EG INDUSTRIES BERHAD

222897-W

ANNUAL REPORT 2014

CONTENTS

EG INDUSTRIES BERHAD

Achievement & Awards Recognition

Top 50 EMS - Green Industry Awards - MPC - MSC

TOP 50 Global EMS Provider


MPC

In Pursuit of Business Excellence

No : MPIC 0293

Malaysia Productivity Corporation

This is to certify

Membership Certificate

MALAYSIA PRODUCTIVITY AND INNOVATION CLASS

to

SMT TECHNOLOGIES SDN. BHD. (279566-X)

Tan Sri Azman Hashim
Chairman
Malaysia Productivity Corporation

Dato' Mohd Razali Hussain
Director General
Malaysia Productivity Corporation

MSC MALAYSIA Status Company

EG Industries Berhad Welcome Visitors

EG R&D Opening Ceremony

26TH AUGUST 2014 - SUNTECH CYBERCITY, PENANG MALAYSIA

Notice Of Meeting

NOTICE IS HEREBY GIVEN that the TWENTY THIRD 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 Tuesday, 23 December 2014 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 2014 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 2014. — 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. KANG PANG KIANG — Resolution 3

   (b) MR. LIM SZE YAN — Resolution 4

4. To re-elect the following Directors retiring in accordance with Article 105 of the Company's Articles of Association:-

   (a) MR. TERENCE TEA YEOK KIAN — Resolution 5

   (b) MR. LIM KING SOON — Resolution 6

5. To re-appoint MESSRS KPMG as auditors and to authorize the Directors to fix their remuneration. — Resolution 7

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 8

   "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 9

"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 Statement to Shareholders dated 1 December 2014. 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 7 November 2014 and an amount not exceeding the share premium reserve of RM15,170,314 based on the latest audited financial statements as at 30 June 2014 and the latest unaudited management accounts as at 30 September 2014 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 Statement, 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

1 December 2014

NOTES:

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 12 December 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 23rd 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 8

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

   The ordinary resolution 8 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 Second Annual General Meeting held on 26 December 2013.

   Resolution 9

   - 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 Statement to Shareholders dated 1 December 2014.

Corporate Information

BOARD OF DIRECTORS

TERENCE TEA YEOK KIAN
(Executive Chairman)
[Appointed on 18 July 2014]

KANG PANG KIANG
(Group Chief Executive Officer)
[Appointed on 18 July 2014]

TAI YEONG SHENG
(Non-Independent Non-Executive Director)

ANG SENG WONG
(Senior Independent Non-Executive Director)

DR. DAMIEN LIM YAT SENG
(Independent Non-Executive Director)

LIM SZE YAN
(Independent Non-Executive Director)

LIM KING SOON
(Independent Non-Executive Director)
[Appointed on 18 July 2014]

AUDIT COMMITTEE

Chairman

DR. DAMIEN LIM YAT SENG
(Independent Non-Executive Director)
[Appointed as Chairman on 8 July 2014]

Members

ANG SENG WONG
(Senior Independent Non-Executive Director)

LIM SZE YAN
(Independent Non-Executive Director)

LIM KING SOON
(Independent Non-Executive Director)
[Appointed on 18 July 2014]

COMPANY SECRETARY

CHAI CHURN HWA [MAICSA 0811600]

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

Standard Chartered Bank Malaysia Berhad
Bank Islam Malaysia Berhad
OCBC Al-Amin Bank Berhad
RHB Islamic Bank Berhad
Hong Leong Bank Berhad
Bangkok Bank Berhad
AmIslamic Bank Berhad
CIMB 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

TERENCE TEA YEOK KIAN

Age	46
Nationality	Singaporean
Qualification	Diploma in Electronics and Electrical Engineering from Singapore Polytechnic and Ph.D. in Business Administration (Honorary) from Honolulu University
Position	Executive Chairman
Working Experience & Occupation	Mr. Terence Tea Yeok Kian is a successful entrepreneur and highly regarded member of the business community. Prior to being appointed to the Board of Jubilee Industries Holding Ltd, Terence is the CEO of Singyasin Holdings, Sinyasin Green Tech, Singyasin SMC and managing director of SCT Technologies. He was also the founder of the Advanced SCT Group. Mr. Tea has extensive experience in the electronics, metal and resources businesses. Mr. Tea also holds various directorships in WE Holdings Group and EG Industries Berhad Group. WE Holdings Ltd has a numbers of subsidiaries across the Asian regions such as China, Thailand, Malaysia and India; whereby EG Industries Berhad is a group of companies which are based in Malaysia with a factory in Thailand. Mr. Tea is also a member of Singapore Institute of Directors. Mr. Tea was a finalist in the Shell Livewire Young Business Start-up Award 2001. As an active member of the community, Mr. Tea helms several appointments such as being the Chairman of the Eng Yong Tong Tay Si Association, a patron of Nee Soon East Constituency, a patron for Sembawang GRC, school advisory committee member of River Valley High School and an honorary patron of the Singapore Productivity Association. For his business achievements and contributions to the community, he was conferred a Ph.D. in Business Administration (Honorary) from the Honolulu University.
Date appointed to the Board	18 July 2014
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	Nil

TERENCE TEA YEOK KIAN

KANG PANG KIANG

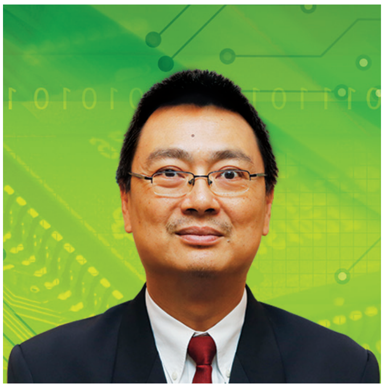
KANG PANG KIANG

Age	42
Nationality	Malaysian
Qualification	Double degrees in Bachelor of Commerce and Bachelor of Science - University of Auckland, New Zealand Chartered Accountant from the Malaysian Institute of Accountants Associate Chartered Accountant from Chartered Accountant Association, New Zealand
Position	Group Chief Executive Officer
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. On 18 July 2014, he had been appointed as Group Chief Executive Officer of EG. He is also currently served as Executive Director of Jubilee Group. 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	5

TAI YEONG SHENG

Age	37
Nationality	Malaysian
Qualification	Master of Business Administration - University of South Australia, Australia Bachelor of Engineering, Computer Engineering - McMaster University, Hamilton, Ontario, Canada
Position	Non-Independent Non-Executive Director
Working Experience & Occupation	Mr. Vincent started his career as a Software Designer with Alcatel-Lucent Canada, Inc. 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. Upon his return to Malaysia, he joined an electronics manufacturing company as an engineer and was involved in engineering, manufacturing and ICT. 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 joined SMT Technologies Sdn. Bhd. as Process Engineering Section Manager and subsequently as MIS Section Manager and Business Development Section Manager. Mr Vincent had been appointed as Executive Director of EG Group since December 2008 and became Group Managing Director in December 2011. Thereafter, he was re-designated to Non-Independent Non-Executive Director on 18 July 2014. Currently he is the Deputy Curator of Galeri Seni Lukis Moden Dai Ichi and Chairman of Central Kedah Tourism and Art Development Association. He was awarded with BKM Medal in early year 2014 by the Kedah State Government for his valuable contributions and devoted services to the state.
Date appointed to the Board	2 December 2008
Other Board Committee	Nil
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	5

TAI YEONG SHENG



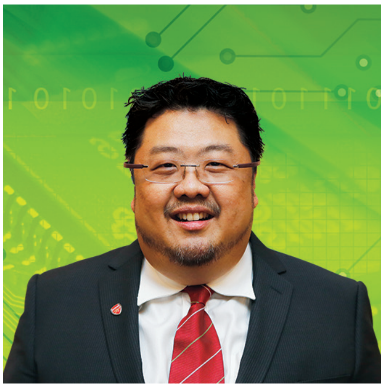
ANG SENG WONG

ANG SENG WONG	
Age	52
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 Member of Audit Committee Member of Remuneration 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	5

LIM KING SOON

Age	51
Nationality	Malaysian
Qualification	MBA Finance (with Distinction) - University of Hull, UK (Awarded top Prized Student for Year 1993)
Position	Independent Non-Executive Director
Working Experience & Occupation	Mr. Lim has more than 25 years of experience in investment banking, corporate banking, loan syndication, equity financing including mezzanine, venture capital financing, private placement, M&A and Islamic Banking whilst in the employment of Swiss Bank Corporation, PriceWaterhouse, Morgan Greenfell, United Overseas Bank (Head of Technology, Media & Telco), Overseas Chinese Banking Corporation (Head of Technology, Media & Telco), Maybank (Head of Corporate Investment Banking) and HL Bank (General Manager / Head of Investment Banking). More recently, Mr. Lim has been involved in providing strategic value added services focusing on private advisory fund raising deals, M&A and private equity as well as preparing companies for listing. Mr. Lim brings forth strong leadership and is a visionary with exceptional strategic and creative thinking skills contributing innovative, high value added financial solutions in deal origination, structuring, packaging, negotiation, valuation, pricing & underwriting, distribution/ placement and risk management. He had in-depth and diverse industry expertise, regional knowledge and understanding of cross cultural challenges in Asia.
Date appointed to the Board	18 July 2014
Other Board Committee	Member of Audit Committee Member of Nomination Committee Member of Remuneration 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	Nil

LIM KING SOON



DR. DAMIEN LIM YAT SENG

DR. DAMIEN LIM YAT SENG	
Age	42
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 Auditing Firms 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 the 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 Audit Committee [Appointed as Chairman on 8 July 2014] Chairman of Remuneration 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

LIM SZE YAN

LIM SZE YAN

Age	37
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 October 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	Member of Audit Committee Member of Nomination Committee Member of Remuneration 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	5

SHAWN CHEAH SAW AN
Group Chief Marketing Officer

Mr. Shawn Cheah joined SMT Technologies Sdn Bhd ("SMTT") in 1995, bringing with him more than 24 years of professional experience in Quality Management, Manufacturing Operations and Business Development. Shawn drives the Business Development operations for EG Group. He holds a Bachelor of Science in Engineering.

MOGAN KARUPIAH
Group Chief Technical Officer

Mr. Mogan is responsible for EG Group's Quality Management, Research & Development and Strategic Planning. He joined SMTT in 2003, and has with him over 28 years of experience in Quality Management, Engineering and Production from Telecommunication, Audio/ Video, Avionics, Computer Peripherals and various other industries. Mr. Mogan holds a Master's Degree in Engineering from UniSA.

CHLOE LIM CHIEW HWA
Group Chief Admin Officer

Ms. Lim joined SMTT in 2000, with over 21 years of working experience in QC/QA, management system and general administration. She is responsible for overseeing Legal Administration, Human Resource Management and Development for the entire organization. Ms Lim holds a Master of Science in Chemistry.

