EG INDUSTRIES BERHAD

222897-W

ANNUAL REPORT 2013

Celebrating 20 Years of Success

Contents

Financial Statements

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the TWENTY SECOND 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 Thursday, 26 December 2013 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 2013 and the Reports of the Directors and the Auditors thereon.	Resolution 1
2.	To approve the payment of Directors' Fees of RM104,000.00 for the year ended 30 June 2013.	Resolution 2
3.	To re-elect the following Directors retiring in accordance with Article 98(1) of the Company's Articles of Association :-	
	(a) MR. ANG SENG WONG	Resolution 3
	(b) DR. DAMIEN LIM YAT SENG	Resolution 4
4.	To re-elect the following Director retiring under Section 129 of the Companies Act, 1965 :-	Resolution 5
	MR. TAI KEIK HOCK	
5.	To re-appoint MESSRS KPMG as auditors and to authorize the Directors to fix their remuneration.	Resolution 6

As Special Business:-

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

6. Ordinary Resolution - Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965 — Resolution 7

   "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."

7. Ordinary Resolution - 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 8

"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 4 December 2013. 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 75,016,600 ordinary shares of RM1.00 each as at 8 November 2013 and an amount not exceeding the share premium reserve of RM15,170,314 based on the latest audited accounts as at 30 June 2013 and the latest unaudited management accounts as at 30 September 2013 of the Company.

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

(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."

8. 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

4 December 2013

NOTES:

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 19 December 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 22nd Annual General Meeting or appoint proxy/proxies to attend and vote/or vote on his/her behalf.

2. 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, Lebuh Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.

3. Explanatory notes on Special Business

   Ordinary Resolutions

   Resolution 7

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

   The ordinary resolution 7 proposed under Agenda No. 6, is a renewal of the previous year mandate and if passed, will authorize the Directors of the Company to issue shares up to a maximum ten per cent (10%) of the issue share capital of the company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

   The renewal of this mandate would provide flexibility to the Company for any possible fund raising exercise, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares. The Company did not exercise the mandate under Section 132D of the Companies Act, 1965 given by the shareholders at the Twenty First Annual General Meeting held on 27 December 2012.

   Resolution 8

   - Proposed Renewal of Authority for the Share Buy Back

   The Share Buy Back will enable the Company to utilize 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 stabilize 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 4 December 2013.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- ANG SENG WONG (Resolution 3)
- DR. DAMIEN LIM YAT SENG (Resolution 4)
- TAI KEIK HOCK (Resolution 5)

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

ANG SENG WONG

Age	51
Nationality	Malaysian
Qualification	Masters degree from USA & Bachelor of Arts and Bachelor of Business from Australia
Position	Senior Independent Non-Executive Director
Working Experience & Occupation	Mr. Ang 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, Telekoms, NEC etc. In addition he has also lectured in University Malaya for the European Union officers, AEU for their Masters program, OUM, UTM and Saudi General Organization for Technical Education and Vocational Training.
Date appointed to the Board	30 January 2009
Other Board Committee	Chairman of Nomination Committee [Appointed Senior Independent Non-Executive Director on 30 May 2013] Audit Committee Member 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	3

DR. DAMIEN LIM YAT SENG

Age	41
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 Member of Audit Committee Member of Nomination Committee
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	3

TAI KEIK HOCK

Age	75
Nationality	Malaysian
Qualification	Secondary School
Position	Executive Chairman
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	2

Attendance at Board Meeting

Four Meetings were held during the financial year from 1 July 2012 to 30 June 2013. The details of attendance of Directors at the Board Meetings are as follows:-

Name of Directors	Date of Meetings			
	29/8/12	29/11/12	28/2/13	30/5/13
Tai Keik Hock	√	√	X	X
Tai Lee Keow	√	√	√	√
Tai Yeong Sheng	√	√	√	√
Kang Pang Kiang	√	√	√	√
Ang Seng Wong	√	√	X	√
Dr. Damien Lim Yat Seng	√	X	√	√
Lim Sze Yan	√	√	√	√

Place, date and time of the Twenty Second Annual General Meeting

The Twenty Second Annual General Meeting of the Company is scheduled to be held on Thursday, 26 December 2013 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 2013 are as follows:-

Aggregate remuneration categorized into components:-

	Executive Directors	Non-Executive Directors	Total
Fees (RM)	20,000	84,000	104,000
Salaries (RM)	784,169	-	784,169
Bonuses and Allowances (RM)	420,000	-	420,000
Benefits-in-kind (RM)	-	-	-
Total (RM)	1,224,169	84,000	1,308,169

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	-	3	3
RM50,001 to RM100,000	1	-	1
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	1	-	1
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	1	-	1
RM400,001 to RM450,000	-	-	-
RM450,001 to RM500,000	-	-	-
RM500,001 to RM550,000	-	-	-
RM550,001 to RM600,000	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 2013, 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.

Utilization of Proceeds

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

Share Buybacks

During the financial year, the Company bought back 16,000 shares from the open market as follows:-

Date Purchased		Purchase price per share (RM)			Total Consideration *(RM)
	No. of Shares	Highest	Lowest	Average	
4 September 2012	6,000	0.290	0.280	0.288	1,729.80
5 March 2013	10,000	0.210	0.210	0.210	2,100.00
Total	**16,000**	**0.290**	**0.210**	**0.239**	**3,829.80**

* 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 2013, a total of 96,000 ordinary shares were held as treasury shares.

Options, Warrants or Convertible Securities

There were no issuance of options, warrants or convertible securities by the Company and its subsidiaries companies during the financial year ended 30 June 2013.

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 RM35,040.00.

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 22 to the financial statements.

Revaluation of Landed Properties

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

CORPORATE INFORMATION

Board of Directors

Executive Chairman

TAI KEIK HOCK

Group Managing Director

TAI YEONG SHENG

Executive Directors

TAI LEE KEOW
KANG PANG KIANG

Independent Non-Executive Directors

ANG SENG WONG
[Appointed Senior Independent Non-Executive Director on 30 May 2013]
DR. DAMIEN LIM YAT SENG
LIM SZE YAN

Company Secretary

CHAI CHURN HWA [MAICSA 0811600]

Audit Committee

Chairman

LIM SZE YAN
[Appointed as Chairman on 1 July 2013]
[Independent Non-Executive Director]

Members

DR. DAMIEN LIM YAT SENG
[Independent Non-Executive Director]

ANG SENG WONG
[Independent Non-Executive Director]

Registered Office

Suite 18.01, 18th Floor, MWE Plaza
No. 8 Lebuh Farquhar
10200 Penang
Tel: 04-2637762 & 2625424
Fax: 04-2635901

Registrar For Shares And 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

CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Bank Islam Malaysia Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
RHB Islamic Bank Berhad
Hong Leong Bank Berhad
Asian Finance Bank Berhad
Malaysian Industrial Development Finance Berhad
Bangkok Bank Berhad
AmIslamic Bank Berhad
Kasikorn Bank Public Company Limited (Thailand)
CIMB Thai Bank Public Company Limited (Thailand)
TMB Bank Public Company Limited (Thailand)

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

TAI KEIK HOCK

Age	75
Nationality	Malaysian
Qualification	Secondary School
Position	Executive Chairman
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	2

TAI LEE KEOW

Age	47
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

TAI YEONG SHENG

Age	36
Nationality	Malaysian
Qualification	Master of Business Administration - University of South Australia, Australia Bachelor of Engineering, Computer Engineering - McMaster University, Hamilton, Ontario, Canada
Position	Group Managing Director
Working Experience & Occupation	Vincent Tai Yeong Sheng served as Executive Director of the EG Group since December 2008 and became Group Managing Director in December 2011. Vincent Tai started his career as a Software Designer with Alcatel-Lucent Canada, Inc. (a global telecommunications solution provider located in Ottawa, Ontario, Canada) in 2000. He was promoted to Intermediate Software Designer in 2002. He gained multi-cultural and cross-country team development experience at Alcatel-Lucent Canada and also during his business trips to Alcatel-Lucent Belgium for handling some projects transfer. He received Alcatel High-Five Award in recognition for his excellent work. Upon his return to Malaysia, he joined an electronics manufacturing company as an engineer and was involved in engineering, manufacturing, and ICT (Information and Telecommunication Technologies). Subsequently, he served as Marketing Manager with a start-up consumer electronics product company and assumed roles in product development, brand management, marketing and distribution. After that, he worked with SMT Technologies Sdn. Bhd. ("SMTT") as Process Engineering Section Manager and subsequently as MIS (Management and Information System) Section Manager and Business Development Section Manager. Aside from his professional roles in EG Group, Mr. Tai is also currently Vice Chairman of Federations of Malaysian Manufacturers (FMM) Kedah/Perlis branch for the years 2012 and 2013. He was previously an Industrial Advisor for the Faculty of Engineering & Science of Universiti Tunku Abdul Rahman. Mr Tai received full scholarship from Southern Ontario College, Canada prior to entering a university. He received his bachelor's degree in Computer Engineering with Distinction from McMaster University in 2000. He was a recipient of the university's Dean's Honour List and other academic scholarship and awards from 1996-2000. He assisted university professors as a teaching assistant in computer programming language from 1998 to 1999. He obtained his Master of Business Administration in 2008.

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	4

KANG PANG KIANG

Age	41
Nationality	Malaysian
Qualification	Double degrees in Bachelor of Commerce and Bachelor of Science - University of Auckland, New Zealand Fellow member of Associate of Chartered Accountant, New Zealand Member of the Malaysian Institute of Accountants
Position	Executive Director
Working Experience & Occupation	Mr Kang started his career with Ernst & Young. He has experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He joined EG's Group since 1999 with more than 10 years of experience in financial management, corporate restructuring exercises, financial planning, compliance and reporting, risk management and investor relations. He played a key role in the formulation and implementation of Group's strategic cost reduction plan and also responsible for the Group's corporate finance, financial management and financial strategies. He was awarded with PJK Medal in year 2012 by the Penang State Government for his valuable contributions and devoted services to the state.
Date appointed to the Board	23 November 2009
Other Board Committee	Nil
Other Directorships (in Public Companies)	Independent Non-Executive Director of Thong Guan Industries 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

INDEPENDENT NON-EXECUTIVE DIRECTORS

ANG SENG WONG

Age	51
Nationality	Malaysian
Qualification	Masters degree from USA & Bachelor of Arts and Bachelor of Business from Australia
Position	Senior Independent Non-Executive Director
Working Experience & Occupation	Mr. Ang 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, Telekoms, NEC etc. In addition he has also lectured in University Malaya for the European Union officers, AEU for their Masters program, OUM, UTM and Saudi General Organization for Technical Education and Vocational Training.
Date appointed to the Board	30 January 2009
Other Board Committee	Chairman of Nomination Committee [Appointed Senior Independent Non-Executive Director on 30 May 2013] Audit Committee Member 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	3

DR. DAMIEN LIM YAT SENG

Age	41
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 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	3

LIM SZE YAN

Age	36
Nationality	Malaysian
Qualification	Bachelor of Commerce (Accounting & Finance Double Major) - Curtin University of Technology, Perth Western Australia Member of CPA Australia Associate member of FIAT-IFTA
Position	Independent Non-Executive Director
Working Experience & Occupation	Mr Lim started his career as an audit assistant with Tay & Associate from 2001 to 2003. Thereafter, Mr. Lim joined Aim Strong Industries Sdn Bhd as Account Executive for the period from 2003 to 2005 and subsequently, he was promoted as Business Development Manager from 2005 to 2007 and as General Manager from 2007 to Oct 2013. Currently, he is the Executive Director of Aim Strong Industries Sdn Bhd and V-Hua Management Sdn Bhd.
Date appointed to the Board	28 February 2012
Other Board Committee	Chairman of Audit Committee [Appointed on 1 July 2013] Nomination Committee Member 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	4

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 the Malaysian Code on Corporate Governance 2012 (the "Code") pursuant to Paragraph 15.25 of the Bursa Malaysia Securities Berhad's Listing Requirements (the "Listing Requirements").

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. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

a) Clear Functions of the Board and Management

The Board has seven (7) members. Three (3) of the seven (7) members are independent non-executive directors. A brief profile of each director is presented on pages 11 to 16 of this Annual Report.

The Board is led by Mr. Tai Keik Hock, the Executive Chairman and the executive management of the Group is led by Mr. Tai Yeong Sheng, the Group Managing Director. There is a clear division of responsibility between these two roles to ensure a balance of authority and power.

The Directors combined in them have expertise and experience in various fields. Their expertise, experience and background resulted in thorough examination and deliberations of the various issues and matters affecting the Group. There is a clear division of responsibility between the Executive Chairman and the Group Managing Director to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Executive Chairman is responsible for the overall strategic direction of the Group and the leadership of the Board to ensure effectiveness of the Board while the Managing Director manages the Group's day-to-day activities in achieving corporate and business objective. The Independent Non-Executive Directors provide independent views, advice and judgment and take into account the interest of Group and the various parties involved which shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence brings an additional element of balance on the Board.

The Board notes that the Code also recommends that where the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The Board is of the opinion that although it does not comprise a majority of independent directors, the board has nevertheless always discharged its duties and responsibility in the best interest of the Group and its shareholders. The Board will nevertheless review and evaluate the appropriateness of the composition and size of the Board from time to time.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion on the Executive Directors, representing the Management, as well as to properly constituted Board Committees. The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of References.

The presence of the three (3) independent directors, with their different backgrounds and specializations, complements the Board with a mix of industry-specific knowledge and broad business and commercial experience. They provide unbiased and independent views, advice and judgment to take account of the interests not only of the Group, but also the public shareholders. All non-executive directors are independent of management and free from any relationship, which could interfere with their independent judgment. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one-third of the Board of the Company, whichever is higher, are independent directors.

The Board believes its current size and composition is appropriate for its purpose.

b) Board Charter

The Board of EG adopted a Board Charter in May 2013. The Board Charter outlines the roles and responsibilities of the Board, Chairman and Group Managing Director. It also clearly defines the divided functions of Executive Directors, Non-Executive Directors and three board committees, namely Audit Committee, Nomination Committee and Remuneration Committee.

1. **ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)**

   c) **Roles and Responsibilities**

   The Board is responsible for the overall corporate governance of the Group, including its strategic direction, formation of policies and stewardship of the Group resources.

   - 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.

   d) **Formalized Ethical Standards through Code of Conducts**

   The Directors, officers and employees are required to observe and maintain high standard of integrity in carrying out their role and responsibilities and to comply with the Group's policies as well as the relevant applicable laws and regulations. The Board has adopted a formal Code of Conducts.

