699,893	26,407,274
At 1 July 2007	2,980,667	16,360,758	3,699,893	23,041,318
Interest paid	(1,168,156)	-	-	(1,168,156)
Interest expense (Note 20)	242,119	-	-	242,119
At 30 June 2008	2,054,630	16,360,758	3,699,893	22,115,281
Interest paid	(1,165,126)	-	-	(1,165,126)
Interest expense (Note 20)	165,007	-	-	165,007
At 30 June 2009	1,054,511	16,360,758	3,699,893	21,115,162



Notes To The Financial Statements (Contd.)

24. Irredeemable convertible unsecured loan stocks ("ICULS") (contd.)

Analysis at 30 June

	Group/Company	
	2009 RM	2008 RM (Restated)
- Carrying value of ICULS	17,769,400	19,019,549
- Carrying value of Warrants 2005/2015	3,699,893	3,699,893
- Deferred tax asset (Note 8)	(354,131)	(604,161)
	21,115,162	22,115,281

The liability component at 30 June is further analysed as follows :

	Group/Company	
	2009 RM	2008 RM
Within 1 year	1,054,511	1,080,129
After 1 year and not later than 5 years	-	974,501
	1,054,511	2,054,630

Interest expense on the ICULS is calculated on the effective yield basis by applying a coupon interest rate of 8% which is assumed to be equivalent to the prevailing market interest rate for non-convertible loan stocks at the date of issue.

25. Share-based payments

The Company implemented an Employee Share Option Scheme ("ESOS") which is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 6 December 2004.

The salient features of the scheme are as follows :

- i) Employees of the Group (including executive Directors) who have attained the age of 18 years and above, have been confirmed in the employment of the Group and are employed full time by and on the payroll of any company in the Group are eligible to participate in the ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.

In the case of executive Directors, major shareholders and/or persons connected with an executive Director or major shareholders of the Company, their specific entitlements under the ESOS shall be approved by the shareholders of the Company in a general meeting.

- ii) The total number of shares to be offered shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company (or such maximum percentage as allowable by the relevant authorities) at any point of time during the tenure of the ESOS, which shall be in force for a period of five years.
- iii) Not more than 50% (or such percentage as allowable by the relevant authorities) of new shares of the Company available under the ESOS should be allocated in aggregate to the Directors and senior management of the Group and not more than 10% (or such percentage as allowable by the relevant authorities) of new shares of the Company available under the Scheme should be allocated to any individual Director or employee who, either singly or collectively through persons connected with him, holds 20% or more in the issued and paid-up share capital of the Company.
- iv) The option price for each share shall be subject to a discount of not more than 10% from the 5-day weighted average market price of the shares of the Company immediately preceding the offer date, or the par value of the shares of the Company of RM1, whichever is the higher.





Notes To The Financial Statements (Contd.)

25. Share-based payments (contd.)

- v) No option shall be granted for less than 100 shares to any eligible employee and shall always be in multiples of 100 shares.
- vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.
- vii) The new shares to be issued upon any exercise of the option shall, upon allotment and issuance, rank pari passu in all respects with the existing shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of the new shares. The option shall not carry any rights to vote at any general meeting of the Company.
- viii) The eligible employees of the Group who have been granted options shall not sell, transfer, assign or charge the new ordinary shares of the Company obtained through the exercise of the options offered to him under the ESOS from the date of offer of such options.

The shareholders have also at the Extraordinary General Meeting held on 6 December 2004 approved to offer stock options to the Directors of the Company and its subsidiaries as follows :

**Maximum percentage (%) of the total
number of ordinary shares of RM1.00 each
in the Company available under the ESOS
offered to each eligible Director**

Tai Keik Hock	8%
Tai Lee Keow	8%
Tai Lee See	8%
Tan Bak Seng	8%
Tai Yeong Sheng	8%

No ESOS was granted by the Company as at to date.

26. Related parties

26.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

- i) Subsidiaries of the Company as disclosed in Note 5 to the financial statements.
- ii) Related parties
 - a. Piani Industries Sdn. Bhd. ("Piani") in which Ms Tai Lee Keow is a Director.
 - b. Dallab Sdn. Bhd. and Dallab Inc. Sdn. Bhd. (collectively known as "Dallab Group"), in which, Madam Tai Lee See, daughter of Mr. Tai Keik Hock is Director and/or substantial shareholder.
 - c. FA Technology Sdn. Bhd. ("FA Tech"), in which, Mr. Tai Chee Seong and Miss Tai Lee Bee, the son-in-law and daughter respectively of Mr. Tai Keik Hock, are Directors and substantial shareholders.