CHIU HONG TAO
Engineering Director

Mr. Chiu is in charge of the SMTT Engineering Department and has with him over 27 years of experience dealing in a variety of box build and electronic industries. He possesses a Bachelor of Business Administration.

LOW JOO HIANG
Production Director

Mr. Low joined SMTT in 1996, and bring with him more than 22 years of working experience in various fields such as Assembly, Test, Process, Equipment, SMT (Front End), Back End line, Production Planning, Warehousing and Shipping. He holds a Diploma in Electronic Engineering and currently responsible for overall SMTT manufacturing operation and Production Planning.

The Board of Directors ("the Board") 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 for the financial year ended 30 June 2014.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

a) Clear Functions of the Board and Management

The Board has seven (7) members. Four (4) of the seven (7) members are independent non-executive directors. A brief profile of each director is presented on pages 7 to 13 of this Annual Report.

The Board is led by Mr. Terence Tea Yeok Kian, the Executive Chairman and the executive management of the Group is led by Mr. Kang Pang Kiang, the Group Chief Executive Officer. 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 Chief Executive Officer 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 Group Chief Executive Officer 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 the 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 to 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 consists of 4 independent non-executive directors, 2 executive directors and 1 non-independent director hence fulfilling the requirement of the Code.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion on the Executive Committee ("EXCO"), 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 four (4) 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 the 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 Chief Executive Officer. 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 (cont'd)

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 Group'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 Group; 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 Group'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 Group, 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 Group'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

Mr. Lim King Soon – Independent Non-Executive Director [Appointed on 18 July 2014]

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.

Meetings

During the financial year ended 30 June 2014, the Nomination Committee met three (3) times and the attendance of each member is as follows:-

Nomination Committee	No. of Nomination Committee Meetings Attended
Ang Seng Wong	3/3
Dr. Damien Lim Yat Seng	3/3
Lim Sze Yan	3/3

Gender Diversity

There is no lady director sitting in the Board. The Board acknowledges the general call and support for gender diversity in a Board's composition. However, 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.

2. STRENGTHEN COMPOSITION (cont'd)

c) Remuneration Committee

The Remuneration Committee comprises the following members:-

Dr. Damien Lim Yat Seng – Chairman, Independent Non-Executive Director
Mr. Ang Seng Wong – Senior Independent Non-Executive Director
Mr. Lim Sze Yan – Independent Non-Executive Director
Mr. Lim King Soon – Independent Non-Executive Director [Appointed on 18 July 2014]

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 Group successfully. The remuneration of Executive Directors is structured to link rewards to corporate and individual performance.

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 2014 are as follows:-

Aggregate remuneration categorized into components:-

	Executive Directors	Non-Executive Directors	Total
Fees (RM)	20,000	84,000	104,000
Salaries (RM)	810,969	-	810,969
Bonuses and Allowances (RM)	420,000	-	420,000
Benefits-in-kind (RM)	-	-	-
Total (RM)	1,250,969	84,000	1,334,969

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

2. STRENGTHEN COMPOSITION (cont'd)

c) Remuneration Committee (cont'd)

Meetings

During the financial year ended 30 June 2014, the Remuneration Committee met one (1) time and the attendance of each member is as follows:-

Remuneration Committee	No. of Remuneration Committee Meetings Attended
Dr. Damien Lim Yat Seng	1/1
Tai Keik Hock [Resigned on 18 July 2014]	1/1
Ang Seng Wong	1/1
Lim Sze Yan	1/1

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 Executive Chairman and Group Chief Executive Officer

There is a clear division of responsibility between the Executive Chairman and the Group Chief Executive Officer 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 Group Chief Executive Officer manages the Group's day-to-day activities in achieving corporate and business objective.

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 five (5) 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 at Board meetings held during the financial year ended 30 June 2014 are set out as follows:-

Name of Directors	No. of meetings attended	%
Tai Keik Hock [Resigned on 18 July 2014]	5/5	100%
Tai Lee Keow [Resigned on 18 July 2014]	5/5	100%
Tai Yeong Sheng	5/5	100%
Kang Pang Kiang	5/5	100%
Ang Seng Wong	5/5	100%
Dr. Damien Lim Yat Seng	3/5	60%
Lim Sze Yan	5/5	100%

b) Directors' Training

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad, including the two newly appointed directors. 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 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
Terence Tea Yeok Kian	Risk Management Internal Auditor Training	8 hours
Kang Pang Kiang	Risk Management Internal Auditor Training	8 hours
Tai Yeong Sheng	Risk Management Internal Auditor Training	8 hours
Ang Seng Wong	Risk Management Internal Auditor Training	8 hours
Dr. Damien Lim Yat Seng	Risk Management Internal Auditor Training	8 hours
Lim Sze Yan	Risk Management Internal Auditor Training	8 hours
Lim King Soon	Risk Management Internal Auditor Training	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 Main Market Listing Requirements of Bursa Securities 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.

b) Directors' Responsibilities Statement

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 2014, 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.

c) 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.

6. RECOGNISE AND MANAGE RISKS (cont'd)

b) Internal Audit Function (cont'd)

For the financial year ended 30 June 2014, the amount of fees incurred in respect of the internal audit reviews performed by the professional firm was RM12,000.

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

The Board also recognizes that risk management should be an integral part of the business operation.

During the previous financial year, the Company had set up the Internal Risk Management Committee which is headed by Mr Mogan Karupiah (the Group's Chief Technical Officer), and consists of the respective Heads of Departments from all subsidiaries. As on a day-to-day basis, the respective Heads of Departments are responsible for managing risks related to their functions or departments. The Internal Risk Management Committee will assist the Board to undertake the Enterprise Risk Management framework for the Group. During the year, the Group Risk Management Policy has been formalised and adopted by the Board. The guidelines and procedures of Risk Management has also been drawn-up and uploaded into the EG Industries Berhad's Intranet (eDoc Con).

The Risk Management Committee has undertaken the Enterprise Risk Management framework for the Group in the year. The objective is to identify, evaluate and manage significant risks that may affect the Group's achievement of its corporate objectives for the year under review. 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 crystallisation 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 Risk Management Committee has also attended the Risk Management Internal Auditor training in September this year in order to carry out the cross department Risk Management Internal Audit for the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm who reports directly to the Audit Committee (the "Committee"). The internal audit function assists the Board and the Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. During the financial year under review, the internal auditor 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. In addition, follow up visits were also conducted to ensure that corrective actions have been implemented in a timely manner. Based on the internal audit reviews conducted, none of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

For the financial year ended 30 June 2014, the amount of fees incurred in respect of the internal audit function performed by the professional service firm was approximately RM12,000.

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) Monthly Operation Meetings/ Bi-monthly Management Operation Meetings and Half-yearly Management 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), MS1772:Part I 2005 (Malaysia Occupational Health and Safety Management System) and TS 16949 (International Quality Management Standard for Automotive Industry).

CONCLUSION

Based on the internal auditor's report and also the confirmation from the Group Chief Executive Officer and Group Financial Controller, Corporate that all the internal controls are operating properly during the year and 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 2014.

COMPOSITION

The directors who served in the Audit Committee (the "Committee") during the financial year ended 30 June 2014 are as follows:-

CHAIRMAN	:	DR. DAMIEN LIM YAT SENG [Appointed as Chairman on 8 July 2014] Independent Non-Executive Director
MEMBERS	:	ANG SENG WONG Senior Independent Non-Executive Director
		LIM SZE YAN [Resigned as Chairman on 8 July 2014] 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.

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 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;

DUTIES (cont'd)

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 five times during the financial year ended 30 June 2014. Details on the attendance of each member are outlined below:-

	Date of Meetings				
	6/8/2013	**30/8/2013**	**27/11/2013**	**28/2/2014**	**29/5/2014**
Dr. Damien Lim Yat Seng - Chairman [Appointed as Chairman on 8 July 2014]	√	√	X	X	√
Ang Seng Wong	√	√	√	√	√
Lim Sze Yan [Resigned as Chairman on 8 July 2014]	√	√	√	√	√

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;

SUMMARY OF ACTIVITIES (cont'd)

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 Chief Executive Officer;
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 RM12,000.00.

SHARE BUY-BACKS

During the financial year under review, the Company bought back 10,000 shares from the open market as follows:-

Date Purchased		Purchase price per share (RM)			Total Consideration *(RM)
	No. of Shares	Highest	Lowest	Average	
5 September 2013	5,000	0.300	0.300	0.300	1,542.00
6 March 2014	5,000	0.410	0.410	0.410	2,094.00
Total	**10,000**	**0.410**	**0.300**	**0.355**	**3,636.00**

* Including transaction costs

As at 30 June 2014, the Company had bought back 106,000 ordinary shares and all retained 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 2014.

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 RM26,440.

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

There were no material contracts subsisting at the end of financial year ended 30 June 2014 entered into by the Company and its subsidiaries involving the interests of the Directors and Major Shareholders.

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 23 to the financial statements.

REVALUATION OF LANDED PROPERTIES

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

UTILIZATION OF PROCEEDS

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

VARIATION IN RESULTS

There was no deviation of 10% or more between the results of the financial year ended 30 June 2014 as per the audited financial statements and the unaudited results previously announced.

Statistics Of Shareholdings

As At 7 November 2014

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	13	0.57	377	0.00
100 – 1,000	615	26.81	590,758	0.79
1,001 – 10,000	1,053	45.90	5,316,435	7.09
10,001 – 100,000	525	22.89	17,242,411	22.98
100,001 – 3,750,829 (*)	86	3.75	28,549,589	38.06
3,750,830 and above (**)	2	0.09	23,317,030	31.08
TOTAL	**2,294**	**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**	**%**
Terence Tea Yeok Kian	-	-	-	-
Kang Pang Kiang	100,800	0.13	-	-
Tai Yeong Sheng	1,211,887	1.61	3,812,714(a)	5.08
Ang Seng Wong	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-
Lim Sze Yan	-	-	-	-
Lim King Soon	-	-	-	-

(a) 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**	**%**
Jubilee Industries Holdings Ltd.	19,504,316	26.00	-	-
Giap Seng Auto Supply Sdn Bhd	3,812,714	5.08	-	-
Tai Yeong Sheng	1,211,887	1.61	3,812,714(a)	5.08
Tai Chee Seong	587,322	0.78	3,812,714(a)	5.08
Tai Lee Bee	168,126	0.22	3,812,714(a)	5.08
Tai Lee See	-	-	3,812,714(a)	5.08