   The Code of Conducts covers all aspects of the Company's business operations, such as show respect in the workplace, integrity in market place, ensure ethics in business relationships and effective communication.

   e) **Strategies Promoting Sustainability**

   The Board promotes good Corporate Governance in the application of sustainability practices by committing to the global environment, social, governance aspect throughout the Company, the benefits of which are believed to translate into better corporate performance.

   f) **Access to Information and Advice**

   All Board members are supplied with information on a timely manner, Board papers are circulated in sufficient time to enable the directors to obtain further information or clarification, where necessary, in order to be properly briefed before the meeting.

   The Board papers provide, among others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that requires Board's approval.

   Detailed periodic briefings on industry outlook, company performance and forward previews are also conducted for the directors to ensure that the Board is well informed on the latest market and industry trends.

   The Board has access to the advice and services of the Company Secretary. A procedure exists for the Board of Directors, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expenses.

   g) **Qualified and Competent Company Secretary**

   The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's Articles of Association, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary also ensures that deliberations at the Board meetings are well recorded and minuted.

2. STRENGTHEN COMPOSITION

a) Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee.

All committees have written terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations.

b) Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors namely :--

Mr. Ang Seng Wong - Chairman, Senior Independent Non-Executive Director

Dr. Damien Lim Yat Seng - Independent Non-Executive Director

Mr. Lim Sze Yan - Independent Non-Executive Director

Develop, Maintain and Review the criteria for Recruitment and Annual Assessment of Directors

The Nomination Committee is responsible for proposing new nominees to the Board and assessing the performance of the directors of the Company on an on-going basis.

The Board through the Nomination Committee reviews annually its required mix of skill and experience and other qualities, including core competencies which non-executive and executive directors should have and the effectiveness of the board as a whole, the committees of the board and the contribution of the directors.

The Board has access to the services of the Company Secretary to advise and to ensure that all appointments are properly made, that all necessary information is obtained from directors, both for the company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

In accordance with the Company's Articles of Association, all directors who are appointed to the Board are subject to election by the shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the Board is subject to re-election at regular intervals and at least once every three years.

Gender Diversity

There is one lady director sitting in the Board. The Board acknowledges that the general call and support for gender diversity in a Board's composition, the Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.

c) Remuneration Committee

The Remuneration Committee comprises the following members :-

Dr. Damien Lim Yat Seng – Chairman, Independent Non-Executive Director
Mr. Tai Keik Hock – Executive Chairman
Mr. Ang Seng Wong – Senior Independent Non-Executive Director
Mr. Lim Sze Yan – Independent Non-Executive Director

The Remuneration Committee review, assess and recommend to the Board the remuneration packages of the Executive Directors in all forms, with other independent professional advice or outside advice as necessary. None of the Executive Directors participated in any way in determining their individual 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.

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.

Details of the remuneration for Directors during the financial year ended 30 June 2013 are disclosed in the Statement Accompanying Notice of Annual General Meeting ("AGM").

3. REINFORCE INDEPENDENCE

a) Annual Assessment of Independence

In line with the Code, the Board assessed the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of quarterly business performances.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

b) Tenure of Independent Directors

One of the recommendation of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Nomination Committee and the Board have assessed the tenure of the Independent Directors and noted that they have not reached the nine (9) years term set-upon under the Code.

c) Division of roles and responsibilities between Chairman and Group Managing Director

There is a clear division of responsibility between the Executive Chairman and the Group Managing Director to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Executive Chairman is responsible for the overall strategic direction of the Group and the leadership of the Board to ensure effectiveness of the Board while the Managing Director manages the Group's day-to-day activities in achieving corporate and business objective.

The Board notes that the Code also recommends that where the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The Board is of the opinion that although it does not comprise a majority of independent directors, the board has nevertheless always discharged its duties and responsibility in the best interest of the Group and its shareholders. The Board will nevertheless review and evaluate the appropriateness of the composition and size of the Board from time to time.

4. FOSTER COMMITMENT

a) Time Commitment

The Board schedules four (4) regular meetings a year, and meets additionally when necessary. During the year under review, the Board held four (4) regular meetings where it deliberated upon and considered a variety of matters including the Group's financial and operating results, major investments, corporate strategy, the business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. This is issued in sufficient time to enable the directors to obtain further information or clarification, where necessary before the meeting. All proceedings from the Board are recorded and signed by the Chairman of the meeting.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

The details of each director's attendance are as follows:-

Name of Directors	No. of meetings attended
Tai Keik Hock	2/4
Tai Lee Keow	4/4
Tai Yeong Sheng	4/4
Kang Pang Kiang	4/4
Ang Seng Wong	3/4
Dr. Damien Lim Yat Seng	3/4
Lim Sze Yan	4/4

4. **FOSTER COMMITMENT (continued)**

b) **Directors' Training**

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. 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.

From last AGM to the date of this Annual Report, the directors have attended the following training programmes, either individually or collectively, to enhance their skills and knowledge. They were also encouraged to attend the conferences, seminars and programmes organized by third parties. The training needs of the director are evaluated and determined by the Board on an ongoing basis.

Name of Directors	Type of Training	No. of hours attended
Tai Keik Hock	Malaysian Code On Corporate Governance 2012	8 hours
Tai Lee Keow	Malaysian Code On Corporate Governance 2012	8 hours
Tai Yeong Sheng	Malaysian Code On Corporate Governance 2012	8 hours
Kang Pang Kiang	Malaysian Code On Corporate Governance 2012	8 hours
Ang Seng Wong	Malaysian Code On Corporate Governance 2012 Strategic Costing	8 hours 16 hours
Dr. Damien Lim Yat Seng	Malaysian Code On Corporate Governance 2012 Strategic Costing	8 hours 16 hours
Lim Sze Yan	Malaysian Code On Corporate Governance 2012	8 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 from time to time.

5. **UPHOLD INTEGRITY IN FINANCIAL REPORTING**

a) **Compliance with Applicable Financial Reporting Standards**

In presenting the annual report, annual financial statements and quarterly announcements to shareholders, the Board aim to present a balanced and understandable assessment of the Group's position and prospects. The Board is assisted by the Audit Committee in scrutinizing these reports.

In preparing the financial statements, the Board will ensure that the Group's financial statements have been prepared in accordance with the Companies Act 1965 and applicable approved accounting standards and that reasonable and prudent estimates have been made.

The Responsibility Statement by the Directors pursuant to the Listing Requirements is set out on page 8.

b) **Assessment of Suitability and Independence of External Auditors**

The Audit Committee meets with the external auditors two (2) times a year to discuss their audit plan, audit findings and the Group's and Company's financial statements. At least one of the meetings is held without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors additionally whenever it deems necessary. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

As part of the Audit Committee review process, the Audit Committee has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

6. RECOGNISE AND MANAGE RISKS

a) Sound Framework to Manage Risks

The Group has established the internal control procedures with clear lines of accountability and delegated authority to identify, evaluate and manage significant risks. The Group has an ongoing process for identifying, evaluating and managing key risk in the context of its business objectives.

Please refer to the Statement on Risk Management and Internal Control set out in pages 23 to 24 of this Annual Report.

b) Internal Audit Function

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

The internal audit function was performed by an external consultant during the year to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

For the financial year ended 30 June 2013, the amount of fees incurred in respect of the internal audit reviews performed by the professional firm was RM10,000.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

a) Corporate Disclosure Policy

The Company recognizes the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information.

These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decisions.

b) Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.eg.com.my provides relevant information on the Company and is accessible by the public. The website contains a link to all announcements made by the Company, annual reports and circulars as well as the corporate structure of the Company.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

a) Encourage Shareholder Participation at General Meetings and proactive engagements with Shareholders

The Company recognizes the importance of communicating with its shareholders. The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and the annual report are sent out to shareholders at least 21 days before the date of the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolution being proposed or about the Group's operations in general. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Additionally, the Executive Directors and/or senior management may meet or release statements to the Press after the AGM to brief members of the media on the resolutions passed, and answer questions on the Group's operations fielded by the reporters.

In addition, the shareholders can also obtain up-to-date information on the Group's activities from the Company's website at www.eg.com.my.

b) Encourage Poll Voting

There will not be any substantive resolutions to be put forth for shareholders' approval at the forthcoming AGM.

Nevertheless, the Company would conduct poll voting if demanded by shareholders at the general meeting.

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Directors of public listed companies are required to produce a statement on the state of the Group's internal control in their annual Report.

The Board of Directors ("Board") is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of EG Industries Berhad and its subsidiaries ("Group") in compliance with the MMLR of Bursa Malaysia and as guided by the Statement on Risk Management and 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 control 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;
- Realizing the Group's strategic objectives; and
- Optimizing the returns to and protecting the interest of stakeholders.

The Board acknowledges its responsibility for maintaining a sound system of internal control. However, it recognizes 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 or any irregularities.

RISK MANAGEMENT FRAMEWORK

An independent professional firm was engaged by the Company to assist the Board to undertake an Enterprise Risk Management framework for the Group in the previous financial year. 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. It is to implement a systematic approach to identify, assess, monitor and manage risks, across EG Group. The Board has planned to review and update the risk profiles and their possible impacts in the following financial year. During the year, the Company had appointed an in-house Risk Management Officer ("RMO"), the RMO is in the process of setting up an internal risk committee which consist of department heads from all subsidiaries and to assist the Board to undertake the Enterprise Risk Management framework for the Group in future.

AUDIT COMMITTEE & INTERNAL AUDIT

The Group's internal audit function is outsourced to an independent professional firm who reports directly to the Audit Committee (the "Committee"). During the financial year under review, the internal audit function carried out a cycle 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 Committee, on behalf of the Board, reviews internal control issues identified and recommendations from reports prepared by the internal auditor on a yearly basis. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

OTHER KEYS 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 Committee.

ii) Clearly defined and structured lines of reporting and responsibility.

iii) Regular visits to operating units by executive members of the Board and senior management.

iv) Management / Operations review meetings are held to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.

v) Internal quality audit based on the Sirim QAS International Standard ISO 9002:2008, ISO13485:2003 (Medical Device - Quality Management System), ISO 14001:2004 (Environmental Management System), OHSAS 18001:2007 (International Occupational Health and Safety Management System) and MS1772:Part I 2005 (Malaysia Occupational Health and Safety Management System)

CONCLUSION

Based on the internal auditor's report and also the confirmation from the Group Managing Director and Group Finance Director that all the internal controls are operating properly during the year, the Board is satisfied with the ongoing process for identifying, evaluating, managing and monitoring significant risks, and is of the opinion that the existing internal control systems are adequate to address and manage the risks faced by the Group, and to safeguard shareholders' investments and the Group's assets. Nevertheless, the Board will continue to review and implement measures to strengthen the internal control environment of the Group.

This statement is made in accordance with the resolution passed in the Board of Directors' meeting held on 27 November 2013.

Composition

The directors who served in the Audit Committee (the "Committee") during the financial year ended 30 June 2013 are as follows:-

CHAIRMAN	:	LIM SZE YAN [Appointed as Chairman on 1 July 2013] Independent Non-Executive Director
MEMBERS	:	ANG SENG WONG [Resigned as Chairman on 1 July 2013] Senior Independent Non-Executive Director
		DR. DAMIEN LIM YAT SENG Independent Non-Executive Director

Membership

1. The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, where all the members must be non-executive directors with a majority of them shall be Independent Directors.

2. The Board shall, within three (3) months of a vacancy occurring in the Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. The members of the Committee shall elect a Chairman from among their members who shall be an Independent Director.

4. No alternate director shall be appointed as a member of the Committee.

5. At least one (1) member of the Committee :-

   a) must be a member of the Malaysian Institute of Accountants ("MIA"); or

   b) if he is not a member of the MIA, he must have at least three (3) years working experience and:

      i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
      ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

   c) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

6. The Board shall review the terms of office and performance of the Committee and each of its members at least once (1) every three (3) years to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.

Authority

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company have authority to investigate any matter within its terms of reference, full and unrestricted access to any information pertaining to the Company and all the resources required to perform its duties. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and be able to convene meetings/obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

Meetings

1. The Committee shall meet at least four (4) times in a year subject to the quorum of at least two (2) independent directors or more frequently as circumstances required or upon the request of any member of the Committee with due notice of issues to be discussed and shall record its deliberations and conclusions in discharging its duties and responsibilities.

Meetings (continued)

2. The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.

3. At least twice a year, the Committee will meet with the external auditors without the presence of the Executive Directors and Management.

4. The Committee may regulate its own procedures, in particular:-

    a) the calling of meetings;
    b) the notice to be given of such meetings;
    c) the voting and proceedings of such meetings;
    d) the keeping of minutes; and
    e) the custody, production and inspection of such minutes.

5. The Company Secretary shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

6. The Company Secretary shall also be responsible for recording the proceedings of the Committee and the minutes of meetings tabled at Board meetings.

Duties

The duties of the Committee include the following:-

1. To review the quarterly results and the year-end financial statements, prior approval by the Board, focusing particularly on :-
    a) changes in or implementation of accounting policies and practices;
    b) significant adjustments or unusual events;
    c) going concern assumption; and
    d) compliance with applicable approved Financial Reporting Standards, regulatory and other legal requirements;
2. To review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan, and to discuss to ensure co-ordination where more than one audit firm is involved;
3. To review with the external auditor, the results of the interim and final audits and the Management's response thereto, including the status of previous audit recommendations;
4. To review the assistance given by the Company's employees to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information (in the absence of management where necessary);
5. To review the appointment and performance of external auditor, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
6. To review with the external auditor, its evaluations of the system of internal controls;
7. To review the adequacy of the internal audit scope, functions, authority, competency and resources of the internal audit function and that it has necessary authority to carry out its work;
8. To review the internal audit programme, processes and reports to evaluate the findings of the internal audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the internal audit function;
9. To review any appraisal or assessment of the performance of the internal audit function;
10. To approve any appointment or termination of internal audit function;
11. Take cognizance of resignations of internal audit function and provide an opportunity to submit its reasons for resigning.
12. To consider any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
13. To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the By laws of ESOS of the Company, if any;
14. To direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts; and
15. Such other responsibilities as may be agreed to by the Committee and the Board.