Notes To The Financial Statements (Contd.)

26. Related parties (contd.)

26.2 The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows :

	2009 RM	2008 RM
Group		
Companies in which certain Directors have a substantial financial interest (Dallab Group and FA Tech)		
- Sales	-	607,816
- Research and development expenses	1,090,000	-
- Tooling and engineering cost charged	3,507	37,990
Company connected by a common Director (Piani)		
- Sales	355,738	49,073
Company		
Advances given to subsidiaries	325,000	350,000
Management fee charged to a subsidiary	48,000	48,000

26.3 Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than as disclosed in Note 19 to the financial statements.

26.4 Non-trade balances with related parties are disclosed in Notes 10 and 16 to the financial statements. All the amounts outstanding are unsecured and expected to be settled with cash.

27. Contingent liabilities, unsecured

Company

The Company issued corporate guarantees to financial institutions as securities for banking facilities granted to certain subsidiaries amounting to RM112,000,000 (2008 : RM89,000,000) of which, RM71,661,701 (2008 : RM63,445,236) were utilised at balance sheet date.

28. Financial instruments

Financial risk management objectives and policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity, foreign currency and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's interest-earning financial assets are mainly short term in nature and have occasionally been placed in fixed deposits. The Group's and the Company's interest-bearing borrowings are as disclosed in Note 15 to the financial statements. The Group manages its interest rate risk by maintaining a mix of fixed and floating rate borrowings.





Notes To The Financial Statements (Contd.)

28. Financial instruments (contd.)

Liquidity risk

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirement. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the EURO, Singapore Dollar, United States Dollar and Thai Baht. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to a customer who contributed 41% (58%) of the total trade receivables at 30 June 2009.

Effective interest rates and repricing analysis

In respect of interest-earning financial asset and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Group					
2009					
Financial assets					
Cash and bank balances	1.30 - 5.3	4,769	4,769	-	-
Deposits with licensed banks	1.70 - 2.00	5,556	5,556	-	-
Financial liabilities					
Bank overdrafts	8.00	1,722	1,722	-	-
Bankers' acceptances	3.41 - 8.00	33,240	33,240	-	-
Revolving credits	3.68 - 6.37	30,200	30,200	-	-
Term loans - fixed rate	4.06 - 7.50	3,046	2,554	492	-
- variable rate	5.50 - 7.75	5,024	5,024	-	-
Finance lease liabilities	2.65 - 4.00	2,266	505	1,761	-
ICULS (liability component)	5.00	1,054	1,054	-	-



Notes To The Financial Statements (Contd.)

28. Financial instruments (contd.)

Effective interest rates and repricing analysis (contd.)

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2008					
Financial assets					
Cash and bank balances	1.30 - 5.3	8,193	8,193	-	-
Deposits with licensed banks	3.70	3,400	3,400	-	-
Financial liabilities					
Bank overdrafts	8.00 - 8.25	1,755	1,755	-	-
Bankers' acceptances	4.91 - 5.52	33,856	33,856	-	-
Revolving credits	5.00 - 5.90	24,000	24,000	-	-
Export credit refinancing	4.50	266	266	-	-
Term loans - fixed rate	4.06 - 7.50	5,552	3,390	2,162	-
- variable rate	6.25 - 8.00	6,478	6,478	-	-
Finance lease liabilities	4.00	14	7	7	-
ICULS (liability component)	5.00	2,055	1,080	975	-
Company					
2009					
Financial asset					
Deposits with licensed banks	1.70	4,537	4,537	-	-
Financial liability					
ICULS (liability component)	5.00	1,054	1,054	-	-
2008					
Financial asset					
Deposits with licensed banks	3.70	2,500	2,500	-	-
Financial liability					
ICULS (liability component)	5.00	2,055	1,080	975	-

Fair values

Recognised financial instruments

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short term borrowings.





Notes To The Financial Statements (Contd.)

28. Financial instruments (contd.)

Recognised financial instruments (contd.)