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

30 LARGEST SHAREHOLDERS AS AT 7 NOVEMBER 2014

No.	Name	Number of Shares	%
1	KENANGA NOMINEES (ASING) SDN BHD FOR JUBILEE INDUSTRIES HOLDINGS LTD (023)	19,504,316	26.000
2	GIAP SENG AUTO SUPPLY SDN. BERHAD	3,812,714	5.082
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH SIAN KOK	2,965,865	3.954
4	LOW SUAN KONG	1,626,700	2.168
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEE CHEE CHIANG (M55008)	1,410,000	1.880
6	TAI YEONG SHENG	1,211,887	1.615
7	LEE PAK HOONG	974,000	1.298
8	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR TAI LEE FUNG	900,000	1.200
9	KOAY PHAY YEE	745,000	0.993
10	TAI CHEE SEONG	587,322	0.783
11	TAN TECK POH	549,000	0.732
12	CHIN POH CHOO	540,000	0.720
13	TEOH SIAM YEONG	539,300	0.719
14	LOH GIAP TIK	530,000	0.707
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SIAM EE	515,000	0.687
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN ENG NAM (CEB)	505,000	0.673
17	TAI LEE SUN	500,901	0.668
18	NEOH TEIK SENG	491,000	0.655
19	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	411,800	0.549
20	CHU ENG HOCK	400,000	0.533
21	LIM HOE TECK	400,000	0.533
22	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR TAI LEE SUN	400,000	0.533
23	LOW AH LIN	361,000	0.481
24	KHOO BOO SOO	356,700	0.475
25	LAU KENG MONG	315,100	0.420
26	LOO YEW YEN	304,800	0.406
27	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN YEN	301,000	0.401
28	KHAW HOCK AUN	300,000	0.400
29	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR KOH HANG YONG	300,000	0.400
30	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	294,000	0.392

Statistics Of Warrant 2005 / 2015 Holdings

As At 7 November 2014

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

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	15	4.92	755	0.00
100 – 1,000	60	19.67	29,799	0.18
1,001 – 10,000	90	29.51	586,765	3.52
10,001 – 100,000	120	39.34	4,354,200	26.12
100,001 –833,516(*)	16	5.25	4,674,500	28.04
833,517 and above (**)	4	1.31	7,024,336	42.14
TOTAL	305	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	1,585,944	9.51	-	-
Terence Tea Yeok Kian	-	-	-	-
Kang Pang Kiang	-	-	-	-
Ang Seng Wong	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-
Lim Sze Yan	-	-	-	-
Lim King Soon	-	-	-	-

SUBSTANTIAL WARRANTHOLDERS

	No. Of Warrants Held			
Name of Substantial Warrants Holders	**Direct Interest**	**%**	**Indirect Interest**	**%**
Jubilee Industries Holdings Ltd.	3,704,058	22.22	-	-
Tai Yeong Sheng	1,585,944	9.51	-	-
Yeoh Sian Kok	893,334	5.36	-	-
Kho Yiek Ming	841,000	5.04	-	-

30 LARGEST WARRANT 2005/2015 HOLDERS AS AT 7 NOVEMBER 2014

No.	Name	Number of Warrants	%
1	KENANGA NOMINEES (ASING) SDN BHD FOR JUBILEE INDUSTRIES HOLDINGS LTD (023)	3,704,058	22.219
2	TAI YEONG SHENG	1,585,944	9.514
3	YEOH SIAN KOK	893,334	5.359
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO YIEK MING	841,000	5.045
5	WENG DAI WEE	812,700	4.875
6	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRAN WENDY (E-BMM)	627,500	3.764
7	FOO POH LOON	464,500	2.786
8	PUA LIAN OH	389,000	2.333
9	MAIDEN ABDUL KADIR BIN MOHD ALI	347,100	2.082
10	DOONG AMOOI @ DOONG CHONG LIAN	271,500	1.629
11	GOH SIEN YEW	243,200	1.459
12	LIM BENG IM	210,000	1.260
13	CHEE CHIN TEONG	200,000	1.200
14	KOEK HAI GHOH	200,000	1.200
15	TAN TONG LIM	182,500	1.095
16	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INTAN KERJAYA SDN BHD	166,900	1.001
17	KHAW HOCK AUN	151,000	0.906
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG LIAN SHIH (022)	150,200	0.901
19	NOORAINI BINTI OMAR	138,400	0.830
20	YAP SIEW CHUAN	120,000	0.720
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MEE LON (028)	100,000	0.600
22	KHAW CHEW HONG	100,000	0.600
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SIAM EE	100,000	0.600
24	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAI CHONG (REM 619)	100,000	0.600
25	MOHAMMAD RAFAI BIN CHE HARUN	100,000	0.600
26	MOHD ZAWIDI BIN IBRAHIM	90,000	0.540
27	LOO SHU CHENG	85,000	0.510
28	AMIRUL HAKIMI BIN HUSAIN	81,200	0.487
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO WAYE KOK (EMPIRE-CL)	80,000	0.480
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE TIAN AN	80,000	0.480

EG INDUSTRIES BERHAD [222897-W]

INVESTMENT HOLDING COMPANY

100%
SMT TECHNOLOGIES SDN BHD
[279566-X]

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

100%
GLISTEN KNIGHT SDN BHD
[354564-D]

Investment holding & oil palm plantation

100%
SMT INDUSTRIES CO., LTD. (THAILAND)
[0255549000227]

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

100%
EG ELECTRONIC SDN BHD
[665423-W]

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

100%
EG R&D SDN BHD
[1074691-M]

To undertake the Research and Development in electronic, electrical, telecommunication and technology products and other related business which can be carried on in connection with the EG Group's business activities

100%
EG OPERATIONS SDN BHD
[1075362-W]

To manufacture the plastic moulded parts and components, and assembly of plastic moulded parts, components and related box built products

90.50%
MASTIMBER INDUSTRIES SDN BHD
[418438-V]

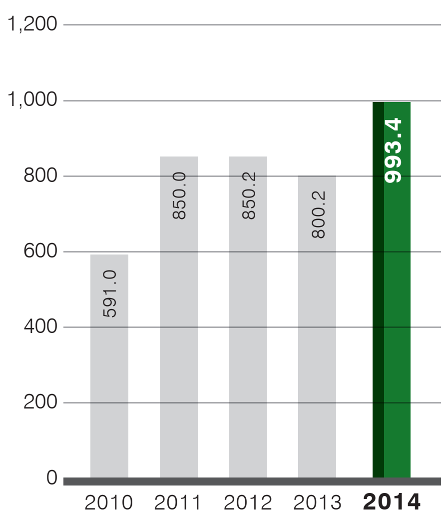
Manufacture and sale of 2-layer solid wood parquet flooring

Group Financial Highlights

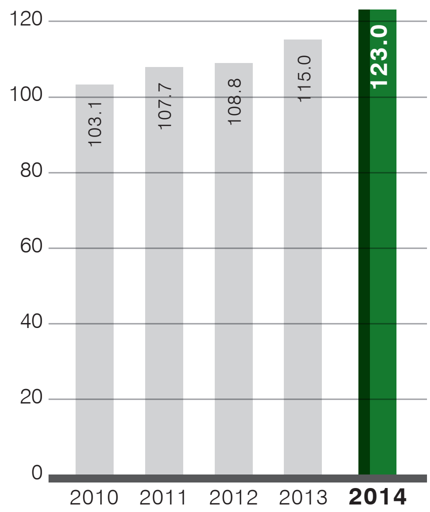
Year ended June 30	2010	2011	2012	2013	2014
Revenue	591.0	850.0	850.2	800.2	993.4
Shareholders' Fund	103.1	107.7	108.8	115.0	123.0
Profit/(Loss) Before Tax	1.9	1.6	3.7	3.7	6.1

Amount in RM'000,000

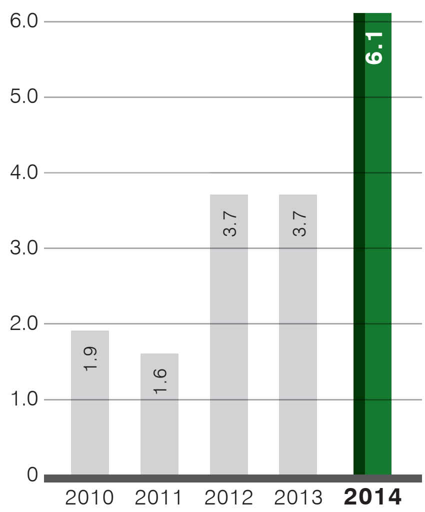
REVENUE (RM'000,000)



SHAREHOLDERS' FUND (RM'000,000)



PROFIT/(LOSS) BEFORE TAX (RM'000,000)



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 regulations 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 environment are safe, 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 had 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 2014. This was also the same for TS 16949 certification, the International Quality Management Standard for Automotive Industry for SMTI. Also during the year, SMTI had been awarded with 'Green Industry Level 3' Response Standard Organisation Certification by Ministry of Industry, Thailand for operating the business in a more environment-friendly manner and more responsible towards society.

Employee knowledge development is the key to sustain and retain talent, as well as business sustainability. During 2014, 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, by continuing to attend GST Training over the year. In addition, 40 employees of SMTT had participated in the team building initiatives, themed "Team Power" aimed in August this year to build a generation of skilled employees. Another group consists of company directors and various head of departments were being trained on the subject "Risk Management Internal Auditor Training" in September 2014 in order to carry out the cross department internal audit on risk management of the Group.

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 99 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 event 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. During the year the Company managed to provide jobs to 12 OKU.

SMTT also provides internship to local university students. During the year, a total of 21 trainees from various universities did their industrial training in SMTT.

As we celebrate any festivities, we do not forget the needy and on 26 September 2014, SMTT CSR Committee again initiated donation campaign to share rice/sugar/food to about 35 poor families for Hari Raya Aidilfitri celebration. The goodies were contributed by the Company, management and staffs.

SMTT also became one of the sponsors for the SP Half Marathon 2014 on 13 September 2014, whereby 6,000 runners from all over the world participated. There were 25 dedicated employees who volunteered to assist the Organising Committee as Traffic Controller station at strategic location to guide runners and as Taker for Winner Record at the Finishing Line.

For SMTI, "We feel that what we are doing is just a drop in the ocean, but the ocean would be less because of that missing drop", whereby the employees of SMTI visited Camillian Social Center Prachinburi – Home of Charity on 25 September 2014 to donate cash and consumer goods for the 87 old folks staying in the center. They prepared food, sang songs and danced with them to bring joy, extend their caring and love to those old folks.

EMPLOYEES' WELFARE

Apart from the yearly events and internal activities such as Bowling, Badminton, Futsa and other competition among employees, in order to promote sportsmanship and bring good rapport between our employees with other companies employees, indirectly promote our company name, our Fighter FC team had participated in the FMM Futsal Tournament held in August 2014, and the team had deliver excellent performance in the 1st round of the league.

The Group has nearly 380 foreign workers coming from difference countries, having different cultures, religions, teaching and beliefs. To cultivate good cleanliness in the hostels, it is a big challenge to bring them together to minimize the differences and respects for each other and also living in harmony in the hostels. This is achieved through the HR Team efforts, with the cooperation from all foreign workers participation in Hostel Cleanliness Competition Program since year 2012. The Health Ministry also had organised the "Kempen Pencegahan Malaria" program for the hostel and most of the foreign workers participated in the program.

It is the continuous efforts from the Safety Committee to walk through the talk, of the slogan "Employees' Safety First", hence it is important for every employee to have the awareness and knowledge of safety. For this purpose SMTT had carried out the Fire Mock Drill on March 2014 which covered day and night shift workers.