Number of Meetings and Details of Attendance

The Committee met four times during the financial year ended 30 June 2013. Details on the attendance of each member are outlined below:-

	Date of Meetings			
	29/8/12	29/11/12	28/2/13	30/5/13
Lim Sze Yan – Chairman [Appointed as Chairman on 1 July 2013]	√	√	√	√
Ang Seng Wong [Resigned as Chairman on 1 July 2013]	√	√	X	√
Dr. Damien Lim Yat Seng	√	X	√	√

Summary of Activities

During the financial year under review, the Committee in discharge of its duties and functions carried out the following activities :-

1. Reviewed the external auditor's scope of work and audit plan for the financial year. Prior to the audit fieldwork, representatives from the external auditor presented their audit strategy and plan to the Committee;
2. Reviewed with the external auditor the results of the interim and final audits, the management letter, including management's response and the evaluation of the system of internal controls;
3. Considered and recommended to the Board the re-appointment of the external auditor and approval of audit fees payable to the external auditor;
4. Met with external auditor twice (2) during the financial year without the presence of any Executive Directors, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the auditor may wish to discuss;
5. Reviewed the internal audit function's resource requirements, adequacy of plan, functions and scope for the financial year under review;
6. Reviewed the performance and competency of Internal Audit Function;
7. Reviewed the internal audit plan, processes and reports which highlighted the audit issues, recommendations and Management's response. Discuss with Management and ensure appropriate actions were taken to improve the system if internal controls based on improvement opportunities identified in the internal audit reports;
8. Reviewed the adequacy and effectiveness of the governance and risk management processes as well as the internal control system through risk assessment reports from the internal auditor. Significant risk issues were summarized and communicated to the Board for consideration and resolution;
9. Reviewed the unaudited quarterly financial results of the Group and making relevant recommendations to the Board for approval. The review and discussions were conducted with the Group Finance Director;
10. Reviewed the audited financial statements of the Group prior to submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards for entities other than private entities issued by the MASB. Any significant issues resulting from the audit of the financial statements by the external auditors were deliberated;
11. Reviewed related party transactions entered into by the Group and conflict of interest situations, if any, and report the same to the Board;
12. Reviewed the Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual report; and
13. Pertinent issues of the Group which has significant impact on the results of the Group.

Summary of Activities of the Internal Audit Function

The Group has outsourced the Internal Audit function, which reports to the Committee and assists the Board in monitoring and managing risks and internal control. The Internal Auditor 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 Committee. The internal auditor will audit base on the internal audit plan which was approved by the Committee. 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 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. During the financial year, a cycle of internal audit was carried out with the total cost incurred of RM10,000.00.

STATISTICS OF SHAREHOLDINGS
AS AT 08 NOVEMBER 2013

AUTHORISED SHARE CAPITAL	:	RM200,000,000-00
PAID-UP CAPITAL	:	RM75,016,600-00
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	15	0.67	526	0.00
100 – 1,000	645	28.83	621,509	0.83
1,001 – 10,000	998	44.62	4,712,535	6.28
10,001 – 100,000	494	22.08	15,941,811	21.25
100,001 – 3,750,829 (*)	81	3.62	30,501,802	40.66
3,750,830 and above (**)	4	0.18	23,238,417	30.98
TOTAL	**2,237**	**100.00**	**75,016,600**	**100.00**

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

	No. of Ordinary Shares Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Tai Keik Hock	25,015	0.03	-	-
Tai Lee Keow	79	0.00	11,389,550[(a)]	15.18
Tai Yeong Sheng	8,036,153	10.71	15,202,264[(a)+(b)]	20.27
Kang Pang Kiang	100,800	0.13	-	-
Ang Seng Wong	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-
Lim Sze Yan	-	-	-	-

(a) 11,389,550 shares held through Jupax Enterprise Sdn Bhd

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

SUBSTANTIAL SHAREHOLDERS

	No. Of Ordinary Shares Held			
Name of Substantial Shareholders	**Direct Interest**	**%**	**Indirect Interest**	**%**
1. Jupax Enterprise Sdn Bhd	11,389,550	15.18	-	-
2. Tai Yeong Sheng	8,036,153	10.71	15,202,264[(a)+(b)]	20.27
3. Giap Seng Auto Supply Sdn Bhd	3,812,714	5.08	-	-
4. Tai Chee Seong	587,322	0.78	3,812,714[(b)]	5.08
5. Tai Lee Bee	168,126	0.22	3,812,714[(b)]	5.08
6. Tai Lee Keow	79	0.00	11,389,550[(a)]	15.18
7. Eng Giat Yang @ Ng Geek Hiang	-	-	11,389,550[(a)]	15.18
8. Tai Lee See	-	-	3,812,714[(b)]	5.08

(a) 11,389,550 shares held through Jupax Enterprise Sdn Bhd

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

30 LARGEST SHAREHOLDERS AS AT 08 NOVEMBER 2013

	Name	Number of Shares	%
1	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR JUPAX ENTERPRISE SDN. BHD.	11,389,550	15.183
2	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR TAI YEONG SHENG	4,200,000	5.599
3	TAI YEONG SHENG	3,836,153	5.114
4	GIAP SENG AUTO SUPPLY SDN. BERHAD	3,812,714	5.082
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEE CHEE CHIANG (M55008)	3,054,900	4.072
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH SIAN KOK	2,965,865	3.954
7	ANG HUAT KEAT	2,786,000	3.714
8	TAN CHIN YEN	1,755,100	2.340
9	LEE THEAN KANG	1,232,500	1.643
10	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR TAI LEE FUNG	900,000	1.200
11	KOAY PHAY YEE	745,000	0.993
12	CHING BE LAN	716,700	0.955
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (E-BMM)	701,300	0.935
14	TAN TECK POH	599,000	0.798
15	TAI CHEE SEONG	587,322	0.783
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO CHING THYE	532,000	0.709
17	TAI LEE SUN	500,901	0.668
18	CHU ENG HOCK	500,000	0.667
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KHENG PEOW (8026769)	465,000	0.620
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN MEI CHENG (E-BMM)	406,000	0.541
21	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR TAI LEE SUN	400,000	0.533
22	OOI LENG HWA	395,000	0.527
23	LOW AH LIN	361,000	0.481
24	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	358,100	0.477
25	GOH YOKE CHOO	317,200	0.423
26	CHEW YOKE PENG	301,000	0.401
27	NGO SEH TEE	300,000	0.400
28	KOK SIEW KUAN	296,200	0.395
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM YON PIN (MP0108)	278,100	0.371
30	CHEAH LANG KANG	260,270	0.347

STATISTICS OF WARRANT 2005 / 2015 HOLDINGS
AS AT 08 NOVEMBER 2013

NO. OF WARRANTS	:	16,670,355
VOTING RIGHTS	:	ONE VOTE PER WARRANT

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	14	4.28	722	0.00
100 – 1,000	65	19.88	32,465	0.20
1,001 – 10,000	95	29.05	499,932	3.00
10,001 – 100,000	131	40.06	5,401,200	32.40
100,001 –833,516(*)	19	5.81	4,452,700	26.71
833,517 and above (**)	3	0.92	6,283,336	37.69
TOTAL	**327**	**100.00**	**16,670,355**	**100.00**

Remarks:

* Less than 5% of issued warrants
** 5% and above of issued warrants

DIRECTORS' WARRANTHOLDINGS

	No. of Warrants Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Tai Yeong Sheng	2,063,334	12.38	3,226,668[(a)]	19.36
Tai Lee Keow	-	-	3,226,668[(a)]	19.36
Tai Keik Hock	-	-	-	-
Kang Pang Kiang	-	-	-	-
Ang Seng Wong	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-
Lim Sze Yan	-	-	-	-

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

SUBSTANTIAL WARRANTHOLDERS

	No. Of Warrants Held			
Name of Substantial Warrants Holders	**Direct Interest**	**%**	**Indirect Interest**	**%**
1. Jupax Enterprise Sdn Bhd	3,226,668	19.36	-	-
2. Tai Yeong Sheng	2,063,334	12.38	3,226,668[(a)]	19.36
3. Yeoh Sian Kok	1,061,334	6.37	-	-
4. Tai Lee Keow	-	-	3,226,668[(a)]	19.36
5. Eng Giat Yang @ Ng Geek Hiang	-	-	3,226,668[(a)]	19.36

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

30 LARGEST WARRANT 2005/2015 HOLDERS AS AT 08 NOVEMBER 2013

	Name	No. of Warrants	%
1	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR JUPAX ENTERPRISE SDN. BHD.	3,226,668	19.356
2	TAI YEONG SHENG	2,063,334	12.377
3	YEOH SIAN KOK	993,334	5.959
4	IBRAHIM BIN AB.RAHMAN	625,000	3.749
5	LIM KOON LEONG	621,200	3.726
6	LEE ENG MIN	448,500	2.690
7	DOONG AMOOI @ DOONG CHONG LIAN	271,500	1.629
8	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE ENG MIN (CCTS)	271,300	1.627
9	HAMIDAH BINTI ISMAIL	259,500	1.557
10	LIM KUM CHOY @ LIM KIM CHOY	220,000	1.320
11	CHONG KHEE	196,000	1.176
12	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANGKASA AMAN SDN BHD	180,000	1.080
13	CHU WAN CHEK	175,000	1.050
14	FONG YOON KIM	162,000	0.972
15	PANG SWEE CHIEN	149,400	0.896
16	TEH SOON LAI	135,800	0.815
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH JOK KUWI (100705)	135,500	0.813
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SOON HENG (100580)	131,000	0.786
19	JF APEX NOMINEES (TEMPATAN) SDN BHD AISB FOR ABDUL RAFAR BIN RAHAMAT (STA 3)	128,000	0.768
20	TOK CHIN THIAM	120,000	0.720
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHO CHIN LING	113,000	0.678
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ROSEMARINAH BINTI ABD RAHIM (MY0613)	110,000	0.660
23	LOO HONG KIAT	100,000	0.600
24	WONG YEE SAN	100,000	0.600
25	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIONG GEW KOONG (RE6-MARGIN)	100,000	0.600
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	100,000	0.600
27	YANG SUK HWA	100,000	0.600
28	LEE SIEW CHING	100,000	0.600
29	LIM TSE AN	98,000	0.588
30	TAN WAH KIONG	95,000	0.570

EG INDUSTRIES BERHAD
[222897-W]

Investment holding company

SMT TECHNOLOGIES SDN BHD
[279566-X]

100%

Provision of Electronic Manufacturing Services for computer peripherals and consumer electronic/ electrical products industries

GLISTEN KNIGHT SDN BHD
[354564-D]

100% (held by SMT Technologies Sdn Bhd)

Investment holding & commenced cultivation of oil palm during 2013

EG ELECTRONIC SDN BHD
[665423-W]

100%

Original Equipment Manufacturer/ Original Design Manufacturer in complete box built products

SMT INDUSTRIES CO., LTD. (THAILAND)
[0255549000227]

100%

Provision of Electronic Manufacturing Services for computer peripherals, consumer electronic/ electrical and automotive industrial products industries

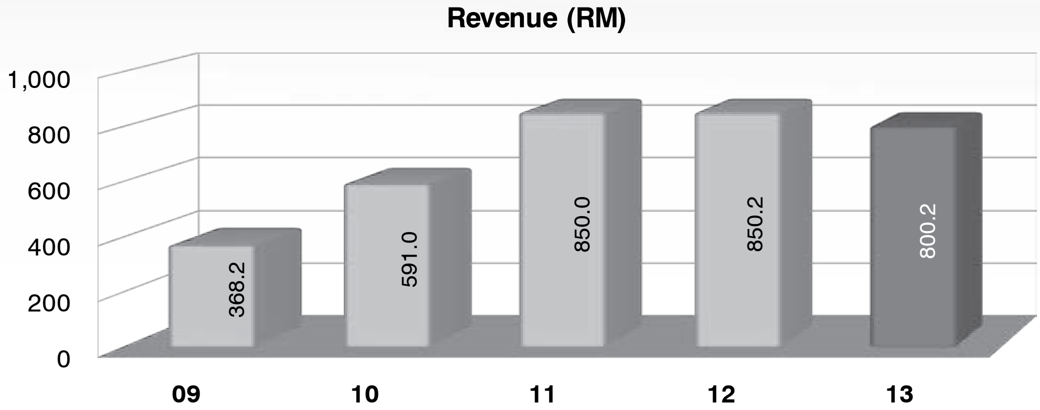
MASTIMBER INDUSTRIES SDN BHD
[418438-V]

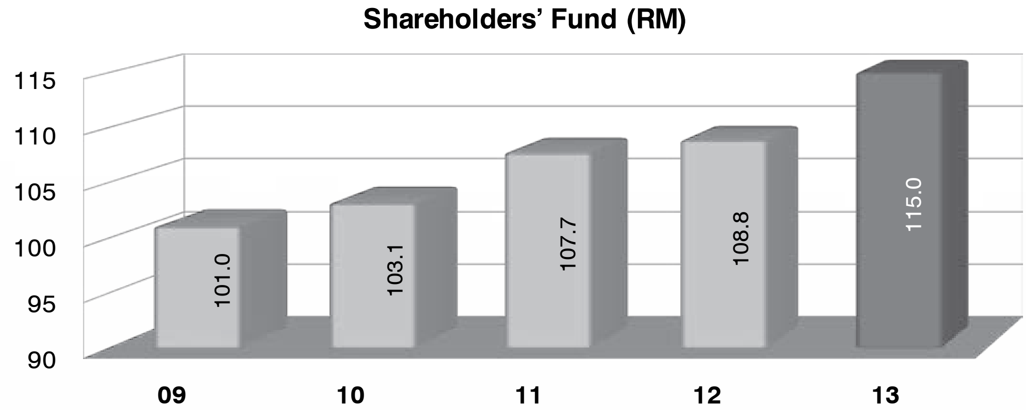
90.50%

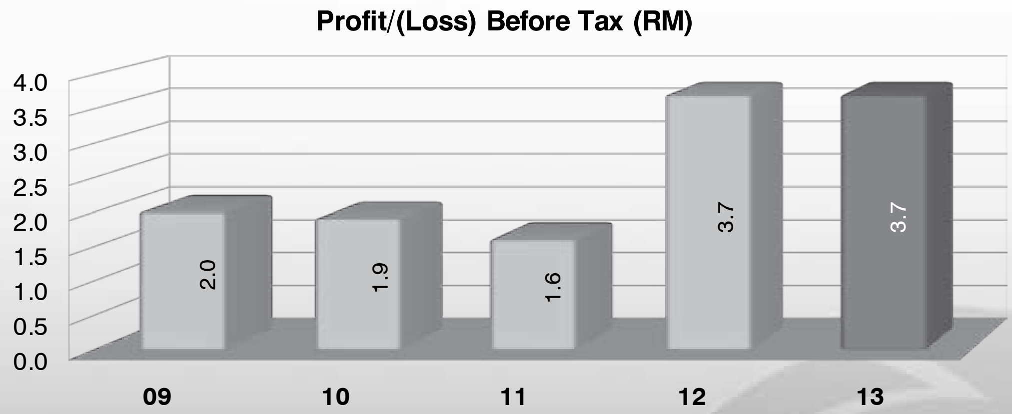
Manufacture and sale of 2-layer solid wood parquet flooring

Year ended June 30	2009	2010	2011	2012	2013
Revenue	368.2	591.0	850.0	850.2	800.2
Shareholders' Fund	101.0	103.1	107.7	108.8	115.0
Profit/(Loss) Before Tax	2.0	1.9	1.6	3.7	3.7

Amount in RM '000,000







CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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, to be in line with the Malaysian Code on Corporate Governance. The corporate business would embrace responsibility for the impact of its activities on the environment, employees, communities, stakeholders and interested parties.