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at 30 June are shown below :

Group	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Non-current quoted shares	99,659	1,968,000	100,551	1,865,000
Term loans (fixed rate)	3,046,347	*	5,552,529	*
Finance lease liabilities	2,266,145	*	13,878	*
ICULS (liability component)	1,054,511	*	2,054,630	*
Company				
Non-current quoted shares	99,659	1,968,000	100,551	1,865,000
ICULS (liability component)	1,054,511	*	2,054,630	*

* It is not practicable to estimate the fair value of these financial liabilities due to the lack of information on discount rate and the inability to estimate the fair value without incurring excessive costs. However, the Directors believe that there is no significant difference between the fair value and the book value of this financial liability.

The Company issued corporate guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

Unrecognised financial instruments

There were no unrecognised financial instruments at balance sheet date.

29. Segmental information - Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

The Group comprises the following main business segments :

- Manufacturing - Provision of electronic manufacturing services ("EMS")and original Equipment Manufacturer (OEM)/Original Design Manufacturer (ODM) in complete box built wireless technology products
 - Manufacturing and sales of solid wood parquet
- Others - Investment holding



Notes To The Financial Statements (Contd.)

29. Segmental information - Group (contd.)

Business segments

Business Segment	EMS and box built wireless technology products RM	Solid wood parquet RM	Others RM	Eliminations RM	Consolidations RM
2009					
Revenue external customers	362,497,469	5,568,524	181,814	-	368,247,807
Inter-segment sales	-	-	-	-	-
Total segment revenue	362,497,469	5,568,524	181,814	-	368,247,807
Operating profit/(loss)	8,673,587	(1,794,565)	(582,002)	-	6,297,020
Finance costs					(4,259,600)
Profit before tax					2,037,420
Tax expense					(202,721)
Profit for the year					1,834,699
Segment assets	155,121,569	18,278,050	10,263,534	-	183,663,153
Unallocated assets					14,889,282
Total assets					198,552,435
Segment liabilities	20,419,254	398,562	112,762	-	20,930,578
Unallocated liabilities					76,606,138
Total liabilities					97,536,716
Capital expenditure	9,237,790	53,151	-	-	9,290,941
Depreciation of property, plant and equipment	12,811,916	1,198,976	932	-	14,011,824
Amortisation of prepaid lease payments	39,480	12,273	27,249	-	79,002
Change in fair value of asset classified as held for sales	-	400,655	-	-	400,655



Notes To The Financial Statements (Contd.)

29. Segmental information - Group (contd.)

Business segments (contd.)

Business Segment	EMS and box built wireless technology products RM	Solid wood parquet RM	Others RM	Eliminations RM	Consolidations RM
2008					
Revenue external customers	353,193,749	10,573,208	71,734	-	363,838,691
Inter-segment sales	-	-	-	-	-
Total segment revenue	353,193,749	10,573,208	71,734	-	363,838,691
Operating profit/(loss)	3,240,511	(668,900)	846,011	-	3,417,622
Finance costs					(3,213,898)
Profit before tax					203,724
Tax expense					3,073,131
Profit for the year					3,276,855
Segment assets	138,139,037	21,872,052	-	-	160,011,089
Unallocated assets					15,046,079
Total assets					175,057,168
Segment liabilities	1,695,406	447,282	-	-	2,142,688
Unallocated liabilities					73,975,504
Total liabilities					76,118,192
Capital expenditure	24,912,218	114,184	41,525	-	25,067,927
Depreciation of property, plant and equipment	9,979,219	1,195,125	926	-	11,175,270
Amortisation of prepaid lease payments	39,480	14,728	27,249	-	81,457

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Malaysia RM	Singapore RM	Europe RM	United States RM	Korea RM	Thailand RM	Consolidated RM
2009							
Revenue from external customers	234,430,388	1,807,242	2,507,743	1,104,709	1,593,680	126,804,045	368,247,807
Segment assets	144,948,557	-	-	-	-	38,714,596	183,663,153
Capital expenditure	8,071,231	-	-	-	-	1,219,710	9,290,941
2008							
Revenue from external customers	353,265,483	-	10,573,208	-	-	-	363,838,691
Segment assets	141,675,844	-	-	-	-	18,335,245	160,011,089
Capital expenditure	18,661,945	-	-	-	-	6,405,982	25,067,927



Notes To The Financial Statements (Contd.)

30. Operating lease commitments - Group

Non-cancellable operating lease commitments:

	2009 RM	2008 RM
Future minimum lease rental payables		
Not more than 1 year	2,744,760	2,066,147
More than 1 year and not later than 5 years	228,730	-
	2,973,490	2,066,147

Operating lease payments represent rental payable by a subsidiary for the use of plant and machinery. The terms of the leases were renegotiated during the year at a fixed rental for a period of 16 months.