Finally, in order to reward the management team for their enthusiastic efforts, valuable contribution and unfailing continued support to the Group, the Company had organized a trip to Bali on 10-12 October 2014 whereby 56 members of the management team had participated. The trip had certainly inspired the spirit of the management team and also enhances the relationship between the management team in order to work as a team to fight for Company future and goals.

List Of Properties Held By The Group

Location	Age of Building	Date of Last Valuation/ (Acquisition)*	Area (sq. ft.)	Existing Use	Tenure	Net Book Value As at 30/06/14 (RM)
Lot No. 23, 24, 26 & 31 Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling Kedah	-	13/09/14	466,917	Vacant Land	Leasehold (60 years)	1,217,129
Lot No. 25 & 32 Kawasan Perusahaan Kuala Ketil Mukim of Tawar District of Baling Kedah	1	22/08/13*	209,154	Factory, Office Building & Warehouse	Leasehold (60 years)	5,771,000
H.S.(M) 343/89 P.T.No.8543 Mukim Sg. Pasir Daerah Kuala Muda Kedah	21	02/04/12	174,240	Factory, Office Building & Warehouse	Sub-leasehold (08/10/2049)	11,209,599
Lot 2, 8 & 16 Mukim of Bujang Daerah Kuala Muda Kedah	-	25/08/14	4,216,741	Palm Oil Plantation	Freehold	3,730,064
H.S. (M) 90/1983 No. P.T. Plot 35 Mukim Sg. Pasir Tempat Bakar Arang Kedah	-	03/09/14	121,968	Vacant Land	Sub-leasehold (09/01/2044)	687,120
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi Thailand	6	05/04/11	172,223	Factory, Office Building & Warehouse	Freehold	8,170,774
H.S.(M) 17427 PT8544 Bandar Sungai Petani Daerah Kuala Muda Kedah	1	12/08/13*	152,465	Factory, Office Building & Warehouse	Leasehold (60 years) (24/03/2050)	3,057,500
1-18-1 SunTech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	1	09/04/14*	1,132	Office	Leasehold	788,683

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 2014.

This is my first Chairman's message for the Group's annual report, I feel honoured and privileged to be able to share the performance of the Group and the overall business strategy to steer the Group towards accelerated growth in global markets.

FINANCIAL OVERVIEW

The financial year 2014 has been an outstanding year and the Group has achieved revenue of RM993.4 million, an increase of 24% or RM193.2 million from RM800.2 million recorded in the preceding financial year. This was mainly contributed by increased in orders of its existing Electronic Manufacturing Services ("EMS") for printed circuit board assembly (PCBA) and its Original Design Manufacturing ("ODM") capabilities with several new complete box-build consumer electronic products for new customers in Europe and United States were launched in the financial year 2014. Group performance has been strong this year as we see an escalation of 61% in profit before tax to RM6.1 million from RM3.8 million recorded in the preceding financial year due to higher revenue as mentioned above. Profit after tax also increased by 64% to RM2.3 million as compared to RM1.4 million recorded in the preceding financial year. The net profit attributable to shareholders of the Group was RM2.0 million as compared to RM1.8 million in preceding financial year. The Group's basic earnings per share has increased 0.27 cents to 2.71 cents in financial year 2014 from 2.44 cents in preceding financial year.

CORPORATE DEVELOPMENT

During the financial year under review, the Group had set up two new wholly own subsidiaries – namely EG R&D Sdn Bhd and EG Operations Sdn Bhd to undertake the Research and Development in electronic, electrical, telecommunication, technology products and other related business; and to manufacture the plastic moulded parts and components, and assembly of plastic moulded parts, components and related box build products. This is the Group's strategy to expand its footprints in the Original Design Manufacturing ("ODM") field for complete box build products, provide high value added services for its customers to secure higher margin. EG R&D Sdn Bhd, based in Suntech@Penang Cybercity, Penang was officially opened on 26th August 2014 and it had awarded the MSC Malaysia Status Company by the Malaysian Government through Multimedia Development Corporation (MDeC) in July 2014 as a recognition for the Company's contribution in the field of multimedia technology.

STRATEGIES, DIRECTIONS AND FUTURE OUTLOOK

Subsequent to the financial year, Jubilee Industries Holdings Limited ("Jubilee"), a company listed on Singapore Exchange Catalist has made a strategic investment in our Group with the purchase of 26% stake in the Group. Jubilee provides design, fabrication and sale of precision plastic injection moulds, precision plastic injection moulding ("PPIM") services and other PPIM-related value added services for customers' electronics, computer peripherals, automotive and household appliances. As the Group and Jubilee are operating in a similar industry with common customer base, the strategic partnership with Jubilee to establish a one-stop electrical and electronics solution for customers is adding strategic synergies to both companies, an integration complementing each other and promoting mutual benefits. In creating a comprehensive one-stop solution by consolidating Jubilee's plastic injection moulding and tooling segment; and our Group's EMS segment (EMS), we will have an integral platform to increase our growth opportunities through the delivery of economies of scale, quality and convenience for our global customers. This is a milestone development as we usher in a new era of growth for the Group.

The Group has two manufacturing plants in North part of Malaysia and one in Bangkok, Thailand; and Jubilee has one manufacturing facility in Johor and China and a corporate office in Singapore. By having factories and offices in different countries, it enables the Group to reach worldwide customers whilst minimizing business operation risk by leveraging on macro and micro levels, harnessing diversification of talents and competitive advantages of different countries. The Group will expand its manufacturing facilities in the next financial year as the current capacity utilization rate had reached 90%. With number of customers continuing to expand globally, R&D capabilities and synergy prospects created from strategic partnership with Jubilee, the Group is set to be a formidable force in future EMS market.

Notwithstanding the Group's growth strategy, with the uncertain economic outlook, the prospects for the coming years are expected to be more challenging. In addition to continue exploring new market opportunities, investing in resources to enhance our R&D capability for product innovation and maintaining excellent customer relationships, the Group will also continue to be vigilant in monitoring the operating expenses closely and implementing pro-active measures to improve overall business performance. We are recognizing employees are the best assets of the Company, thus we have been embarking on human capital investment and focusing on human resource management, with the aim to expand our talent pool and establish a better succession planning programme to in line with our business strategy.

AWARDS AND RECOGNITIONS

Our EMS divisions, SMT Technologies Sdn Bhd ("SMTT") and SMT Industries Co., Ltd ("SMTI") both combined was ranked in the Global Top 50 EMS provider list for year 2013 (Published in March 2014 by Manufacturing Market Insider, a subscription newsletter based in USA, is 100% dedicated to contract manufacturing and the EMS industry - www.mfgmkt.com).The Group is proud that it has been on the Top 50 list for three consecutive years from 2011 to 2013.

On 3rd September 2014, SMTT has received the Malaysia Productivity and Innovation Class (MPIC) membership credential from Malaysia Productivity Corporation which is only given to a community of companies that have achieved a commendable level of business excellence practices of at least 400 points in the Business Excellence Framework. During the financial year, SMTI was awarded with 'Green Industry Level 3' Response Standard Organisation Certification by Ministry of Industry, Thailand as recognition to the Company for operating an environment-friendly business with greater corporate social responsibility.

DIVIDEND

No dividend was declared for the year.

APPRECIATION

On behalf of the Board of Directors, we would like to express our sincere gratitude to Mr Tai Keik Hock and Ms Tai Lee Keow who resigned on 18th July 2014, for their invaluable contribution to the Group in the past 20 years.

We would like 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 2014.

Thank you very much

TERENCE TEA YEOK KIAN
Executive Chairman

1st December 2014

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 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 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 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	2,030	(773)
Non-controlling interests	254	-
	2,284	(773)

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 Yeong Sheng
Kang Pang Kiang
Ang Seng Wong
Dr. Damien Lim Yat Seng
Lim Sze Yan
Terence Tea Yeok Kian (Appointed on 18.7.2014)
Lim King Soon (Appointed on 18.7.2014)
Tai Keik Hock (Resigned on 18.7.2014)
Tai Lee Keow (Resigned on 18.7.2014)

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 financial 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 1.7.2013	Bought	(Sold)	At 30.6.2014
Direct interest				
Tai Keik Hock				
- own	25,015	-	-	25,015
- others *	1,969,027	-	-	1,969,027
Tai Yeong Sheng				
- own	8,036,153	1,290,500	-	9,326,653
Tai Lee Keow				
- own	79	-	-	79
Kang Pang Kiang				
- own	100,800	-	-	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 1.7.2013	Bought	(Sold)	At 30.6.2014
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 (cont'd)

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 2014 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 30.6.2014
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") 2005/2013. 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 year 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 2014 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.

SIGNIFICANT EVENTS

Details of the significant events are as disclosed in Note 29 to the financial statements.

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:

………………………………………..…….
Terence Tea Yeok Kian

………………………………………..…….
Kang Pang Kiang

Penang,

Date: 28 October 2014

Statement Of Financial Position

As At 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Assets					
Property, plant and equipment	3	151,255	126,010	1,218	1,245
Investment property	4	2,760	-	-	-
Investments in subsidiaries	5	-	-	77,485	72,485
Other investments	6	13,357	6,826	13,357	6,826
Intangible asset	7	10,148	10,148	-	-
Deferred tax assets	8	-	2,207	-	-
Trade and other receivables	9	-	-	2,431	4,700
Total non-current assets		177,520	145,191	94,491	85,256
Inventories	10	90,054	69,071	-	-
Current tax assets		167	247	-	18
Trade and other receivables	9	148,230	137,454	30,925	21,137
Cash and cash equivalents	11	36,247	26,491	6,430	11,431
Total current assets		274,698	233,263	37,355	32,586
Total assets		452,218	378,454	131,846	117,842
Equity					
Share capital	12	75,017	75,017	75,017	75,017
Reserves	13	48,603	40,830	7,381	1,627
Total equity attributable to owners of the Company		123,620	115,847	82,398	76,644
Non-controlling interests		(636)	(890)	-	-
Total equity		122,984	114,957	82,398	76,644
Liabilities					
Other payables	14	10,383	-	-	-
Provision for retirement benefits	19	94	62	-	-
Loans and borrowings	15	25,039	7,965	-	-
Deferred tax liabilities	8	1,396	-	-	-
Total non-current liabilities		36,912	8,027	-	-
Trade and other payables	14	138,736	102,583	49,448	41,198
Current tax payables		49	51	-	-
Loans and borrowings	15	153,537	152,836	-	-
Total current liabilities		292,322	255,470	49,448	41,198
Total liabilities		329,234	263,497	49,448	41,198
Total equity and liabilities		452,218	378,454	131,846	117,842

The notes on pages 58 to 116 are an integral part of these financial statements.