The EG Group actively attended seminars and trainings to keep updated with new requirements and implementation to fulfill requirements from Government agencies and customers. The EG Group has established and continues to embrace the sustainability programs, especially SMT Technologies Sdn Bhd ("SMTT") & SMT Industries Co., Ltd. (Thailand) ("SMTI"), towards our Business Code of Conduct to ensure that working conditions are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible.

As a corporate citizen, the Group of companies contributes actively through its various activities and programs. Safety is always our first priority. We aim to have zero fatalities and no incidents that harm people, or put our neighbours or facilities at risk.

For the Code to be successful, it is acknowledged that the Company will regard the Code as a total supply chain initiative. At a minimum, the Company will work with our next tier suppliers to acknowledge and implement the Code.

Fundamental to adopting the Code is the understanding that the business must operate in full compliance with the laws, rules and regulations of the countries in which it operates. The Code encourages the Company to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility.

Human rights

Our Business Principles include our aim to respect the human rights of our employees and support fundamental human rights in line with the legitimate role of business. We also work with customers, suppliers, outsourcing agents and others to support international efforts to improve understanding of the relationship between business and human rights.

Management System

With the continuous efforts from all the employees, SMTT has successfully complied and renew certification in ISO 13485:2003 (Medical Device - Quality Management System, since 2011); ISO 9002:2008 (Quality Management System since 1996); ISO 14001:2004 (Environmental Management System since 2008); OHSAS 18001:2007 (Occupational Health and Safety Management System since April 2010), and MS 1722: Part I 2005 (Since April 2010) in Year 2013.

In addition to that, to enable SMT Industries in Thailand to expand its business in automotive industry, on 2nd July 2013, marked a great achievement that SMTI has successfully passed and certified for TS 16949, the International Quality Management Standard for Automotive Industry.

Employee knowledge development is the key to sustain and retain talent, as well as business sustainability. During 2013, the Group further equipped key management staffs to get them prepare and ready on the Group business impact related to Goods and Services Tax (GST) implementation by Malaysian Government in the near future. For that a total of 10 participants attended GST Training in February. Another group consisting of 20 attendees including company directors were being trained on the subject "MALAYSIAN CODE ON CORPORATE GOVERNANCE (MCCG) 2012" on 18th June 2013, in compliance to new MCCG 2012 effective 31 December 2012.

Commitment towards CSR

Since 2008, our Group consistently contributed our caring to the society by organizing the Blood Donation Events in-house. It was encouraging to have a total of 110 donors this year. Moreover the donors come not only from our employees, we also have the valuable support from our Directors, vendors, suppliers, canteen caterer and even OKU (Orang Kurang Upaya), whose contributions were indeed very helpful and needful and at the same time added encouragement & motivation to the organizing committee to strive better in organizing the events in the coming year.

The company liaised with Labour Office and various Welfare Associations in Kedah State, especially those surrounding Sungai Petani to find, identify and provide suitable jobs to OKU. This year the Company managed to provide jobs to 26 OKU compared to last year 13 headcount only.

SMTT also provides internship to local university students. During the year 2012, a total of 13 trainees from various universities did their industrial training here. And by August 2013, the number of interns joined SMTT has increased almost two folds to about 23 person.

As we celebrate any festivities, we don't forget the needy and on 6th August 2013, CSR Committee again initiated donation campaign to share rice/sugar/food to about 20 poor families for Hari Raya Aidilfitri celebration. The goodies were contributed by the company, management and staffs.

For SMTI, “Never get tired of doing little things for others. Sometimes those little things occupy the biggest part of their hearts” , more than 20 voluntary employees, visited Ban By Yai Bai School on 12th Jan 2013 to donate sport equipment, shared some food and ice-cream to bring joy, extend caring and love to those needy children.

Employees’ Welfare

Apart from the yearly events and internal activities such as Bowling, badminton, Futsa and other competition among employees, in order to bring good rapport between our employees with other companies, indirectly promote company name, our badminton team participated in 2 friendly matches and one Super Series Badminton Tournament organized by Bank Islam for Northern Region.

We have nearly 380 foreign workers in our workforce, coming from many countries, having different cultures, religions, teaching and beliefs. To cultivate good cleanliness in the hostels, it is a big challenge to bring them together, minimize the differences and respects each other, living harmony in the hostels. This is achieved from the HR Team efforts; with the cooperation from all foreign workers participating in Hostel Cleanliness Competition Program since year 2012.

Second Year Program: Foreign Workers Hostel Competition 2013

It is the continuous efforts from the Safety Committee to walk through the talk, of the slogan “Employees’ Safety First”, hence it is importance for every employees to have the awareness and knowledge of safety. Last year Fire Mock Drill is done during the day time, covered for normal and morning shift workers only. This year we extend to Chemical Spillage Mock Drill (12th June), and Fire Mock Drill (13th June) was carried out to cover for different shifts involved morning and night shift workers.

Fire Drill 13th Jun 2013

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 30/06/13 (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)	1,244,378
Lot No. 25 & 32 Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling, Kedah	14	12/04/13	209,154	Factory, Office Building & Warehouse	Leasehold (60 years)	2,808,394
H.S.(M) 343/89 P.T.No.8543, Mukim Sg. Pasir, Daerah Kuala Muda Kedah	20	02/04/12	174,240	Factory, Office Building & Warehouse	Sub-leasehold (08/10/2049)	11,507,147
Lot 2, 8 & 16 Mukim of Bujang Daerah Kuala Muda Kedah	-	29/10/10	4,216,741	Palm Oil Plantation	Freehold	3,684,735
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	5	-	172,223	Factory, Office Building & Warehouse	Freehold	8,950,817

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 30th June 2013. This year marked the no. 20th year of EG being listed on Bursa Malaysia Securities Berhad since 27 September 1993.

FINANCIAL OVERVIEW

For the financial year under review, the Group recorded a lower turnover of RM800.2 million as compared to RM850.2 million in the preceding year. However, the profit before tax and the profit after tax had improved slightly to about RM3.7 million and RM1.4 million respectively when compared to the preceding year results even though revenue had decreased.

The decrease in revenue was mainly due to the softened demand from data storage industry, despite the demand for consumer electronics and industrial products having increased.

CORPORATE DEVELOPMENT

The Company does not have any new corporate exercise during the financial year. However, the Company intends to cease the operations of one of its subsidiary – Mastimber Industries Sdn Bhd as the company has been making losses for the past few financial years.

FUTURE OUTLOOK

For the financial year under review, the Company's Malaysian EMS subsidiary – SMT Technologies Sdn Bhd ("SMTT") had successfully completed several complete-box-built ODM products which involved electronic and mechanical design, engineering, development and manufacturing for our renown European electronic sporting gadgets customer. This marked a significant milestone for SMTT to move up the value chain and continue to create better value-added services and products for its customers.

Moving forward, the global economic outlook remains uncertain due to unresolved debt crisis in the Eurozone with high unemployment rate and sluggish US economy recovery. On the other hand, the rising labour cost in China would mean more opportunities for Malaysian companies to capture new customers that look for alternative outsourcing contract manufacturers outside China.

The Group will continue to expand and strengthen our competency in product design, engineering and development. Furthermore, we intend to add plastic-injection capabilities in our Malaysian premises in order to provide a one-stop solution to our customers. This is essential for the Group to further move up the value chain for future sustainability and growth. At the same time, we continue to optimize our operational efficiency by investing cautiously in necessary cost-effective capital expenditure for automating our manufacturing processes to curb the rising labour cost due to the government new Minimum Wage Policy that was effective from 1 Jan 2013. Furthermore, we continue to diversify and explore opportunities to expand our international customer portfolios.

AWARDS AND RECOGNITIONS

Our EMS divisions, SMTT and Thailand subsidiary - SMT Industries Co., Ltd ("SMTI") both combined was ranked 41st in the Top 50 Global EMS Provider list (Published in March 2013 by Manufacturing Marketing Insider, a subscription newsletter based in USA, is 100% dedicated to contract manufacturing and the EMS industry - www.mfgmkt.com) for two consecutive years from 2011 to 2012.

SMTI was awarded ISO/TS16949:2009 certification for Manufacturing of Printed Circuit Board Assemblies for Automotive Industry.

DIVIDEND

No dividend was declared for the year.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank our management team and employees of the Group for their enthusiastic efforts, valuable contribution and unfailing continued support. Their effective execution of the Group's strategies through sheer hard work, unwavering commitment and cohesive team spirit in a demanding and challenging business environment have certainly contributed much to the success and proud performance of the Group.

My 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 2013 and also for the past 20 years.

Apart from celebrating EG being listed for 20 years on Bursa Malaysia Securities Berhad, this year also marked the 20th year anniversary of SMTT which was incorporated in 1993 and as such, I would like to take this opportunity to congratulate all the employees and members of the SMTT community for celebrating our 20 years of success (1993-2013). Without the dedication, continuous hard work, innovative thinking and collaboration of our people, we would not have achieved such tremendous growth and success.

Thank you very much

TAI KEIK HOCK
Executive Chairman

4 December 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

Principal activities

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements.

There has been no significant change in the nature of these activities during the financial year, other than as disclosed in Note 4 to the financial statements.

Results

	Group RM	Company RM
Profit/(Loss) for the year attributable to :		
Owners of the Company	1,827,049	(2,992,184)
Non-controlling interests	(407,211)	-
	1,419,838	(2,992,184)

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.

Dividend

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 Yeong Sheng
Tai Lee Keow
Kang Pang Kiang
Ang Seng Wong
Dr. Damien Lim Yat Seng
Lim Sze Yan

Directors' interests in shares

The interests and deemed interests in the ordinary shares and warrants over shares 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 :

	Number of ordinary shares of RM1 each			
The Company	At 1.7.2012	Bought	(Sold)	At 30.6.2013
Direct interest				
Tai Keik Hock				
- own	225,015	-	(200,000)	25,015
- others *	1,982,265	-	(13,238)	1,969,027
Tai Yeong Sheng				
- own	8,036,153	-	-	8,036,153
Tai Lee Keow				
- own	79	-	-	79
Kang Pang Kiang				
- own	80,800	20,000	-	100,800
Indirect interest				
Tai Keik Hock				
- others *	3,812,714	-	-	3,812,714
Tai Yeong Sheng				
- own	15,202,264	-	-	15,202,264
- others *	745,000	-	-	745,000
Tai Lee Keow				
- own	11,389,550	-	-	11,389,550

	Number of warrants 2005/2015			
The Company	At 1.7.2012	Bought	(Sold)	At 30.6.2013
Direct interest				
Tai Keik Hock				
- others *	42,000	-	-	42,000
Tai Yeong Sheng				
- own	2,063,334	-	-	2,063,334
Indirect interest				
Tai Yeong Sheng				
- own	3,226,668	-	-	3,226,668
Tai Lee Keow				
- own	3,226,668	-	-	3,226,668

* These are shares and warrants 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.

Directors' interests in shares (continued)

By virtue of their interests in the shares of the Company, Mr. Tai Yeong Sheng 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 2013 had any interest in the ordinary shares and warrants 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 30.6.2013
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% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2005/2012. 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 warrants. The exercise price of the warrants is subject to adjustment 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 a related corporation) 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.

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's warrants as disclosed in the financial statements.

Issue of shares and debentures

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

Options granted over unissued shares

No options were granted to any person to take up the unissued shares of the Company during the financial year.

Other statutory information

Before the financial 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 financial statements of the Group and of the Company 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 financial performance of the Group and of the Company for the financial year ended 30 June 2013 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

Penang,

Date : 28 October 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Assets				
Property, plant and equipment	3	126,010,012	109,465,781	111,053,399
Other investments	5	6,825,914	2,571,482	3,242,464
Intangible asset	6	10,147,672	10,147,672	10,147,672
Deferred tax assets	7	2,207,037	4,101,490	6,414,713
Total non-current assets		145,190,635	126,286,425	130,858,248
Inventories	8	69,070,763	62,711,109	71,455,375
Current tax assets		247,105	172,536	-
Trade and other receivables	9	137,453,883	147,645,666	95,563,630
Cash and cash equivalents	10	26,491,099	24,241,058	18,828,808
Total current assets		233,262,850	234,770,369	185,847,813
Total assets		378,453,485	361,056,794	316,706,061
Equity				
Share capital	11	75,016,600	75,016,600	75,016,600
Reserves	12	40,830,544	34,281,907	33,213,201
Total equity attributable to owners of the Company		115,847,144	109,298,507	108,229,801
Non-controlling interests		(890,473)	(483,262)	(483,820)
Total equity		114,956,671	108,815,245	107,745,981
Liabilities				
Non-current payables	14	-	-	4,981,527
Provision for retirement benefit	18.3	62,464	-	-
Loans and borrowings	13	7,964,686	15,525,213	12,499,281
Total non-current liabilities		8,027,150	15,525,213	17,480,808
Trade and other payables	14	102,583,281	109,876,668	92,356,190
Current tax payables		50,688	52,750	543,616
Loans and borrowings	13	152,835,695	126,786,918	98,579,466
Total current liabilities		255,469,664	236,716,336	191,479,272
Total liabilities		263,496,814	252,241,549	208,960,080
Total equity and liabilities		378,453,485	361,056,794	316,706,061