31. Comparative figures – Group/Company

The following comparative figures have been restated to recognise the amount allocated to Warrants 2005/2015 that were issued in conjunction with the issuance of RM25,005,533 nominal value of 5 year 5% ICULS 2005/2010.

	As restated 2008 RM	As previously reported 2008 RM
Statements of changes in equity		
Capital reserve at 1 July 2007	16,360,758	20,060,651
Warrant reserve 1 July 2007	3,699,893	-
	20,060,651	20,060,651





Statement By Directors Pursuant To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 37 to 80 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30 June 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Tai Keik Hock

Tai Yeong Sheng

Kedah,

Date : 14 September 2009

Statutory Declaration Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Tai Keik Hock**, the Director primarily responsible for the financial management of EG Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 80 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 14 September 2009.

Tai Keik Hock

Before me : **CHEAH BENG SUN**
 DJN, AMN, PKT, PJK, PJM, PK (No: P103)
 Persuruhjaya Sumpah
 (Commissioner for Oaths)
 Penang





Independent Auditors' Report To The Members Of EG Industries Berhad

(Company No. 222897 - W) (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of EG Industries Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 80.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF : 0758
Chartered Accountants

Lee Kean Teong
1857/02/10 (J)
Chartered Accountant

Date : 14 September 2009

Penang



Proxy Form

NO. OF SHARES

I/We _____ I.C. No. _____

of _____

being a member/members of EG INDUSTRIES BERHAD do hereby appoint Mr / Mrs / Ms _____

_____ I.C. No. _____

of _____

or failing him the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at EG INDUSTRIES BERHAD, Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah on Wednesday, 23 December 2009 at 11:30 a.m. and at any adjournment thereof.

In case of vote taken by a show of hands, my/our proxy shall vote on my/our behalf.

Please indicate with an 'X' in the spaces provided below how you wish your votes to be cast on the resolutions specified in the Notice of Meeting.

Ordinary Resolutions	For	Against
1. Adoption of Reports and Audited Financial Statements		
2. Payment of Directors' Fees		
3. Re-election of Director, ANDREW SU MENG KIT		
4. Re-election of Director, TAI YEONG SHENG		
5. Re-election of Director, ANG SENG WONG		
6. Re-election of Director, DR. DAMIEN LIM YAT SENG		
7. Re-election of Director, KANG PANG KIANG		
8. Re-election of Director, TAI KEIK HOCK		
9. Re-appointment of Auditors, KPMG		
10. To authorise the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
11. To approve the Proposed Renewal of Authority for the Share Buy Back		

Subject to any voting instruction given, the proxy/proxies will vote, or abstain from voting, on the resolutions as he may thinks fit.

Signed this _____ day of _____, 2009.

Signature:

NOTES:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy, and in the case of a corporation, a duly authorized representative to attend and vote in his stead. A proxy may but need not be a member of the Company.

The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized.

A member who appoints two or more proxies shall specify the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.01, 18th Floor, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.

2. Explanatory notes on Special Business

Ordinary Resolutions

- Resolution 10

The proposed Resolution No. 10 is in line with the Company's expansion plan which may involve the issue of new shares. Under the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the total issued capital. In order to avoid any delay and cost involved in convening such a general meeting, it is considered appropriate to seek the shareholders' approval for the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

- Resolution 11

The Share Buy Back will enable the Company to utilise its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy Back is also expected to stabilise the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value. Please refer to the Circular to Shareholders dated 30 November 2009.

FOLD ALONG THIS LINE

STAMP

The Secretary

EG INDUSTRIES BERHAD (222897-W)

c/o SYMPHONY CORPORATEHOUSE SDN. BHD. (476777-A)

Suite 18.01, 18th Floor, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang.

FOLD ALONG THIS LINE

Awards



2009 Frost & Sullivan
South East Asia Industrial Technologies Award
Product Quality Leadership



2008 Supplier of the Year
by Western Digital Corporation

EG INDUSTRIES BERHAD (222897-W)

Lot 102, Jalan 4, Bakar Arang Industrial Estate,
08000 Sungai Petani, Kedah, Malaysia.

- +604 421 9881
- +604 425 9882
- eg@eg.com.my
- www.eg.com.my