Statements Of Profit Or Loss And Comprehensive Income

For The Year Ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Revenue	16	993,376	800,248	353	374
Cost of sales		(961,593)	(777,137)	-	-
Gross profit		31,783	23,111	353	374
Administrative expenses		(11,326)	(10,229)	(1,126)	(1,062)
Distribution expenses		(2,401)	(1,809)	-	-
Other expenses		(3,136)	(1,774)	-	(2,300)
Other income		184	2,638	-	-
Operating profit		15,104	11,937	(773)	(2,988)
Finance costs	17	(8,988)	(8,187)	-	-
Profit/(Loss) before tax	18	6,116	3,750	(773)	(2,988)
Tax expense	20	(3,832)	(2,330)	-	(4)
Profit/(Loss) for the year		2,284	1,420	(773)	(2,992)
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		6,531	4,254	6,531	4,254
Foreign currency translation differences for foreign operations		(784)	471	-	-
Total other comprehensive income for the year, net of tax		5,747	4,725	6,531	4,254
Total comprehensive income for the year		8,031	6,145	5,758	1,262
Profit/(Loss) for the year attributable to:					
Owners of the Company		2,030	1,827	(773)	(2,992)
Non-controlling interests		254	(407)	-	-
		2,284	1,420	(773)	(2,992)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Total comprehensive income attributable to:					
Owners of the Company		7,777	6,552	5,758	1,262
Non-controlling interests		254	(407)	-	-
		8,031	6,145	5,758	1,262
Basic earnings per ordinary share (sen)	21	2.71	2.44	-	-

The notes on pages 58 to 116 are an integral part of these financial statements.

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 July 2012	75,017	3,700	2,472	353	15,170	(21)	12,608	109,299	(483)	108,816
Foreign currency translation differences for foreign operations	-	-	-	471	-	-	-	471	-	471
Fair value of available-for-sale financial assets	-	-	4,254	-	-	-	-	4,254	-	4,254
Total other comprehensive income for the year	-	-	4,254	471	-	-	-	4,725	-	4,725
Profit for the year	-	-	-	-	-	-	1,827	1,827	(407)	1,420
Total comprehensive income/ (expense) for the year	-	-	4,254	471	-	-	1,827	6,552	(407)	6,145
Treasury shares acquired	-	-	-	-	-	(4)	-	(4)	-	(4)
At 30 June 2013/1 July 2013	75,017	3,700	6,726	824	15,170	(25)	14,435	115,847	(890)	114,957

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 30 June 2013/1 July 2013	75,017	3,700	6,726	824	15,170	(25)	14,435	115,847	(890)	114,957
Foreign currency translation differences for foreign operations	-	-	-	(784)	-	-	-	(784)	-	(784)
Fair value of available-for-sale financial assets	-	-	6,531	-	-	-	-	6,531	-	6,531
Total other comprehensive income for the year	-	-	6,531	(784)	-	-	-	5,747	-	5,747
Profit for the year	-	-	-	-	-	-	2,030	2,030	254	2,284
Total comprehensive income/(expense) for the year	-	-	6,531	(784)	-	-	2,030	7,777	254	8,031
Treasury shares acquired	-	-	-	-	-	(4)	-	(4)	-	(4)
At 30 June 2014	75,017	3,700	13,257	40	15,170	(29)	16,465	123,620	(636)	122,984

The notes on pages 58 to 116 are an integral part of these financial statements.

	Attributable to owners of the Company						
	Non-distributable						
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Share premium RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
Company							
At 1 July 2012	75,017	3,700	2,472	15,170	(21)	(20,952)	75,386
Total other comprehensive expense for the year							
- Fair value of available-for-sale financial assets	-	-	4,254	-	-	-	4,254
Loss for the year	-	-	-	-	-	(2,992)	(2,992)
Total comprehensive income/(expense) for the year	-	-	4,254	-	-	(2,992)	1,262
Treasury shares acquired	-	-	-	-	(4)	-	(4)
At 30 June 2013/1 July 2013	75,017	3,700	6,726	15,170	(25)	(23,944)	76,644

	Attributable to owners of the Company						
	Non-distributable						
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Share premium RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
At 30 June 2013/1 July 2013	75,017	3,700	6,726	15,170	(25)	(23,944)	76,644
Total other comprehensive income/(expense) for the year							
- Fair value of available-for-sale financial assets	-	-	6,531	-	-	-	6,531
Loss for the year	-	-	-	-	-	(773)	(773)
Total comprehensive income/(expense) for the year	-	-	6,531	-	-	(773)	5,758
Treasury shares acquired	-	-	-	-	(4)	-	(4)
At 30 June 2014	75,017	3,700	13,257	15,170	(29)	(24,717)	82,398

The notes on pages 58 to 116 are an integral part of these financial statements.

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		6,116	3,750	(773)	(2,988)
Adjustments for:					
Depreciation of property, plant and equipment	3	21,947	18,026	27	28
Depreciation of investment properties	4	28	-	-	-
Interest expense	17	8,988	8,187	-	-
Dividend income		(80)	(64)	(80)	(64)
Gain on disposal of plant and equipment		(50)	(8)	-	-
Interest income		(303)	(451)	(273)	(310)
Impairment loss of investment in a subsidiary		-	-	-	2,300
Plant and equipment written off		235	-	-	-
Impairment loss of plant and equipment		1,163	-	-	-
Operating profit/(loss) before changes in working capital		38,044	29,440	(1,099)	(1,034)
Change in inventories		(20,409)	(6,013)	-	-
Change in trade and other receivables	A	(9,585)	10,821	(7,519)	(11,814)
Change in trade and other payables		46,662	(8,101)	8,251	12,792
Cash generated from/(used in) operations		54,712	26,147	(367)	(56)
Tax (paid)/refunded		(143)	(506)	18	-
Dividend received		80	64	80	64
Net cash from/(used in) operating activities		54,649	25,705	(269)	8
Cash flows from investing activities					
Investment in subsidiaries		-	-	(5,000)	-
Acquisition of plant and equipment	B	(39,534)	(33,832)	-	-
Interest received		303	451	273	310
Proceeds from disposal of plant and equipment		286	324	-	-
Acquisition of treasury shares		(4)	(4)	(4)	(4)
Net cash (used in)/from investing activities		(38,949)	(33,061)	(4,731)	306

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from financing activities					
(Repayment)/Drawdown of bank borrowings, net		(4,601)	28,759	-	-
Repayment of finance lease liabilities		(9,759)	(7,539)	-	-
Drawdown/(Repayment) of term loans		17,195	(1,096)	-	-
Interest paid		(8,988)	(8,187)	-	-
Withdrawal/(Placement) of pledged deposits		4,284	192	5,187	(307)
Net cash (used in)/from financing activities		(1,869)	12,129	5,187	(307)
Net increase in cash and cash equivalents		13,831	4,773	187	7
Effect of exchange rate fluctuations on cash held		78	2	-	-
Cash and cash equivalents at 1 July		12,974	8,199	25	18
Cash and cash equivalents at 30 June	C	26,883	12,974	212	25

Notes

A. Trade and other receivables

During the year, the Company increased its investment in a subsidiary by RM5,000,000 (2013 : RM7,017,780) through the capitalisation of the same amount from other receivables (amount due from subsidiaries).

B. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM53,261,128 (2013 : RM34,015,294), of which RM13,726,879 (2013 : RM182,858) were acquired by means of finance lease arrangement. The balance of RM39,534,249 (2013 : RM33,832,436) was paid by cash.

C. 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	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash and bank balances	11	28,328	14,288	212	25
Bank overdrafts	15	(1,445)	(1,314)	-	-
		26,883	12,974	212	25

The notes on pages 58 to 116 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 2014 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 2014 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 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 October 2014.

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.

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 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, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116 and 141, *Agriculture : Bearer Plants*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- 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 accounting standards, amendments and interpretations:

- from the annual year beginning on 1 July 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014, except for IC Interpretation 21, Levies and Amendments to MFRS 2 which are not applicable to the Group and the Company.

- from the annual year beginning on 1 July 2016 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14 which is not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2017 for those accounting standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2017.

The initial application of the abovementioned standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group and of the Company except as mentioned below:

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may rise from the adoption of MFRS 9.

(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 2014, the current liabilities of the Group and of the Company exceeded the current assets by RM17,624,000 and RM12,093,000 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 and rounded to the nearest thousand, 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 7.1 - 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, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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.

(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.

For new acquisitions, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(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 former subsidiary, any non-controlling interests and the other components of equity related to the former 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 former 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 or 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.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests ever if doing so causes the non-controlling interests to have a deficit balance.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

(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 2012 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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 gain 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.

(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:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

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(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(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.

Fair value arising from 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

(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 components 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 component 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leased assets (cont'd)

(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) Investment property

Investment property is property which are owned to earn rental income or for capital appreciation or for both. These include leasehold land which in substance is a finance lease held for a currently undetermined future use. Property that is occupied by the Group are accounted for as owner-occupied rather than as investment property. Investment property is initially and subsequently measured at cost.

Cost includes expenditure that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property also includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 60 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(g) 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.

(h) 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 instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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 financial 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 group of 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 of disposal. 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 or cash-generating unit.

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 amounts of the other assets in the unit (groups of cash-generating units) on a *pro rata* basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment (cont'd)

(ii) Other assets (cont'd)

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 financial year in which the reversals are recognised.

(i) 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.

(j) 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 costs and other costs 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Provisions

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

(m) 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 statements 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.

(n) 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, 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 the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Employee benefits

(i) Short-term employee benefits

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

A 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 contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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 year 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 year in which they arise.

(p) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Revenue and other income (cont'd)

(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.

(q) 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.

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.

(r) 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 year, 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.

(s) 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.