The notes on pages 54 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 RM	2012 RM
Continuing operations			
Revenue	15	800,248,172	850,226,572
Cost of sales		(777,136,921)	(830,717,920)
Gross profit		23,111,251	19,508,652
Administrative expenses		(10,229,235)	(9,752,210)
Distribution expenses		(1,808,628)	(1,541,627)
Other expenses		(1,773,975)	(978,265)
Other income		2,638,228	4,030,997
Operating profit		11,937,641	11,267,547
Finance costs	16	(8,187,693)	(7,579,099)
Profit before tax	17	3,749,948	3,688,448
Tax expense	19	(2,330,110)	(2,299,412)
Profit for the year		1,419,838	1,389,036
Other comprehensive income/(expense), net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets		4,254,432	(670,882)
Foreign currency translation differences for foreign operations		471,071	352,878
Total other comprehensive income/(expense) for the year, net of tax		4,725,503	(318,004)
Total comprehensive income for the year		6,145,341	1,071,032
Profit for the year attributable to :			
Owners of the Company		1,827,049	1,388,478
Non-controlling interests		(407,211)	558
		1,419,838	1,389,036
Total comprehensive income attributable to :			
Owners of the Company		6,552,552	1,070,474
Non-controlling interests		(407,211)	558
		6,145,341	1,071,032
Basic earnings per ordinary share (sen)	20	2.44	1.85

The notes on pages 54 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share capital RM	Warrants reserve RM	Fair value reserve RM	Translation reserve RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 July 2011	75,016,600	3,699,893	3,142,805	-	15,170,314	(19,458)	11,219,647	108,229,801	(483,820)	107,745,981
Foreign currency translation differences for foreign operations	-	-	-	352,878	-	-	-	352,878	-	352,878
Fair value of available-for-sale financial assets	-	-	(670,882)	-	-	-	-	(670,882)	-	(670,882)
Total other comprehensive income/(expense) for the year	-	-	(670,882)	352,878	-	-	-	(318,004)	-	(318,004)
Profit for the year	-	-	-	-	-	-	1,388,478	1,388,478	558	1,389,036
Total comprehensive income/(expense) for the year	-	-	(670,882)	352,878	-	-	1,388,478	1,070,474	558	1,071,032
Treasury shares acquired	-	-	-	-	-	(1,768)	-	(1,768)	-	(1,768)
At 30 June 2012	75,016,600	3,699,893	2,471,923	352,878	15,170,314	(21,226)	12,608,125	109,298,507	(483,262)	108,815,245

	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital RM	Warrants reserve RM	Fair value reserve RM	Translation reserve RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 July 2012	75,016,600	3,699,893	2,471,923	352,878	15,170,314	(21,226)	12,608,125	109,298,507	(483,262)	108,815,245
Foreign currency translation differences for foreign operations	-	-	-	471,071	-	-	-	471,071	-	471,071
Fair value of available-for-sale financial assets	-	-	4,254,432	-	-	-	-	4,254,432	-	4,254,432
Total other comprehensive income for the year	-	-	4,254,432	471,071	-	-	-	4,725,503	-	4,725,503
Profit for the year	-	-	-	-	-	-	1,827,049	1,827,049	(407,211)	1,419,838
Total comprehensive income/(expense) for the year	-	-	4,254,432	471,071	-	-	1,827,049	6,552,552	(407,211)	6,145,341
Treasury shares acquired	-	-	-	-	-	(3,915)	-	(3,915)	-	(3,915)
At 30 June 2013	75,016,600	3,699,893	6,726,355	823,949	15,170,314	(25,141)	14,435,174	115,847,144	(890,473)	114,956,671

The notes on pages 54 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Profit before tax from continuing operations		3,749,948	3,688,448
Adjustments for :			
Depreciation of property, plant and equipment	3	18,025,636	16,101,871
Interest expense	16	8,187,693	7,579,099
Dividend income	17	(63,517)	(71,023)
(Gain)/Loss on disposal of plant and equipment	17	(8,463)	498,336
Other investments written off	17	-	100
Interest income	17	(451,408)	(289,218)
Operating profit before changes in working capital		29,439,889	27,507,613
Change in inventories		(6,013,031)	8,934,310
Change in trade and other receivables		10,821,101	(40,735,737)
Change in trade and other payables		(8,100,824)	1,002,128
Cash generated from/(used in) operations		26,147,135	(3,291,686)
Tax paid		(505,650)	(639,085)
Dividend received		62,985	70,792
Net cash from/(used in) operating activities		25,704,470	(3,859,979)
Cash flows from investing activities			
Acquisition of plant and equipment	A	(33,832,436)	(9,542,864)
Interest income		451,408	289,218
Proceeds from disposal of plant and equipment		324,220	92,058
Acquisition of treasury shares		(3,915)	(1,768)
Net cash used in investing activities		(33,060,723)	(9,163,356)
Cash flows from financing activities			
Drawdown of bank borrowings, net		28,759,388	23,769,038
Repayment of finance lease liabilities		(7,538,575)	(2,534,694)
Drawdown of term loan		-	5,430,000
Repayment of term loans		(1,096,061)	(1,775,450)
Interest paid		(8,187,693)	(7,579,099)
Withdrawal/(Placement) of pledged deposits		192,469	(483,500)
Net cash from financing activities		12,129,528	16,826,295
Net increase in cash and cash equivalents		4,773,275	3,802,960
Effect of exchange rate fluctuations on cash held		1,449	1,408
Cash and cash equivalents at 1 July		8,198,755	4,394,387
Cash and cash equivalents at 30 June	B	12,973,479	8,198,755

Notes

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM34,015,294 (2012 : RM14,372,864), of which RM182,858 (2012 : RM4,830,000) were acquired by means of finance lease arrangement. The balance of RM33,832,436 (2012 : RM9,542,864) was paid by cash.

B. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts :

	Note	**2013 RM**	**2012 RM**
Cash and bank balances	10	14,287,808	11,845,099
Bank overdrafts	13	(1,314,329)	(3,646,344)
		12,973,479	8,198,755

The notes on pages 54 to 104 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Assets				
Property, plant and equipment	3	1,244,932	1,272,547	1,300,795
Investments in subsidiaries	4	72,484,761	67,766,981	67,766,981
Other investments	5	6,825,914	2,571,482	3,242,464
Non-current receivables	9	4,700,000	4,700,000	10,329,715
Total non-current assets		85,255,607	76,311,010	82,639,955
Trade and other receivables	9	21,136,992	16,340,664	8,652,146
Current tax assets		18,165	21,331	-
Cash and cash equivalents	10	11,430,581	11,116,270	10,941,313
Total current assets		32,585,738	27,478,265	19,593,459
Total assets		117,841,345	103,789,275	102,233,414
Equity				
Share capital	11	75,016,600	75,016,600	75,016,600
Reserves	12	1,626,927	368,594	7,351,118
Total equity		76,643,527	75,385,194	82,367,718
Liabilities				
Trade and other payables	14	41,197,818	28,404,081	19,846,286
Current tax liabilities		-	-	19,410
Total current liabilities		41,197,818	28,404,081	19,865,696
Total equity and liabilities		117,841,345	103,789,275	102,233,414

The notes on pages 54 to 104 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 RM	2012 RM
Continuing operations			
Revenue	15	373,516	331,545
Administrative expenses		(1,061,817)	(1,009,303)
Other expenses		(2,300,185)	(5,630,060)
Operating loss		(2,988,486)	(6,307,818)
Finance costs	16	-	(292)
Loss before tax	17	(2,988,486)	(6,308,110)
Tax expense	19	(3,698)	(1,764)
Loss for the year		(2,992,184)	(6,309,874)
Other comprehensive expense, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets		4,254,432	(670,882)
Total comprehensive income/(expense) for the year		1,262,248	(6,980,756)
Loss for the year attributable to :			
Owners of the Company		(2,992,184)	(6,309,874)
Total comprehensive income/(expense) attributable to :			
Owners of the Company		1,262,248	(6,980,756)

The notes on pages 54 to 104 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	← Attributable to owners of the Company →						
	← Non-distributable →						
	Share capital RM	**Warrants reserve RM**	**Fair value reserve RM**	**Share premium RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2011	75,016,600	3,699,893	3,142,805	15,170,314	(19,458)	(14,642,436)	82,367,718
Total other comprehensive expense for the year							
- Fair value of available-for-sale financial assets	-	-	(670,882)	-	-	-	(670,882)
Loss for the year	-	-	-	-	-	(6,309,874)	(6,309,874)
Total comprehensive expense for the year	-	-	(670,882)	-	-	(6,309,874)	(6,980,756)
Treasury shares acquired	-	-	-	-	(1,768)	-	(1,768)
At 30 June 2012	75,016,600	3,699,893	2,471,923	15,170,314	(21,226)	(20,952,310)	75,385,194
At 1 July 2012	75,016,600	3,699,893	2,471,923	15,170,314	(21,226)	(20,952,310)	75,385,194
Total other comprehensive income/(expense) for the year							
- Fair value of available-for-sale financial assets	-	-	4,254,432	-	-	-	4,254,432
Loss for the year	-	-	-	-	-	(2,992,184)	(2,992,184)
Total comprehensive income/(expense) for the year	-	-	4,254,432	-	-	(2,992,184)	1,262,248
Treasury shares acquired	-	-	-	-	(3,915)	-	(3,915)
At 30 June 2013	75,016,600	3,699,893	6,726,355	15,170,314	(25,141)	(23,944,494)	76,643,527

The notes on pages 54 to 104 are an integral part of these financial statements.

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Loss before tax from continuing operations		(2,988,486)	(6,308,110)
Adjustments for :			
Depreciation of property, plant and equipment	3	27,615	28,248
Interest expense	16	-	292
Other investments written off	17	-	100
Dividend income	17	(63,517)	(71,023)
Interest income	17	(309,999)	(260,522)
Impairment of investment in a subsidiary	17	2,300,000	-
Operating loss before changes in working capital		(1,034,387)	(6,611,015)
Change in trade and other receivables	A	(11,814,108)	(2,058,803)
Change in trade and other payables		12,793,737	8,557,795
Cash used in operations		(54,758)	(112,023)
Income tax paid		-	(42,274)
Dividend received		62,985	70,792
Net cash from/(used in) operating activities		8,227	(83,505)
Cash flows from investing activities			
Treasury shares acquired		(3,915)	(1,768)
Interest received		309,999	260,522
Net cash from investing activities		306,084	258,754
Cash flows from financing activities			
Interest paid		-	(292)
Placement of pledged deposits		(307,133)	(253,796)
Net cash used in financing activities		(307,133)	(254,088)
Net increase/(decrease) in cash and cash equivalents		7,178	(78,839)
Cash and cash equivalents at 1 July		17,970	96,809
Cash and cash equivalents at 30 June	B	25,148	17,970

Notes

A. Trade and other receivables

During the year, the Company increased its investment in a subsidiary by RM7,017,780 (2012 : RM Nil) through the capitalisation of the same amount from other receivables (amount due from subsidiaries).

B. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amount :

	Note	2013 RM	2012 RM
Cash and bank balances	10	25,148	17,970

The notes on pages 54 to 104 are an integral part of these 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 addresses of its registered office and principal place of business of the Company are as follows :

Registered office

Suite 18.01, 18th Floor
MWE Plaza
No. 8, Lebuh 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 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2013 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activities of other Group entities are disclosed in Note 4 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 October 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS"). The financial impacts of transition to MFRS of the Group are disclosed in Note 29 to the financial statements.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements**
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine**
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

1. **Basis of preparation (continued)**

(a) **Statement of compliance (continued)**

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013* (continued)**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans**
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance**
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting**
- IC Interpretation 21, *Levies**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 July 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for those marked "*" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for those marked "*" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company upon their first adoption.

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2 to the financial statements and on the assumption that the Group and the Company will continue to operate as going concerns.

As at 30 June 2013, the current liabilities of the Group and of the Company exceeded the current assets by RM22,206,814 and RM8,612,080 respectively. The current liabilities of the Group consist mainly of short term borrowings which are used for working capital purposes.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group will be able to generate sufficient cash flows from operations to meet its liabilities as and when they fall due.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS 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 estimates are 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 those disclosed in Note 6.1 - Impairment testing for goodwill.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 July 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Control exists when the Company 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 July 2011

For acquisitions on or after 1 July 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 July 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011. Goodwill arising from acquisitions before 1 July 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transitions between the Group and its non-controlling interest holders. 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.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit and loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) 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 investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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 end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2011 which are treated as assets and liabilities of the Company.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets are subject to review for impairment (see Note 2(g)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

The gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant component of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss 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.

The depreciation rates for the current and comparative periods are as follows :

	%
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 reviewed at the end of the reporting period and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instruments, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objectives evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

2. Significant accounting policies (continued)

(g) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. 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.

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.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amount of the other assets in the unit (groups of cash-generating 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in 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 sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity and the resulting surplus or deficit on the transaction is presented in share premium.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in 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.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) 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. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (continued)

(l) 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 not recognised in the statement of financial position and 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.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against the unutilised tax incentive can be utilised.

(n) 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 liability 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.

(ii) State plans

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

2. **Significant accounting policies (continued)**

(n) Employee benefits (continued)

(iii) Defined benefit plan

The liability recognised in the consolidated statement of financial position relates to the Company's subsidiary in Thailand in respect of defined benefit pension plan. The liability represents the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefit will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other component of equity in the period in which they arise.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (continued)

(p) Borrowing costs (continued)

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Warrants reserve

Fair value from the issuance of warrants are credited to warrants reserve which is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to another reserve account within equity.