(t) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Short term leasehold land and improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital in progress RM'000	Total RM'000
Cost											
At 1 July 2012	5,653	4,471	25,824	172,117	1,385	2,927	7,275	1,522	2,821	-	223,995
Additions	-	178	-	25,971	15	90	579	266	20	6,896	34,015
Disposals	-	-	-	(13,999)	-	-	(1,045)	-	(2)	-	(15,046)
Foreign exchange differences	27	-	178	834	2	4	28	6	-	-	1,079
At 30 June 2013/ 1 July 2013	5,680	4,649	26,002	184,923	1,402	3,021	6,837	1,794	2,839	6,896	244,043
Reclassification	-	-	-	6,276	-	5	-	-	-	(6,281)	-
Additions	24	3,079	795	46,939	68	455	190	372	80	1,259	53,261
Disposals	-	-	-	(926)	-	-	-	(152)	-	-	(1,078)
Write off	-	-	-	-	-	(2)	-	-	-	(234)	(236)
Transfer to investment property	-	(736)	(3,208)	-	-	-	-	-	-	-	(3,944)
Foreign exchange differences	(43)	-	(283)	(1,366)	(1)	(8)	(48)	(12)	-	(381)	(2,142)
At 30 June 2014	5,661	6,992	23,306	235,846	1,469	3,471	6,979	2,002	2,919	1,259	289,904

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Short term leasehold land and improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital in progress RM'000	Total RM'000
Accumulated depreciation and impairment losses											
At 1 July 2012	-	962	5,508	95,503	746	2,543	6,017	1,225	2,026	-	114,530
Depreciation for the year	-	79	866	15,657	25	107	929	165	198	-	18,026
Disposals	-	-	-	(13,684)	-	-	(1,045)	-	(1)	-	(14,730)
Foreign exchange differences	-	-	33	156	1	1	13	3	-	-	207
At 30 June 2013/ 1 July 2013	-	1,041	6,407	97,632	772	2,651	5,914	1,393	2,223	-	118,033
Reclassification	-	-	-	(7)	-	7	-	-	-	-	-
Depreciation for the year	-	70	804	20,034	26	146	502	170	195	-	21,947
Disposals	-	-	-	(704)	-	-	-	(138)	-	-	(842)
Write off	-	-	-	-	-	(1)	-	-	-	-	(1)
Transfer to investment property	-	(175)	(981)	-	-	-	-	-	-	-	(1,156)
Impairment loss	-	-	-	1,071	2	8	82	-	-	-	1,163
Foreign exchange differences	-	-	(69)	(384)	(1)	(4)	(30)	(7)	-	-	(495)
Accumulated depreciation	-	936	6,161	116,571	797	2,799	6,386	1,418	2,418	-	137,486
Accumulated impairment losses	-	-	-	1,071	2	8	82	-	-	-	1,163
At 30 June 2014	-	936	6,161	117,642	799	2,807	6,468	1,418	2,418	-	138,649

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Short term leasehold land and improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital in progress RM'000	Total RM'000
Carrying amounts											
At 30 June 2013/ 1 July 2013	5,680	3,608	19,595	87,291	630	370	923	401	616	6,896	126,010
At 30 June 2014	5,661	6,056	17,145	118,204	670	664	511	584	501	1,259	151,255

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Short term leasehold land RM'000	Office equipment RM'000	Total RM'000
Company			
Cost			
At 1 July 2012/30 June 2013/1 July 2013	1,634	7	1,641
Addition	-	-	-
At 30 June 2014	1,634	7	1,641
Accumulated depreciation			
At 1 July 2012	363	5	368
Depreciation charge for the year	27	1	28
At 30 June 2013/1 July 2013	390	6	396
Depreciation charge for the year	27	-	27
At 30 June 2014	417	6	423
Carrying amounts			
At 30 June 2013/1 July 2013	1,244	1	1,245
At 30 June 2014	1,217	1	1,218

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 RM32,037,316 (2013 : RM24,904,421).

3.2 Assets held in trust - Group

Motor vehicles with a carrying amount of Nil (2013 : RM19,899) are registered in the name of certain Directors and held in trust on behalf of the Group.

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 15.2 to the financial statements:

	2014 RM'000	2013 RM'000
Carrying amounts		
Freehold land	5,661	5,680
Short term leasehold land and improvements	4,639	2,186
Buildings	16,355	19,595
Plant and machinery	70,846	84,385
Furniture and fittings	-	22
Office equipment	-	224
Tools and equipment	-	743
Factory renovation	-	616
	97,501	113,451

4. INVESTMENT PROPERTY - GROUP

	Short term leasehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 July 2012/30 June 2013/1 July 2013	-	-	-
Transfer from property, plant and equipment	736	3,208	3,944
At 30 June 2014	736	3,208	3,944
Accumulated depreciation			
At 1 July 2012/30 June 2013/1 July 2013	-	-	-
Transfer from property, plant and equipment	175	981	1,156
Depreciation for the year	5	23	28
At 30 June 2014	180	1,004	1,184
Carrying amount			
At 1 July 2012/30 June 2013/1 July 2013	-	-	-
At 30 June 2014	556	2,204	2,760

4. INVESTMENT PROPERTY - GROUP (cont'd)

The following are recognised in profit or loss in respect of investment property :

	2014 RM'000	2013 RM'000
Direct operating expenses:		
- non-income generating investment property	-	-

4.1 Fair value information

The fair value was based on enquiry from relevant property valuers and real estate agent using the latest available market information of similar property within the same locality. The fair value of the investment property of the Group as at 30 June 2014 is classified as level 3 of fair value hierarchy and determined to be approximately RM5,800,000 (2013 : RM Nil).

Estimation uncertainty and key assumptions:

The Directors estimate the fair values of the Group's investment property based on the following key assumptions for certain properties :

- Comparison of the Group's investment property with similar properties that were listed for sales within the same locality or other comparable localities;
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

5. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2014 RM'000	2013 RM'000
Unquoted shares, at cost	81,535	74,517
Subscription of shares in a subsidiary	5,000	7,018
	86,535	81,535
Less : Accumulated impairment loss	(9,050)	(9,050)
	77,485	72,485

5. INVESTMENTS IN SUBSIDIARIES - COMPANY (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest 2014 %	Effective ownership interest 2013 %	Principal activities
SMT Technologies Sdn. Bhd.	Malaysia	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	Ceased operation as manufacture and sale of 2-layer solid wood parquet flooring
EG Electronic Sdn. Bhd.*	Malaysia	100	100	Original Equipment Manufacturer/ Original Design Manufacturer in complete box built products
EG R&D Sdn. Bhd.	Malaysia	100	-	Dormant
EG Operations Sdn. Bhd.	Malaysia	100	-	Dormant
SMT Industries Co., Ltd *	Thailand	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	Investment holding and oil palm plantation

* Not audited by KPMG

5. INVESTMENTS IN SUBSIDIARIES - COMPANY (cont'd)

Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Mastimber Industries Sdn. Bhd.	
	2014	**2013**
	RM'000	**RM'000**
NCI percentage of ownership interest and voting interest	9.50%	9.50%
Carrying amount of NCI	(636)	(890)
Profit/(Loss) allocated to NCI	254	(407)
Summarised financial information before intra-group elimination		
As at 30 June		
Non-current assets	1,292	4,101
Current assets	125	1,639
Non-current liabilities	(8,061)	(10,329)
Current liabilities	(50)	(4,784)
Net assets/(liabilities)	(6,694)	(9,373)
Year ended 30 June		
Revenue	-	500
Profit/(Loss) for the year	2,680	(4,286)
Total comprehensive income/(expenses)	2,680	(4,286)
Cash flows (used in)/from operating activities	(5,715)	3,411
Cash flows from investing activities	5,800	39
Cash flows used in financing activities	-	(2,462)
Net increase in cash and cash equivalents	85	988
Dividends paid to NCI	-	-

6. OTHER INVESTMENTS - GROUP/COMPANY

	2014 RM'000	2013 RM'000
Non-current		
Available for-sale financial assets		
Quoted shares in Malaysia	13,357	6,826
Representing items:		
At fair value	13,357	6,826
Market value of quoted shares	13,357	6,826

7. INTANGIBLE ASSET - GROUP

	Goodwill RM'000
At 1 July 2012	10,148
At 30 June 2013/1 July 2013	10,148
At 30 June 2014	10,148

7.1 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% (2013: 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.

8. DEFERRED TAX LIABILITIES/(ASSETS)

Recognised deferred tax assets and liabilities

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

	2014 RM'000	2013 RM'000
Group		
Property, plant and equipment - capital allowance	6,315	5,693
Tax loss carry-forwards	(2)	(265)
Unutilised reinvestment allowance	(4,847)	(7,776)
Provisions	(19)	(327)
Others	(51)	468
Net deferred tax liabilities/(assets) recognised	1,396	(2,207)

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.

Movements in temporary differences during the year are as follows:

	At 30.6.2012 RM'000	Recognised in profit or loss (Note 20) RM'000	Exchange difference RM'000	At 30.6.2013 RM'000	Recognised in profit or loss (Note 20) RM'000	Exchange difference RM'000	At 30.6.2014 RM'000
Group							
Property, plant and equipment - capital allowance	5,212	481	-	5,693	622	-	6,315
Tax losses carry-forwards	(528)	269	(6)	(265)	258	5	(2)
Unutilised reinvestment allowance	(8,936)	1,160	-	(7,776)	2,929	-	(4,847)
Provisions	(317)	(10)	-	(327)	308	-	(19)
Others	468	-	-	468	(519)	-	(51)
	(4,101)	1,900	(6)	(2,207)	3,598	5	1,396

8. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

Unrecognised deferred tax assets

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

	2014 RM'000	2013 RM'000
Group		
Property, plant and equipment	1	1
Unutilised reinvestment allowance	(25,726)	(4,161)
Unabsorbed capital allowances	(2,407)	(2,407)
Tax loss carry-forwards	(13,268)	(13,268)
	(41,400)	(19,835)
Company		
Property, plant and equipment	1	1
Unabsorbed capital allowances	(7)	(7)
	(6)	(6)

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 therefrom.

The comparative figures have been restated to reflect the revised tax loss carry-forwards available to the Group.

9. TRADE AND OTHER RECEIVABLES

	Note	2014 RM'000	2013 RM'000
Group			
Current			
Trade			
Trade receivables		145,878	134,916
Non-trade			
Other receivables		931	915
Deposits		856	441
Prepayments		565	1,182
		2,352	2,538
		148,230	137,454

9. TRADE AND OTHER RECEIVABLES (cont'd)

	Note	2014 RM'000	2013 RM'000
Company			
Non-current			
Non-trade			
Amount due from a subsidiary	9.1	2,431	4,700
Current			
Non-trade			
Amount due from subsidiaries	9.2	30,798	20,999
Other receivables		125	136
Deposits		2	2
		30,925	21,137

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. INVENTORIES - GROUP

	2014 RM'000	2013 RM'000
Raw materials	38,110	30,253
Work-in-progress	991	5,233
Manufactured inventories	50,953	33,570
Consumables	-	8
Packing materials	-	7
	90,054	69,071

10.1 Security

The inventories are pledged to licensed banks as securities for borrowings granted to certain subsidiaries as disclosed in Note 15.2 to the financial statements.

10.2 Estimate

The write down of inventories to net realisable value during the year amounted to RM250,000 (2013 : RM3,910,401) is included in cost of sales.

Inventories amounting to Nil (2013 : RM500,000) 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.

11. CASH AND CASH EQUIVALENTS

	Note	2014 RM'000	2013 RM'000
Group			
Deposits with licensed banks	11.1	7,919	12,203
Cash and bank balances		28,328	14,288
		36,247	26,491
Company			
Deposits with licensed banks	11.1	6,218	11,406
Cash and bank balances		212	25
		6,430	11,431

11.1 Deposits with licensed banks

Included in cash and cash equivalents of the Group and of the Company are RM7,919,213 (2013 : RM12,203,291) and RM6,218,076 (2013 : RM11,405,433) respectively held in lien for borrowings granted to certain subsidiaries (Note 15.2).

12. SHARE CAPITAL - GROUP/COMPANY

	2014		2013	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Ordinary shares of RM1 each				
Authorised:	200,000	200,000	200,000	200,000
Issued and fully paid:				
At 1 July/30 June	75,017	75,017	75,017	75,017

13. RESERVES

	Note	2014 RM'000	2013 RM'000
Group			
Non-distributable:			
Translation reserve	13.1	40	824
Warrants reserve	13.2	3,700	3,700
Share premium		15,170	15,170
Treasury shares	13.3	(29)	(25)
Fair value reserve	13.4	13,257	6,726
		32,138	26,395
Distributable:			
Retained earnings		16,465	14,435
		48,603	40,830
Company			
Non-distributable:			
Warrants reserve	13.2	3,700	3,700
Share premium		15,170	15,170
Accumulated losses		(24,717)	(23,944)
Treasury shares	13.3	(29)	(25)
Fair value reserve	13.4	13,257	6,726
		7,381	1,627

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

13.1 Translation reserve

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

13.2 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.

13.3 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.

13. RESERVES (cont'd)

13.3 Treasury shares (cont'd)

For the financial year ended 30 June 2014, the Company repurchased 10,000 (2013 : 16,000) of its issued share capital from the open market. The average price paid for the shares repurchase was RM0.355 (2013 : RM0.239) per share. The total consideration paid was RM3,636 (2013 : RM3,915) including transaction costs of RM86 (2013 : RM86). 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 2014, the Company held 106,000 (2013 : 96,000) of its shares. The number of outstanding ordinary shares of RM1 each in issue after the set-off is 74,910,600 (2013 : 74,920,600).

13.4 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.

14. TRADE AND OTHER PAYABLES

	Note	2014 RM'000	2013 RM'000
Group			
Non-current			
Other payables		10,383	-
Current			
Trade payables		133,696	99,450
Non-trade			
Amount due to Directors	14.1	66	840
Other payables		2,626	745
Accruals		2,348	1,548
		5,040	3,133
		138,736	102,583
Company			
Current			
Non-trade			
Amount due to subsidiaries	14.1	49,261	41,068
Amount due to Directors	14.1	59	59
Other payables		8	1
Accruals		120	70
		49,448	41,198

14.1 Amount due to subsidiaries and Directors

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

15. LOANS AND BORROWINGS - GROUP

	2014 RM'000	2013 RM'000
Non-current:		
Secured		
Term loans	15,932	3,253
Finance lease liabilities	9,107	4,712
	25,039	7,965
Current:		
Secured		
Bank overdrafts	1,445	1,314
Bankers' acceptances	119,139	92,313
Revolving credits	1,500	16,884
Trust receipts	7,432	22,266
Term loans	5,890	1,368
Finance lease liabilities	6,112	6,507
Trade financing	12,019	12,184
	153,537	152,836

15.1 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.

15.2 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 11.1);

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.

15. LOANS AND BORROWINGS - GROUP (cont'd)

15.3 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2014			2013		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group						
Less than 1 year	6,919	807	6,112	7,066	559	6,507
Between 1 and 5 years	10,035	928	9,107	4,914	202	4,712
	16,954	1,735	15,219	11,980	761	11,219

16. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	993,023	799,874	-	-
Dividend income (gross)	80	64	80	64
Interest income	273	310	273	310
	993,376	800,248	353	374

17. FINANCE COSTS - GROUP

	2014 RM'000	2013 RM'000
Interest expense on:		
Bankers' acceptances/Trade financing	5,977	5,324
Trust receipts	875	1,024
Finance lease liabilities	1,061	872
Revolving credit	354	354
Term loans	597	468
Others	124	145
	8,988	8,187

18. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- KPMG	107	105	39	39
- other auditors	96	72	-	-
- Other services				
- KPMG	21	21	21	18
- Affiliates of KPMG Malaysia	4	12	4	4
Depreciation of property, plant and equipment (Note 3)	21,947	18,026	27	28
Depreciation of investment property (Note 4)	28	-	-	-
Directors' remuneration:				
Directors of the Company				
- fees	104	104	104	104
- other emoluments	1,231	1,204	480	480
Other Directors				
- other emoluments	480	119	-	-
Inventories written down (Note 10.2)	250	3,910	-	-
Impairment loss on trade receivables	-	245	-	-
Impairment of investment in a subsidiary	-	-	-	2,300
Impairment loss on plant and equipment	1,163	-	-	-
Plant and equipment written off	235	-	-	-
Loss on foreign exchange, net			-	-
- realised	806	1,338	-	-
- unrealised	610	-	-	-
Rental of equipment	23	621	-	-
Rental of premises	158	163	-	-
and after crediting:				
Dividend income from:				
- shares quoted in Malaysia	80	64	80	64
Gain on foreign exchange, net				
- unrealised	-	1,279	-	-
Gain on disposal of plant of equipment	50	8	-	-
Interest income	303	451	273	310
Reversal of impairment of trade receivables	-	11	-	-

19. EMPLOYEE BENEFITS

19.1 Staff costs

Staff costs (excluding Executive Directors) are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages, salaries and others	29,685	24,080	208	180

Included in staff costs of the Group and of the Company are RM1,467,907 (2013 : RM1,301,767) and RM24,234 (2013 : RM20,960) respectively representing contribution to Employees' Provident Fund.

19.2 Key management personnel compensation

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' fees	20	20	20	20
Short-term employee benefits	2,241	2,178	688	675
Contribution to Employees' Provident Fund	203	172	24	21
	2,464	2,370	732	716

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.

19.3 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 2014 amounted to Nil (2013 : RM3,297).

Under the 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:

	2014 RM'000	2013 RM'000
Present value of obligations - non current	94	62

19. EMPLOYEE BENEFITS (cont'd)

19.3 Provision for retirement benefit - Group (cont'd)

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

	2014 RM'000	2013 RM'000
For the year ended 30 June 2014		
Balance at 1 July 2013	62	-
Past service cost	-	37
Current service cost	31	22
Interest cost	2	2
Foreign exchange differences	(1)	1
Balance at 30 June 2014	94	62

The amount recognised in profit or loss are as follows:

	2014 RM'000	2013 RM'000
For the year ended 30 June 2014		
Past service cost	-	37
Current service cost	31	22
Interest cost	2	2
Foreign exchange differences	(1)	1
Total	32	62

The principal actuarial assumptions used are as follows:

	2014	2013
Discount rate	4.5%	4.5%
Inflation rate	3.0%	3.0%
Future salary increase		
- Prior to age 30	12.0%	12.0%
- age 30 to < 40	8.0%	8.0%
- age 40 onwards	6.0%	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.

20. TAX EXPENSE

Recognised in profit or loss

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current tax expense				
Malaysian				
- current year	350	414	-	-
- prior years	(116)	16	-	4
Total current tax recognised in profit or loss	234	430	-	4
Deferred tax expense				
Origination of temporary differences	4,193	2,386	-	-
Prior year	(595)	(486)	-	-
Total deferred tax recognised in profit or loss	3,598	1,900	-	-
Total income tax expense	3,832	2,330	-	4

Reconciliation of tax expense

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit/(Loss) for the year	2,284	1,420	(773)	(2,992)
Total income tax expense	3,832	2,330	-	4
Profit/(Loss) excluding tax	6,116	3,750	(773)	(2,988)
Income tax calculated using Malaysian tax rate at 25% (2013 : 25%)	1,529	938	(193)	(747)
Effect of tax rate in foreign jurisdiction	(52)	(12)	-	-
Effect of tax incentives	(972)	(1,050)	-	-
Non-deductible expenses	648	732	34	606
Tax exempt income	(29)	(172)	(20)	(15)
Reversal of deferred tax assets recognised	3,183	1,429	-	-
Effect of deferred tax assets not recognised	-	787	-	-
Losses not available for set off	179	156	179	156
Others	57	(8)	-	-
(Over)/Under provision in prior years	(711)	(470)	-	4
	3,832	2,330	-	4

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.

21. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 30 June 2014 was based on the profit attributable to ordinary shareholders of RM2,030,035 (2013 : RM1,827,049) and on a weighted average number of ordinary shares outstanding during the year of 74,916,403 (2013 : 74,927,463).

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.

22. 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 30.6.2014
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.

23. RELATED PARTIES

23.1 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.

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

The Group has related party relationship with its significant investors, subsidiaries and key management personnel.

23. RELATED PARTIES (cont'd)

23.1 Identity of related parties (cont'd)

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Company, other than key management personnel compensation as disclosed in the Note 19.2 to the financial statements, are as follows:

	2014 RM'000	2013 RM'000
Company		
Advances from subsidiaries	937	963

Non-trade balances with subsidiaries are disclosed in Note 9 and Note 14. All outstanding balances are to be settled in cash.

24. CONTINGENT LIABILITIES, UNSECURED - COMPANY

The Company issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries amounting to RM184,444,547 (2013 : RM180,778,866) of which, RM152,582,796 (2013 : RM145,985,969) were utilised at the end of the reporting year.

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.

25. FINANCIAL INSTRUMENTS

25.1 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").

25. FINANCIAL INSTRUMENTS (cont'd)

25.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
2014			
Group			
Other investments	13,357	-	13,357
Trade and other receivables (exclude prepayments and non-refundable deposits)	146,809	146,809	-
Cash and cash equivalents	36,247	36,247	-
	196,413	183,056	13,357
Company			
Other investments	13,357	-	13,357
Trade and other receivables (exclude prepayments and non-refundable deposits)	33,354	33,354	-
Cash and cash equivalents	6,430	6,430	-
	53,141	39,784	13,357
2013			
Group			
Other investments	6,826	-	6,826
Trade and other receivables (exclude prepayments and non-refundable deposits)	135,831	135,831	-
Cash and cash equivalents	26,491	26,491	-
	169,148	162,322	6,826
Company			
Other investments	6,826	-	6,826
Trade and other receivables (exclude prepayments and deposits)	25,835	25,835	-
Cash and cash equivalents	11,431	11,431	-
	44,092	37,266	6,826

25. FINANCIAL INSTRUMENTS (cont'd)

25.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FL RM'000
Financial liabilities		
2014		
Group		
Loans and borrowings	178,576	178,576
Trade and other payables	138,736	138,736
	317,312	317,312
Company		
Trade and other payables	49,448	49,448
2013		
Group		
Loans and borrowings	160,801	160,801
Trade and other payables	102,583	102,583
	263,384	263,384
Company		
Trade and other payables	41,198	41,198

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income/(expense)	6,531	4,254	6,531	4,254
- recognised in profit or loss	80	64	80	64
Loans and receivables	303	206	273	310
Financial liabilities measured at amortised cost	(8,988)	(8,187)	-	-
	(2,074)	(3,663)	6,884	4,628

25. FINANCIAL INSTRUMENTS (cont'd)

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 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 financial guarantee given by banks, shareholders or directors of customers are obtained and 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 year, 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 year by geographic region was:

	Group	
	2014 RM'000	2013 RM'000
Domestic	89,951	83,798
Asia Pacific	53,575	48,746
Others	2,352	2,372
	145,878	134,916

25. FINANCIAL INSTRUMENTS (cont'd)

25.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

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

	Gross RM'000	Collective impairment RM'000	Individual impairment RM'000	Net RM'000
Group				
2014				
Not past due	136,616	-	-	136,616
Past due 1 - 30 days	7,096	-	-	7,096
Past due 31 - 60 days	238	-	-	238
Past due 61 - 90 days	1,864	-	-	1,864
Past due more than 90 days	64	-	-	64
	145,878	-	-	145,878
2013				
Not past due	103,089	-	-	103,089
Past due 1 - 30 days	23,399	-	-	23,399
Past due 31 - 60 days	8,295	-	-	8,295
Past due 61 - 90 days	56	-	-	56
Past due more than 90 days	1,581	-	(1,504)	77
	136,420	-	(1,504)	134,916

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

	Group 2014 RM'000	Group 2013 RM'000
At 1 July	1,504	1,270
Impairment loss recognised	-	245
Impairment loss reversed	-	(11)
Impairment loss written off	(1,504)	-
At 30 June	-	1,504

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 96% (2013 : 94%) 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.