3. **Property, plant and equipment**

Group	Freehold land RM	Leasehold land and improvements RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Tools and equipment RM	Motor vehicles RM	Factory renovation RM	Capital in progress RM	Total RM
Cost											
At 1 July 2011	5,626,278	4,471,372	25,621,242	167,719,723	1,392,374	2,852,384	7,125,808	1,554,352	2,823,621	-	219,187,154
Additions	-	-	22,756	13,938,497	34,327	105,568	266,286	-	5,430	-	14,372,864
Disposals	-	-	-	(10,161,725)	(43,172)	(34,500)	(144,398)	(39,000)	(8,000)	-	(10,430,795)
Foreign exchange differences	27,147	-	180,220	620,284	1,432	3,850	27,007	6,518	-	-	866,458
At 30 June 2012/ 1 July 2012	5,653,425	4,471,372	25,824,218	172,116,779	1,384,961	2,927,302	7,274,703	1,521,870	2,821,051	-	223,995,681
Additions	-	178,015	-	25,971,069	14,873	90,043	579,419	266,088	20,204	6,895,583	34,015,294
Disposals	-	-	-	(13,998,944)	-	-	(1,045,091)	-	(2,093)	-	(15,046,128)
Foreign exchange differences	26,681	-	177,537	833,858	1,591	3,673	28,466	6,406	-	-	1,078,212
At 30 June 2013	5,680,106	4,649,387	26,001,755	184,922,762	1,401,425	3,021,018	6,837,497	1,794,364	2,839,162	6,895,583	244,043,059

3. Property, plant and equipment (continued)

Group	Freehold land RM	Leasehold land and improvements RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Tools and equipment RM	Motor vehicles RM	Factory renovation RM	Capital in progress RM	Total RM
Accumulated depreciation											
At 1 July 2011	-	882,932	4,627,669	91,246,553	744,515	2,415,821	5,267,242	1,131,777	1,817,246	-	108,133,755
Depreciation for the year	-	79,003	855,494	13,743,797	29,292	160,286	886,620	130,378	217,001	-	16,101,871
Disposals	-	-	-	(9,586,250)	(28,302)	(34,451)	(144,398)	(39,000)	(8,000)	-	(9,840,401)
Foreign exchange differences	-	-	24,443	99,247	514	985	7,626	1,860	-	-	134,675
At 30 June 2012/ 1 July 2012	-	961,935	5,507,606	95,503,347	746,019	2,542,641	6,017,090	1,225,015	2,026,247	-	114,529,900
Depreciation for the year	-	79,003	866,339	15,656,687	24,549	106,719	929,343	164,528	198,468	-	18,025,636
Disposals	-	-	-	(13,683,798)	-	-	(1,045,091)	-	(1,482)	-	(14,730,371)
Foreign exchange differences	-	-	33,771	155,659	806	1,512	13,025	3,109	-	-	207,882
At 30 June 2013	-	1,040,938	6,407,716	97,631,895	771,374	2,650,872	5,914,367	1,392,652	2,223,233	-	118,033,047
Carrying amounts											
At 1 July 2011	5,626,278	3,588,440	20,993,573	76,473,170	647,859	436,563	1,858,566	422,575	1,006,375	-	111,053,399
At 30 June 2012/ 1 July 2012	5,653,425	3,509,437	20,316,612	76,613,432	638,942	384,661	1,257,613	296,855	794,804	-	109,465,781
At 30 June 2013	5,680,106	3,608,449	19,594,039	87,290,867	630,051	370,146	923,130	401,712	615,929	6,895,583	126,010,012

3. Property, plant and equipment (continued)

Company	Leasehold land RM	Office equipment RM	Total RM
Cost			
At 1 July 2011	1,634,949	7,129	1,642,078
Addition	-	-	-
At 30 June 2012/1 July 2012/30 June 2013	1,634,949	7,129	1,642,078
Accumulated depreciation			
At 1 July 2011	336,073	5,210	341,283
Depreciation charge for the year	27,249	999	28,248
At 30 June 2012/1 July 2012	363,322	6,209	369,531
Depreciation charge for the year	27,249	366	27,615
At 30 June 2013	390,571	6,575	397,146
Carrying amounts			
At 1 July 2011	1,298,876	1,919	1,300,795
At 30 June 2012/1 July 2012	1,271,627	920	1,272,547
At 30 June 2013	1,244,378	554	1,244,932

3.1 Assets under finance lease - Group

Included in the carrying amount of plant and machinery and motor vehicle are assets acquired under finance lease amounting to RM24,904,421 (30.6.2012 : RM29,273,641; 1.7.2011 : RM26,235,341).

3.2 Assets held in trust - Group

Motor vehicles with a carrying amount of RM19,899 (30.6.2012 : RM58,916; 1.7.2011 : RM118,614) are registered in the name of certain Directors and held in trust on behalf of the Group.

3. Property, plant and equipment (continued)

3.3 Security - Group

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 13.2 to the financial statements :

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Carrying amounts			
Freehold land	5,680,106	5,653,425	5,626,278
Leasehold land	2,186,056	2,237,810	2,289,564
Buildings	19,594,036	20,316,612	20,993,573
Plant and machinery	84,385,453	72,269,965	58,902,856
Furniture and fittings	21,868	39,384	42,255
Office equipment	224,334	228,659	285,864
Tools and equipment	742,510	806,755	1,208,012
Factory renovation	615,933	794,804	1,006,375
	113,450,296	102,347,414	90,354,777

4. Investments in subsidiaries - Company

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Unquoted shares, at cost	74,516,981	74,516,981	61,180,181
Subscription of shares in a subsidiary	7,017,780	-	13,336,800
	81,534,761	74,516,981	74,516,981
Less : Accumulated impairment loss	(9,050,000)	(6,750,000)	(6,750,000)
	72,484,761	67,766,981	67,766,981

4. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest 30.6.2013 %	30.6.2012 %	1.7.2011 %	Principal activities
SMT Technologies Sdn. Bhd.	Malaysia	100	100	100	Provision of Electronic Manufacturing Services for computer peripherals and consumer electronic/electrical products industries
Mastimber Industries Sdn. Bhd. #	Malaysia	90.5	90.5	90.5	Manufacture and sale of 2-layer solid wood parquet flooring
EG Electronic Sdn. Bhd.*	Malaysia	100	100	100	Original Equipment Manufacturer/Original Design Manufacturer in complete box built products
SMT Industries Co., Ltd *	Thailand	100	100	100	Provision of Electronic Manufacturing Services for computer peripherals, consumer electronic/electrical and automotive industrial products industries
Subsidiary of SMT Technologies Sdn. Bhd.					
Glisten Knight Sdn. Bhd. *	Malaysia	100	100	100	Investment holding. Commenced cultivation of oil palm during 2013

* Not audited by KPMG
# Not audited by KPMG for 2012 and 2013

5. Other investments - Group/Company

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-current			
Available for-sale financial assets			
Quoted shares in Malaysia	6,825,914	2,571,482	3,242,364
Unquoted shares in Malaysia	-	-	100
	6,825,914	2,571,482	3,242,464
Representing items :			
At cost	-	-	100
At fair value	6,825,914	2,571,482	3,242,364
	6,825,914	2,571,482	3,242,464
Market value of quoted shares	6,825,000	2,571,000	3,242,000

6. Intangible asset - Group

	Goodwill RM
At 1 July 2011	10,147,672
At 30 June 2012/1 July 2012	10,147,672
At 30 June 2013	10,147,672

6.1 Impairment testing for goodwill

For the purpose of annual impairment testing, goodwill arising from business combination has been allocated to the following cash generating units ("CGU") at which the goodwill is monitored for internal management purpose :

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. Value in use was determined by discounting the cash flow projections from the three-year business plan developed based on management's assessment of future trends and market developments in the hard disk drive industry.

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 4% (2012: 4%)

Based on management's assessment, no impairment is required as the recoverable amount exceeds the carrying amount of the goodwill.

There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount of the CGUs to fall below its carrying amount.

7. Deferred tax assets

Recognised deferred tax assets and liabilities

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

Group	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Property, plant and equipment - capital allowance	5,693,365	5,211,872	5,432,629
Tax loss carry-forwards	(265,468)	(528,062)	(554,151)
Unutilised reinvestment allowance	(7,775,610)	(8,935,610)	(10,635,610)
Provisions	(327,074)	(317,440)	(389,308)
Others	467,750	467,750	(268,273)
Net deferred tax assets recognised	(2,207,037)	(4,101,490)	(6,414,713)

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. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group can utilise.

7. Deferred tax assets (continued)

Movements in temporary differences during the year are as follows :

Group	At 1.7.2011 RM	Recognised in profit or loss (Note 19) RM	Exchange difference RM	At 30.6.2012 RM	Recognised in profit or loss (Note 19) RM	Exchange difference RM	At 30.6.2013 RM
Property, plant and equipment - capital allowance	5,432,629	(220,757)	-	5,211,872	481,493	-	5,693,365
Tax losses carry-forwards	(554,151)	36,364	(10,275)	(528,062)	268,702	(6,108)	(265,468)
Unutilised reinvestment allowance	(10,635,610)	1,700,000	-	(8,935,610)	1,160,000	-	(7,775,610)
Provisions	(389,308)	71,868	-	(317,440)	(9,634)	-	(327,074)
Others	(268,273)	736,023	-	467,750	-	-	467,750
	(6,414,713)	2,323,498	(10,275)	(4,101,490)	1,900,561	(6,108)	(2,207,037)

Unrecognised deferred tax assets

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

Group	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Property, plant and equipment	500	1,000	2,000
Unutilised reinvestment allowance	(4,161,000)	(3,109,000)	(7,315,000)
Unabsorbed capital allowances	(2,407,000)	(3,459,000)	(3,275,000)
Unutilised tax losses	(13,268,000)	(9,495,000)	(5,019,000)
	(19,835,500)	(16,062,000)	(15,607,000)
Company			
Property, plant and equipment	500	1,000	2,000
Unabsorbed capital allowances	(7,000)	(7,000)	(7,000)
	(6,500)	(6,000)	(5,000)

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 unutilised tax losses available to the Group.

8. Inventories - Group

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Raw materials	30,252,465	30,155,289	52,466,288
Work-in-progress	5,232,524	9,638,440	8,046,789
Manufactured inventories	33,569,953	22,868,998	10,868,433
Consumables	8,325	30,261	48,044
Packing materials	7,496	18,121	25,821
	69,070,763	62,711,109	71,455,375

8.1 Security

The inventories are pledged to licensed banks as securities for borrowings granted to certain subsidiaries as disclosed in Note 13.2 to the financial statements.

8.2 Estimate

The write down of inventories to net realisable value during the year amounted to RM3,910,401 (2012 : RM528,000) is included in cost of sales.

Inventories amounting to RM0.5 million (2012 : RM3.5 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 at above cost.

9. Trade and other receivables

Group	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Current				
Trade				
Trade receivables		134,915,794	145,050,220	93,034,388
Current				
Non-trade				
Other receivables		915,114	1,288,836	1,755,242
Deposits		441,371	106,306	47,467
Prepayments		1,181,604	1,200,304	726,533
		2,538,089	2,595,446	2,529,242
		137,453,883	147,645,666	95,563,630
Company				
Non-current				
Non-trade				
Amount due from a subsidiary	9.1	4,700,000	4,700,000	10,329,715
Current				
Non-trade				
Amount due from subsidiaries	9.2	20,999,460	16,205,999	8,509,983
Other receivables		135,532	132,665	140,163
Deposits		2,000	2,000	2,000
		21,136,992	16,340,664	8,652,146

9. Trade and other receivables (continued)

9.1 Amount due from a subsidiary - non current

The non-trade amount due from a subsidiary is unsecured, interest-free and not repayable within the next twelve (12) months.

9.2 Amount due from subsidiaries - current

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

10. Cash and cash equivalents

Group	**Note**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Deposits with licensed banks	10.1	12,203,291	12,395,959	13,312,459
Cash and bank balances		14,287,808	11,845,099	5,516,349
		26,491,099	24,241,058	18,828,808
Company				
Deposits with licensed banks	10.1	11,405,433	11,098,300	10,844,504
Cash and bank balances		25,148	17,970	96,809
		11,430,581	11,116,270	10,941,313

10.1 Deposits with licensed banks

Included in cash and cash equivalents of the Group and of the Company are RM12,203,291 (30.6.2012 : RM12,395,959 ; 1.7.2011 : RM11,923,117) and RM11,405,433 (30.6.2012 : RM11,098,300 ; 1.7.2011 : RM10,844,504) respectively held in lien for borrowings granted to certain subsidiaries (Note 13.1).

11. Share capital - Group/Company

	30.6.2013		**30.6.2012**		**1.7.2011**	
	Amount RM	**Number of shares**	**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	200,000,000	200,000,000
Issued and fully paid :						
At 1 July/30 June	75,016,600	75,016,600	75,016,600	75,016,600	75,016,600	75,016,600

12. Reserves

Group	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-distributable :				
Translation reserve	12.1	823,949	352,878	-
Warrants reserve	12.2	3,699,893	3,699,893	3,699,893
Share premium		15,170,314	15,170,314	15,170,314
Treasury shares	12.3	(25,141)	(21,226)	(19,458)
Fair value reserve	12.4	6,726,355	2,471,923	3,142,805
		26,395,370	21,673,782	21,993,554
Distributable :				
Retained earnings		14,435,174	12,608,125	11,219,647
		40,830,544	34,281,907	33,213,201

Company	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-distributable :				
Warrants reserve	12.2	3,699,893	3,699,893	3,699,893
Share premium		15,170,314	15,170,314	15,170,314
Accumulated losses		(23,944,494)	(20,952,310)	(14,642,436)
Treasury shares	12.3	(25,141)	(21,226)	(19,458)
Fair value reserve	12.4	6,726,355	2,471,923	3,142,805
		1,626,927	368,594	7,351,118

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

12.1 Translation reserve

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

12.2 Warrants reserve

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

12.3 Treasury shares

The shareholders of the Company at 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 comprise ordinary shares with par value of RM1 each.

12. Reserves (continued)

12.3 Treasury shares (continued)

For the financial year ended 30 June 2013, the Company repurchased 16,000 (30.6.2012 : 5,000 ; 1.7.2011 : 9,500) of its issued share capital from the open market. The average price paid for the shares repurchase was RM0.239 (30.6.2012 : RM0.345 ; 1.7.2011 : RM0.370) per share. The total consideration paid was RM3,915 (30.6.2012 : RM1,768 ; 1.7.2011 : RM3,605) including transaction costs of RM86 (30.6.2012 : RM43 ; 1.7.2011 : RM85). The repurchase was financed by internally generated funds. The shares repurchased are 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 2013, the Company held 96,000 (30.6.2012 : 80,000 ; 1.7.2011 : 75,000) of its shares. The number of outstanding ordinary shares of RM1 each in issue after the set-off is RM74,920,600 (30.6.2012 : RM74,936,600 ; 1.7.2011 : 74,941,600).

12.4 Fair value reserve

The fair value reserve relates to the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

13. Loans and borrowings - Group

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-current			
Secured			
Term loans	3,252,735	4,476,977	621,962
Finance lease liabilities	4,711,951	11,048,236	11,877,319
	7,964,686	15,525,213	12,499,281
Current			
Secured			
Bank overdrafts	1,314,329	3,646,344	2,511,304
Bankers' acceptances	92,312,621	64,385,436	46,868,911
Revolving credit	16,883,700	23,680,774	32,351,901
Export credit refinancing	-	-	221,000
Trust receipts	22,266,581	20,105,167	10,869,253
Term loans	1,367,630	1,236,041	1,433,273
Finance lease liabilities	6,506,834	7,494,178	4,323,824
Trade financing	12,184,000	6,238,978	-
	152,835,695	126,786,918	98,579,466

13.1 Covenants - Group

Certain borrowings were subject to the Group fulfilling a minimum threshold in regards to the following :

i) Debt to Equity Ratio;
ii) Consolidated Leverage Ratio of the Group; and
iii) A subsidiary maintaining a net worth of at least RM45 million.

13. Loans and borrowings - Group (continued)

13.2 Securities

The loans and borrowings of the Group are secured as follows :

i) a debenture creating fixed and floating charges over all the assets of certain subsidiaries;

ii) legal charges over the freehold land, leasehold land and buildings of certain subsidiaries (Note 3.3);

iii) deposits held in lien of the Group and the Company (Note 10.1);

iv) jointly and severally guaranteed by certain Directors; and

v) collateralised by corporate guarantee by the Company.

Finance lease liabilities are secured as the rights to the assets under the finance lease that revert to the lessor in the event of default.

13.3 Finance lease liabilities

Finance lease liabilities are payable as follows :

	30.6.2013			30.6.2012			1.7.2011		
Group	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than 1 year	7,065,805	558,971	6,506,834	8,426,926	932,748	7,494,178	5,274,117	950,293	4,323,824
Between 1 and 5 years	4,913,699	201,748	4,711,951	11,722,397	674,161	11,048,236	12,979,253	1,101,934	11,877,319
	11,979,504	760,719	11,218,785	20,149,323	1,606,909	18,542,414	18,253,370	2,052,227	16,201,143

14. Trade and other payables

Group	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-current				
Other payables	14.1	-	-	4,981,527
Current				
Trade payables		99,450,020	101,714,847	82,227,343
Non-trade				
Amount due to Directors	14.2	839,987	263,273	51,786
Other payables		745,598	5,481,704	8,095,991
Accruals		1,547,676	2,416,844	1,981,070
		3,133,261	8,161,821	10,128,847
		102,583,281	109,876,668	92,356,190

Company	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Current				
Non-trade				
Amount due to subsidiaries	14.2	41,067,715	28,293,473	19,732,458
Amount due to Directors	14.2	59,419	52,254	51,786
Other payables		684	8,354	3,782
Accruals		70,000	50,000	58,260
		41,197,818	28,404,081	19,846,286

14.1 Non-current other payables

The non-current other payables of the Group were in respect of the purchase of plant and machinery and was not repayable within the next twelve (12) months.

14.2 Amount due to subsidiaries and Directors

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

15. Revenue

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Sale of goods	799,874,656	849,895,027	-	-
Dividend income (gross)	63,517	71,023	63,517	71,023
Interest income	309,999	260,522	309,999	260,522
	800,248,172	850,226,572	373,516	331,545

16. Finance costs

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest expense on :				
Bankers' acceptances	5,323,771	4,092,237	-	-
Trust receipts	1,024,465	921,723	-	-
Finance lease liabilities	871,940	1,143,473	-	-
Revolving credit	354,123	1,072,084	-	-
Others	613,394	349,582	-	292
	8,187,693	7,579,099	-	292

17. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
After charging :				
Auditors' remuneration				
- Statutory audit				
- KPMG	105,000	103,000	39,000	37,000
- other auditors	72,127	30,660	-	-
- Other services				
- KPMG	21,000	15,000	18,000	15,000
- Affiliates of KPMG Malaysia	11,900	11,600	3,600	3,600
Depreciation of property, plant and equipment (Note 3)	18,025,636	16,101,871	27,615	28,248
Directors' remuneration :				
Directors of the Company				
- fees	104,000	98,000	104,000	98,000
- other emoluments	1,204,169	1,229,092	480,000	480,000
Other Directors				
- other emoluments	118,521	119,420	-	-
Inventories written down (Note 8.2)	3,910,401	528,000	-	-
Impairment loss on trade and other receivables	245,682	372,000	-	5,629,715
Impairment of investment in a subsidiary	-	-	2,300,000	-
Loss on disposal of plant and equipment	-	498,336	-	-
Loss on foreign exchange, net	59,100	-	-	-
Other investments written off	-	100	-	100
Rental of equipment	620,930	248,960	-	-
Rental of premises	163,190	125,725	-	-
and after crediting :				
Dividend income from :				
- shares quoted in Malaysia	63,517	71,023	63,517	71,023
Gain on disposal of plant and equipment	8,463	-	-	-
Gain on foreign exchange, net	-	1,957,352	-	-
Interest income	451,408	289,218	309,999	260,522
Reversal of impairment of trade receivables	11,438	-	-	-

18. Employee benefits

18.1 Staff costs

Staff costs (excluding Executive Directors) are as follows :

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Wages, salaries and others	24,080,359	25,054,568	180,000	128,268

Included in staff costs of the Group and of the Company are RM1,301,767 (2012 : RM1,164,587) and RM20,960 (2012 : RM14,796) respectively representing contribution to Employees' Provident Fund.

18.2 Key management personnel compensation

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors' fees	20,000	20,000	20,000	20,000
Short-term employee benefits	2,178,227	2,240,017	675,200	608,268
Contribution to Employees' Provident Fund	171,824	181,305	20,960	14,796
	2,370,051	2,441,322	716,160	643,064

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.

18.3 Provision for retirement benefit - Group

Provident fund

A subsidiary operates a provident fund for its employees. The contributions from employees are deducted from their monthly salaries, whereas the Company makes its contribution to the fund as well. The provident fund is managed by a financial institution, an authorised fund manager in accordance with Thailand's Provident Fund Act B.E. 2530.

The Group's contributions for the year ended 30 June 2013 amounted to RM3,297 (2012 : RM1,179).

Under labour laws in Thailand, all employees with more than 120 days of service are entitled to Legal Severance Payment benefits ranging from 30 days to 300 days of final salary upon termination of service, including forced termination or retrenchment, or in the event of retirement. The present value of defined benefit obligations are as follows :

	30.6.2013	30.6.2012	1.7.2011
	RM	RM	RM
Present value of obligations - non current	62,464	-	-

18. Employee benefits (continued)

18.3 Provision for retirement benefit (continued)

The movements in the defined benefit obligations over the year is as follows :

For the year ended 30 June 2013	**RM**
Balance at 1 July 2012	-
Past service cost	37,734
Current service cost	22,180
Interest cost	1,698
Foreign exchange differences	852
Balance at 30 June 2013	62,464

The amount recognised in profit or loss are as follows :

For the year ended 30 June 2013	**RM**
Past service cost	37,734
Current service cost	22,180
Interest cost	1,698
Foreign exchange differences	852
Total	62,464

The principal actuarial assumptions used are as follows :

	30.6.2013	**30.6.2012**	**1.7.2011**
Discount rate	4.5%	-	-
Inflation rate	3.0%	-	-
Future salary increase			
- Prior to age 30	12.0%	-	-
- age 30 to < 40	8.0%	-	-
- age 40 onwards	6.0%	-	-

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO08 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. The Group accounts for this severance liability on an actuarial basis using the projected unit credit method.

19. Tax expense

Recognised in profit or loss

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current tax expense				
Malaysian				
- current year	413,859	110,772	-	-
- prior years	15,690	(134,858)	3,698	1,764
Total current tax recognised in profit or loss	429,549	(24,086)	3,698	1,764
Deferred tax expense				
Origination of temporary differences	2,386,202	2,286,429	-	-
Prior year	(485,641)	37,069	-	-
Total deferred tax recognised in profit or loss	1,900,561	2,323,498	-	-
Total income tax expense	2,330,110	2,299,412	3,698	1,764
Reconciliation of tax expense				
Profit/(Loss) for the year	1,419,838	1,389,036	(2,992,184)	(6,309,874)
Total income tax expense	2,330,110	2,299,412	3,698	1,764
Profit/(Loss) excluding tax	3,749,948	3,688,448	(2,988,486)	(6,308,110)
Income tax calculated using Malaysian tax rate at 25% (2012 : 25%)	937,487	922,112	(747,121)	(1,577,028)
Effect of tax rate in foreign jurisdiction	(11,667)	24,217	-	-
Effect of tax incentives	(1,050,443)	(462,689)	-	-
Non-deductible expenses	732,269	164,356	606,011	1,444,470
Tax exempt income	(171,537)	(90,145)	(15,348)	(17,756)
Reversal of deferred tax assets recognised	1,428,702	1,736,364	125	250
Deferred tax assets not recognised	943,255	113,717	156,366	150,081
Others	(8,005)	(10,731)	(33)	(17)
(Over)/Under provision in prior years	(469,951)	(97,789)	3,698	1,764
	2,330,110	2,299,412	3,698	1,764

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

20. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 June 2013 was based on the profit attributable to ordinary shareholders of RM1,827,049 (2012 : RM1,388,478) and on a weighted average number of ordinary shares outstanding during the year of 74,927,463 (2012 : 74,939,155).

Diluted earnings per ordinary share

Diluted earnings per ordinary share is not applicable as the exercise price of the warrants is higher than the market price of the Company's ordinary shares.

21. 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 30.6.2013
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 2005/2012. 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 warrants. 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.

22. Related parties

22.1 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 or jointly 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. Related parties may be individuals or other entities as disclosed below :

i) Subsidiaries of the Company as disclosed in Note 4 to the financial statements;

ii) Significant investors of the Company; and

iii) Key management personnel as defined in Note 18.2 to the financial statements.

22.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

Company	2013 RM	2012 RM
i) Transactions with subsidiaries		
- Advances from subsidiaries	963,000	865,000

ii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than as disclosed in Note 17 and Note 18 to the financial statements.

iii) Non-trade balances with related parties outstanding at the end of the reporting period are as disclosed in Notes 9 and 14 to the financial statements. During the year, the Company recognised an impairment loss of RM Nil (2012 : RM5,629,715) on the non-current receivable due from a subsidiary. All the amounts outstanding are unsecured and expected to be settled in cash.

23. Contingent liabilities, unsecured - Company

The Company issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries amounting to RM180,778,866 (2012 : RM179,497,285) of which, RM145,985,969 (2012 : RM134,728,042) were utilised at the end of the reporting period.

The Company has also undertaken to provide continuing financial support to enable a subsidiary to meet its financial obligations as and when they fall due.

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	AFS RM
Financial assets			
30.6.2013			
Group			
Other investments	6,825,914	-	6,825,914
Trade and other receivables (exclude prepayments and deposits)	135,830,908	135,830,908	-
Cash and cash equivalents	26,491,099	26,491,099	-
	169,147,921	162,322,007	6,825,914
Company			
Other investments	6,825,914	-	6,825,914
Trade and other receivables (exclude prepayments and deposits)	25,834,992	25,834,992	-
Cash and cash equivalents	11,430,581	11,430,581	-
	44,091,487	37,265,573	6,825,914
30.6.2012			
Group			
Other investments	2,571,482	-	2,571,482
Trade and other receivables (exclude prepayments and deposits)	146,339,056	146,339,056	-
Cash and cash equivalents	24,241,058	24,241,058	-
	173,151,596	170,580,114	2,571,482

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	AFS RM
Financial assets			
30.6.2012			
Company			
Other investments	2,571,482	-	2,571,482
Trade and other receivables (exclude prepayments and deposits)	21,038,664	21,038,664	-
Cash and cash equivalents	11,116,270	11,116,270	-
	34,726,416	32,154,934	2,571,482
1.7.2011			
Group			
Other investments	3,242,464	-	3,242,464
Trade and other receivables (exclude prepayments and deposits)	94,789,630	94,789,630	-
Cash and cash equivalents	18,828,808	18,828,808	-
	116,860,902	113,618,438	3,242,464
Company			
Other investments	3,242,464	-	3,242,464
Trade and other receivables (exclude prepayments and deposits)	18,979,861	18,979,861	-
Cash and cash equivalents	10,941,313	10,941,313	-
	33,163,638	29,921,174	3,242,464

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

	Carrying amount RM	FL RM
Financial liabilities		
30.6.2013		
Group		
Loans and borrowings	160,800,381	160,800,381
Trade and other payables	102,583,281	102,583,281
	263,383,662	263,383,662
Company		
Trade and other payables	41,197,818	41,197,818
30.6.2012		
Group		
Loans and borrowings	142,312,131	142,312,131
Trade and other payables	109,876,668	109,876,668
	252,188,799	252,188,799
Company		
Trade and other payables	28,404,081	28,404,081
1.7.2011		
Group		
Loans and borrowings	111,078,747	111,078,747
Trade and other payables	97,337,717	97,337,717
	208,416,464	208,416,464
Company		
Trade and other payables	19,846,286	19,846,286

24.2 Net gains and losses arising from financial instruments

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net gains/(losses) on :				
Available-for-sale financial assets				
- recognised in other comprehensive income/ (expense)	4,254,432	(670,882)	4,254,432	(670,882)
- recognised in profit or loss	63,517	70,923	63,517	70,923
Loans and receivables	205,726	(82,782)	309,999	(5,369,193)
Financial liabilities measured at amortised cost	(8,187,693)	(7,579,099)	-	(292)
	(3,664,018)	(8,261,840)	4,627,948	(5,969,444)

24. Financial instruments (continued)

24.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**
Domestic	83,798,842	104,978,035	60,269,218
Asia Pacific	48,746,300	39,799,824	32,401,806
Others	2,370,652	272,361	363,364
	134,915,794	145,050,220	93,034,388

Impairment losses

The ageing of trade receivables as at the end of the reporting period was :

Group	**Gross RM**	**Collective impairment RM**	**Individual impairment RM**	**Net RM**
30.6.2013				
Not past due	103,089,366	-	-	103,089,366
Past due 1 - 30 days	23,399,348	-	-	23,399,348
Past due 31 - 60 days	8,295,297	-	-	8,295,297
Past due 61 - 90 days	56,051	-	-	56,051
Past due more than 90 days	1,579,737	-	(1,504,005)	75,732
	136,419,799	-	(1,504,005)	134,915,794

24. Financial instruments (continued)

24.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Group	Gross RM	Collective impairment RM	Individual impairment RM	Net RM
30.6.2012				
Not past due	140,369,768	-	-	140,369,768
Past due 1 - 30 days	3,986,567	-	-	3,986,567
Past due 31 - 60 days	338,991	-	-	338,991
Past due 61 - 90 days	63,563	-	-	63,563
Past due more than 90 days	1,561,092	-	(1,269,761)	291,331
	146,319,981	-	(1,269,761)	145,050,220
1.7.2011				
Not past due	86,510,639	-	-	86,510,639
Past due 1 - 30 days	3,151,152	-	-	3,151,152
Past due 31 - 60 days	184,155	-	-	184,155
Past due 61 - 90 days	29,245	-	-	29,245
Past due more than 90 days	4,442,743	-	(1,283,546)	3,159,197
	94,317,934	-	(1,283,546)	93,034,388

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2013 RM	Group 2012 RM
At 1 July	1,269,761	1,283,546
Impairment loss recognised	245,682	372,000
Impairment loss reversed	(11,438)	-
Impairment loss written off	-	(385,785)
At 30 June	1,504,005	1,269,761

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 4 customers who collectively contributed 94% (2012 : 95%) of the Group's trade receivables at 30 June.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries of the Group. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM145,985,969 (2012 : RM134,728,042) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable other than the impairment of RM Nil (2012 : RM5,629,715) recognised for the non-current receivable due from a subsidiary. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As at 30 June 2013, the current liabilities of the Group and of the Company exceeded the current assets by RM22,206,814 and RM8,612,080 respectively. The current liabilities of the Group consist mainly of short term borrowings which are used for working capital purposes.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group will be able to generate sufficient cash flows from operations to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
30.6.2013							
Group							
Non-derivative financial liabilities							
Bank overdrafts	1,314,329	7.00 - 8.20	1,314,329	1,314,329	-	-	-
Bankers' acceptances	92,312,621	2.05 - 9.10	92,312,621	92,312,621	-	-	-
Revolving credit	16,883,700	5.07 - 6.30	16,883,700	16,883,700	-	-	-
Trust receipts	22,266,581	7.80	22,266,581	22,266,581	-	-	-
Term loans	4,620,365	5.88 - 7.60	5,005,327	1,823,987	1,370,877	1,810,463	-
Finance lease liabilities	11,218,785	2.65 - 7.42	11,981,893	7,065,805	4,053,559	862,529	-
Trade financing	12,184,000	7.60	12,184,000	12,184,000	-	-	-
Trade and other payables	102,583,281	-	102,583,281	102,583,281	-	-	-
	263,383,662		264,531,732	256,434,304	5,424,436	2,672,992	-
Company							
Non-derivative financial liabilities							
Trade and other payables	41,197,818	-	41,197,818	41,197,818	-	-	-

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
30.6.2012							
Group							
Non-derivative financial liabilities							
Bank overdrafts	3,646,344	7.38 - 8.10	3,646,344	3,646,344	-	-	-
Bankers' acceptances	64,385,436	2.05 - 9.10	64,385,436	64,385,436	-	-	-
Revolving credit	23,680,774	5.07 - 6.38	23,680,774	23,680,774	-	-	-
Trust receipts	20,105,167	5.37 - 7.80	20,105,167	20,105,167	-	-	-
Term loans	5,713,018	6.13 - 7.60	6,514,603	1,765,650	1,477,740	3,271,213	-
Finance lease liabilities	18,542,414	2.65 - 7.42	20,149,323	8,426,926	7,219,963	4,502,434	-
Trade financing	6,238,978	7.60	6,238,978	6,238,978	-	-	-
Trade and other payables	109,876,668	-	109,876,668	109,876,668	-	-	-
	252,188,799		254,597,293	238,125,943	8,697,703	7,773,647	-
Company							
Non-derivative financial liabilities							
Trade and other payables	28,404,081	-	28,404,081	28,404,081	-	-	-

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
1.7.2011							
Group							
Non-derivative financial liabilities							
Bank overdrafts	2,511,304	7.55 - 8.10	2,511,304	2,511,304	-	-	-
Bankers' acceptances	46,868,911	4.78 - 9.10	46,868,911	46,868,911	-	-	-
Revolving credit	32,351,901	5.14 - 6.23	32,351,901	32,351,901	-	-	-
Export credit refinancing	221,000	3.33 - 3.50	221,000	221,000	-	-	-
Trust receipts	10,869,253	7.05 - 7.30	10,869,253	10,869,253	-	-	-
Term loans	2,055,235	5.00 - 7.56	2,577,750	1,519,742	360,864	697,144	-
Finance lease liabilities	16,201,143	2.65 - 4.00	18,253,370	5,274,117	6,297,209	6,682,044	-
Trade and other payables	97,337,717	-	97,337,717	92,356,190	4,981,527	-	-
	208,416,464		210,991,206	191,972,418	11,639,600	7,379,188	-
Company							
Non-derivative financial liabilities							
Trade and other payables	19,846,286	-	19,846,286	19,846,286	-	-	-

24. Financial instruments (continued)

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily the U.S. Dollar (USD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	**Denominated in USD RM'000**
30.6.2013	
Trade and other receivables	88,147
Trade and other payables	(44,307)
Cash and bank balances	4,782
Net exposure	48,622
30.6.2012	
Trade and other receivables	102,905
Trade and other payables	(47,042)
Cash and bank balances	4,416
Net exposure	60,279
1.7.2011	
Trade and other receivables	60,575
Trade and other payables	(29,151)
Cash and bank balances	1,294
Net exposure	32,718

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2012 : 5%) strengthening of the RM against USD at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss RM'000
2013	
USD	(1,823)
2012	
USD	(2,260)

A 5% weakening of the RM against USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

24.6.2 Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow 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 risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in short term deposits.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Fixed rate instruments						
Financial assets	12,203,291	12,395,959	13,312,459	11,405,433	11,098,030	10,844,504
Financial liabilities	(154,865,687)	(132,952,769)	(106,512,208)	-	-	-
	(142,662,396)	(120,556,810)	(93,199,749)	11,405,433	11,098,030	10,844,504
Floating rate instruments						
Financial liabilities	(5,934,694)	(9,359,362)	(4,566,539)	-	-	-

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
Group	**RM**	**RM**
2013		
Floating rate instruments	(44,510)	44,510
2012		
Floating rate instruments	(70,195)	70,195

24.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Equity price risk sensitivity analysis

The management is of the view that the results of the Group is not sensitive towards changes in equity price risk as there are no equity investments being designated as fair value through profit or loss. Changes in equity price risk for equity investments designated as available-for-sale is not significant to the total equity of the Company.

24. Financial instruments (continued)

24.7 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows :

	30.6.2013		30.6.2012		1.7.2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial asset						
Unquoted shares in Malaysia	-	-	-	-	100	*
Quoted shares in Malaysia	6,825,914	6,825,000	2,571,482	2,571,000	3,242,364	3,242,000
Finance liabilities						
Provision for retirement benefits	62,464	62,464	-	-	-	-
Other payables	-	-	-	-	4,981,527	#
Finance lease liabilities	11,218,785	11,981,893	18,542,414	19,324,591	16,201,143	18,253,370
Company						
Financial assets						
Unquoted shares in Malaysia	-	-	-	-	100	*
Quoted shares in Malaysia	6,825,914	6,825,000	2,571,482	2,571,000	3,242,364	3,242,000
Advances to a subsidiary	4,700,000	#	4,700,000	#	10,329,715	#

* negligible

\# It was not practicable to estimate the fair value of this financial asset and liability due to the lack of information on discount rate, the term of repayment not being fixed and the inability to estimate the fair value without incurring excessive costs.

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Quoted shares in Malaysia

The fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing price at the end of the reporting period.

Non-derivative financial liabilities

For finance leases, the market rate of interest is determined by reference to similar lease agreements.

24. Financial instruments (continued)

24.7 Fair value of financial instruments (continued)

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows :

	30.6.2013 %	30.6.2012 %	1.7.2011 %
Finance leases	2.65 - 7.42	3.10	2.65 - 4.00

24.7.1 Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group/Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.6.2013				
Financial asset				
Investment in quoted shares	6,826	-	-	6,826
30.6.2012				
Financial asset				
Investment in quoted shares	2,571	-	-	2,571
1.7.2011				
Financial assets				
Investment in quoted shares	3,242	-	-	3,242

25. Operating segment

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- Provision of electronic manufacturing services ("EMS") and Original Equipment Manufacturer (OEM)/Original Design Manufacturer (ODM) in complete box built products.
- Manufacturing and sales of 2-layer solid wood parquet flooring.

Other non-reportable segment comprises operations related to investment holding and oil palm cultivation.

Performance is measured based on segment profit/(loss) before tax as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

25. Operating segment (continued)

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group Managing Director. Hence, no disclosure is made on segment liabilities.

	EMS and OEM/ODM in complete box built products RM	Solid wood parquet flooring RM	Total for reportable segments RM	Other non-reportable segment RM	Consolidated total RM
2013					
External revenue	799,302,204	500,452	799,802,656	445,516	800,248,172
Inter-segment revenue	-	-	-	-	-
Total revenue	799,302,204	500,452	799,802,656	445,516	800,248,172
Profit/(Loss) before tax	8,709,074	(4,286,430)	4,422,644	(672,696)	3,749,948
Elimination of inter-segment profits	-	-	-	-	-
Segment profit/(loss)	8,709,074	(4,286,430)	4,422,644	(672,696)	3,749,948
Included in the measure of segment profit/(loss) are :					
Depreciation of property, plant and equipment	17,635,391	362,630	17,998,021	27,615	18,025,636
Inventories written down	607,401	3,303,000	3,910,401	-	3,910,401
Impairment trade and other receivables	245,682	-	245,682	-	245,682
Finance costs	8,095,399	53,846	8,149,245	38,448	8,187,693
Segment assets	339,026,661	5,739,855	344,766,516	33,686,969	378,453,485
Included in the measure of segment assets are :					
Additions to property, plant and equipment	33,837,279	-	33,837,279	178,015	34,015,294
2012					
External revenue	842,241,024	7,586,003	849,827,027	399,545	850,226,572
Inter-segment revenue	-	-	-	-	-
Total revenue	842,241,024	7,586,003	849,827,027	399,545	850,226,572
Profit/(loss) before tax	4,380,630	(32,992)	4,347,638	(659,190)	3,688,448
Elimination of inter-segment profits	-	-	-	-	-
Segment profit/(loss)	4,380,630	(32,992)	4,347,638	(659,190)	3,688,448

25. Operating segment (continued)

	EMS and OEM/ODM in complete box built products RM	Solid wood parquet flooring RM	Total for reportable segments RM	Other non-reportable segment RM	Consolidated total RM
2012					
Included in the measure of segment profit/(loss) are :					
Depreciation of property, plant and equipment	15,749,796	323,827	16,073,623	28,248	16,101,871
Inventories written down	528,000	-	528,000	-	528,000
Impairment of trade and other receivables	372,000	-	372,000	-	372,000
Finance costs	7,349,784	192,067	7,541,851	37,248	7,579,099
Segment assets	322,543,954	9,552,975	332,096,929	28,959,865	361,056,794
Included in the measure of segment assets are :					
Additions to property, plant and equipment	13,670,963	701,901	14,372,864	-	14,372,864

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Malaysia RM	Singapore RM	Europe RM	Korea RM	Thailand RM	Consolidated RM
2013						
Revenue from external customers	576,816,949	32,813,967	10,324,899	284,786	180,007,571	800,248,172
Non-current assets	78,871,330	-	-	-	57,486,354	136,157,684
2012						
Revenue from external customers	685,982,064	8,420,006	370,202	1,526,593	153,927,707	850,226,572
Non-current assets	72,001,401	-	-	-	47,612,052	119,613,453

25. Operating segment (continued)

Major customers

The following are major customers with revenue equal or more than 10% of Group revenue:

	Revenue 2013 RM'000	Revenue 2012 RM'000	Segment
Customer A	568,527	631,855	EMS and OEM/ODM in complete box built products
Customer B	164,549	140,709	

26. Commitments - Group

(i) Capital commitment

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Property, plant and equipment			
Contracted but not provided for	2,753,750	-	-

(ii) Leases as lessee

Non-cancellable operating lease rentals are payable as follows :

	2013 RM	2012 RM
Not more than 1 year	-	180,000
More than 1 year and not later than 5 years	-	-
	-	180,000

Operating lease payments represented rental payable by a subsidiary for the use of plant and machinery.

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the year.

28. Comparative figures – Group

Certain comparative figures have been restated to conform to current year's presentation as follows :

	30.6.2012		1.7.2011	
	As restated RM	As previously presented RM	As restated RM	As previously presented RM
Trade and other receivables	147,645,666	108,833,159	95,563,630	67,213,284
Trade and other payables	(109,876,668)	(71,064,161)	(92,356,190)	(64,005,844)

29. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013, the comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the Group's date of transition to MFRSs).

In preparing the opening consolidated statement of financial position at 1 July 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs.

Foreign currency translation differences

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity. Upon transition to MFRSs, the Group elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be Nil at the date of transition.

	1.7.2011 RM'000	30.6.2012 RM'000
Foreign currency translation reserve	(1,243)	(1,243)
Adjustment to retained earnings	(1,243)	(1,243)

30. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 30 June, into realised and unrealised, pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
-realised	11,653,383	5,632,274	(23,944,494)	(20,592,310)
-unrealised	816,025	5,972,491	-	-
	12,469,408	11,604,765	(23,944,494)	(20,592,310)
Add : Consolidation adjustments	1,965,766	1,003,360	-	-
Total retained earnings/(accumulated losses)	14,435,174	12,608,125	(23,944,494)	(20,592,310)

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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 44 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 104 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

…………………………………………..…..
Tai Keik Hock

…………………………………………..…..
Tai Yeong Sheng

Penang,

Date : 28 October 2013

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 44 to 104 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 28 October 2013.

…………………………………………..…..
Tai Keik Hock

Before me :

Chan Kam Chee (No. P120)
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 statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 103.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgment, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 subsidiary 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 4 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 Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 104 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

As stated in Note 1(a) to the financial statements, EG Industries Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statements of comprehensive income, changes in equity and cash flows for the year ended 30 June 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the year then ended.

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
Firm Number : AF 0758
Chartered Accountants

Wee Beng Chuan
2677/12/14 (J)
Chartered Accountant

Date : 28 October 2013

Penang

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EG INDUSTRIES BERHAD [222897-W]

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 Twenty Second 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 Thursday, 26 December 2013 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, ANG SENG WONG		
4.	Re-election of Director, DR. DAMIEN LIM YAT SENG		
5.	Re-election of Director, TAI KEIK HOCK		
6.	Re-appointment of Auditors, KPMG		
7.	To authorize the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
8.	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 ______, 2013. Signature: ______

NOTES:

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 19 December 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 22nd Annual General Meeting or appoint proxy/proxies to attend and vote/or vote on his/her behalf.
2. 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, Lebuh Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.
3. Explanatory notes on Special Business

   Ordinary Resolutions

   Resolution 7

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

   The ordinary resolution 7 proposed under Agenda No. 6, is a renewal of the previous year mandate and if passed, will authorize the Directors of the Company to issue shares up to a maximum ten per cent (10%) of the issue share capital of the company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

   The renewal of this mandate would provide flexibility to the Company for any possible fund raising exercise, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares. The Company did not exercise the mandate under Section 132D of the Companies Act, 1965 given by the shareholders at the Twenty First Annual General Meeting held on 27 December 2012.

   Resolution 8

   - Proposed Renewal of Authority for the Share Buy Back

   The Share Buy Back will enable the Company to utilize 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 stabilize 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 4 December 2013.

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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.

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