25. FINANCIAL INSTRUMENTS (cont'd)

25.4 Credit risk (cont'd)

Receivables (cont'd)

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 year, 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 RM152,582,796 (2013 : RM145,985,969) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

As at the end of the reporting year, 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 year, 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 year, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

25. FINANCIAL INSTRUMENTS (cont'd)

25.5 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 2014, the current liabilities of the Group and of the Company exceeded the current assets by RM17,624,000 and RM12,093,000 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.

25. FINANCIAL INSTRUMENTS (cont'd)

25.5 Liquidity risk (cont'd)

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 year based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2014							
Group							
Non-derivative financial liabilities							
Bank overdrafts	1,445	7.00 - 8.20	1,445	1,445	-	-	-
Bankers' acceptances	119,139	2.15 – 5.51	119,139	119,139	-	-	-
Revolving credits	1,500	5.07 - 6.30	1,500	1,500	-	-	-
Trust receipts	7,432	7.80	7,432	7,432	-	-	-
Term loans	21,822	5.25 - 9.60	27,851	7,099	5,790	8,275	6,687
Finance lease liabilities	15,219	2.45 - 7.42	16,954	6,919	10,015	20	-
Trade financing	12,019	7.60	12,019	12,019	-	-	-
Trade and other payables	138,736	-	138,736	138,736	-	-	-
	317,312		325,076	294,289	15,805	8,295	6,687
Company							
Non-derivative financial liabilities							
Trade and other payables	49,448	-	49,448	49,448	-	-	-

25. FINANCIAL INSTRUMENTS (cont'd)

25.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2013							
Group							
Non-derivative financial liabilities							
Bank overdrafts	1,314	7.00 - 8.20	1,314	1,314	-	-	-
Bankers' acceptances	92,313	2.05 - 9.10	92,313	92,313	-	-	-
Revolving credits	16,884	5.07 - 6.30	16,884	16,884	-	-	-
Trust receipts	22,266	7.80	22,266	22,266	-	-	-
Term loans	4,621	5.88 - 7.60	5,006	1,824	1,371	1,811	-
Finance lease liabilities	11,219	2.65 - 7.42	11,980	7,066	4,053	861	-
Trade financing	12,184	7.60	12,184	12,184	-	-	-
Trade and other payables	102,583	-	102,583	102,583	-	-	-
	263,384		264,530	256,434	5,424	2,672	-
Company							
Non-derivative financial liabilities							
Trade and other payables	41,198	-	41,198	41,198	-	-	-

25. FINANCIAL INSTRUMENTS (cont'd)

25.6 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.

25.6.1 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 year was:

	Denominated in USD RM'000
Group	
2014	
Trade and other receivables	94,376
Trade and other payables	(70,572)
Cash and bank balances	15,109
Net exposure	38,913
2013	
Trade and other receivables	88,147
Trade and other payables	(44,307)
Cash and bank balances	4,782
Net exposure	48,622

25. FINANCIAL INSTRUMENTS (cont'd)

25.6 Market risk (cont'd)

25.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% (2013 : 5%) strengthening of the RM against USD at the end of the reporting year 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 year. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss RM'000
Group	
2014	
USD	(1,459)
2013	
USD	(1,823)

A 5% weakening of the RM against USD at the end of the reporting year 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.

25.6.2 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.

25. FINANCIAL INSTRUMENTS (cont'd)

25.6 Market risk (cont'd)

25.6.2 Interest rate risk (cont'd)

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 year was:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	7,919	12,203	6,218	11,406
Financial liabilities	(155,309)	(154,866)	-	-
	(147,390)	(142,663)	6,218	11,406
Floating rate instruments				
Financial liabilities	(23,267)	(5,935)	-	-

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 year 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 year 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**
	RM'000	**RM'000**
Group		
2014		
Floating rate instruments	(175)	175
2013		
Floating rate instruments	(45)	45

25. FINANCIAL INSTRUMENTS (cont'd)

25.6 Market risk (cont'd)

25.6.3 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.

25.7 Fair value informations

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 table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

25. FINANCIAL INSTRUMENTS (cont'd)

25.7 Fair value informations (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2014										
Group										
Financial asset										
Quoted shares in Malaysia	13,357	-	-	13,357	-	-	-	-	13,357	13,357
Financial liabilities										
Term loans	-	-	-	-	-	-	24,331	24,331	24,331	21,822
Finance lease liabilities	-	-	-	-	-	-	16,139	16,139	16,139	15,219
Other payables	-	-	-	-	-	-	10,383	10,383	10,383	10,383
	-	-	-	-	-	-	50,853	50,853	50,853	47,424
Company										
Financial asset										
Quoted shares in Malaysia	13,357	-	-	13,357	-	-	-	-	13,357	13,357

25. FINANCIAL INSTRUMENTS (cont'd)

25.7 Fair value informations (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value *	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013							
Group							
Financial assets							
Quoted shares in Malaysia	6,826	-	-	6,826	-	6,826	6,826
Financial liabilities							
Term loans	-	-	-	-	(4,961)	(4,961)	(4,621)
Finance lease liabilities	-	-	-	-	(11,743)	(11,743)	(11,219)
	-	-	-	-	(16,704)	(16,704)	(15,840)
Company							
Financial asset							
Quoted shares in Malaysia	6,826	-	-	6,826	-	6,826	6,826

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

25. FINANCIAL INSTRUMENTS (cont'd)

25.7 Fair value informations (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013 : no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of term loans and finance lease liabilities are calculated using discounted cash flows.

26. 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.

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.

26. OPERATING SEGMENT (cont'd)

	EMS and OEM/ODM in complete box built products RM'000	Solid wood parquet flooring RM'000	Total for reportable segments RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
2014					
External revenue	992,951	-	992,951	425	993,376
Inter-segment revenue	-	-	-	-	-
Total revenue	992,951	-	992,951	425	993,376
Profit/(Loss) before tax	8,452	(1,494)	6,958	(842)	6,116
Elimination of inter-segment profits	-	-	-	-	-
Segment profit/(loss)	8,452	(1,494)	6,958	(842)	6,116
Included in the measure of segment profit/(loss) are:					
Depreciation of property, plant and equipment	21,898	19	21,917	30	21,947
Inventories written down	250	-	250	-	250
Finance costs	8,947	-	8,947	41	8,988
Segment assets	415,612	1,417	417,029	35,208	452,237
Included in the measure of segment assets are:					
Additions to property, plant and equipment	52,325	-	52,325	936	53,261

26. OPERATING SEGMENT (cont'd)

	EMS and OEM/ODM in complete box built products RM'000	Solid wood parquet flooring RM'000	Total for reportable segments RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
2013					
External revenue	799,302	500	799,802	446	800,248
Inter-segment revenue	-	-	-	-	-
Total revenue	799,302	500	799,802	446	800,248
Profit/(loss) before tax	8,709	(4,286)	4,423	(673)	3,750
Elimination of inter-segment profits	-	-	-	-	-
Segment profit/(loss)	8,709	(4,286)	4,423	(673)	3,750
Included in the measure of segment profit/(loss) are:					
Depreciation of property, plant and equipment	17,635	363	17,998	28	18,026
Inventories written down	607	3,303	3,910	-	3,910
Impairment of trade and other receivables	246	-	246	-	246
Finance costs	8,095	54	8,149	39	8,188
Segment assets	339,027	5,740	344,767	33,686	378,453
Included in the measure of segment assets are:					
Additions to property, plant and equipment	33,837	-	33,837	178	34,015

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'000	Singapore RM'000	Europe RM'000	Korea RM'000	Thailand RM'000	Consolidated RM'000
2014						
Revenue from external customers	630,741	32,814	10,325	284	319,212	993,376
Non-current assets	103,297	-	-	-	60,866	164,163
2013						
Revenue from external customers	576,817	32,814	10,325	285	180,007	800,248
Non-current assets	78,871	-	-	-	57,487	136,158

26. OPERATING SEGMENT (cont'd)

Major customers

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

	Revenue		Segment
	2014	**2013**	
	RM'000	**RM'000**	
Customer A	578,366	568,527	EMS and OEM/ODM in complete box built products
Customer B	309,700	164,549	

27. COMMITMENTS - GROUP

Capital commitment

	2014	**2013**
	RM'000	**RM'000**
Property, plant and equipment		
Contracted but not provided for	-	2,754

28. 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.

29. SIGNIFICANT EVENTS

Incorporation of new subsidiaries:

During the year, the Company incorporated two new wholly-owned subsidiaries, EG R&D Sdn. Bhd. ("EGRD") and EG Operations Sdn. Bhd. ("EGOS") with the registered paid up capital of RM2 respectively.

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
-realised	20,097	11,653	(24,717)	(23,944)
-unrealised	(768)	816	-	-
	19,329	12,469	(24,717)	(23,944)
Add : Consolidation adjustments	(2,864)	1,966	-	-
Total retained earnings/(accumulated losses)	16,465	14,435	(24,717)	(23,944)

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 49 to 115 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 2014 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 116 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:

…………………………………………..…..

Terence Tea Yeok Kian

…………………………………………..…..

Kang Pang Kiang

Penang,

Date: 28 October 2014

Statutory Declaration

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

I, **Kang Pang Kiang**, 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 49 to 116 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 2014.

…………………………………………..…..

Kang Pang Kiang

Before me:

Chan Kam Chee
(No. P120)
Commissioner for Oaths
Penang

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 2014 of the Group and of the Company, and the statements of profit or loss and 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 49 to 115.

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 2014 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER 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 116 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

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
2677/12/16 (J)
Chartered Accountant

Date: 28 October 2014

Penang

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Proxy Form

EG INDUSTRIES BERHAD [222897-W]

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 Third 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 Tuesday, 23 December 2014 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, KANG PANG KIANG		
4.	Re-election of Director, LIM SZE YAN		
5.	Re-election of Director, TERENCE TEA YEOK KIAN		
6.	Re-election of Director, LIM KING SOON		
7.	Re-appointment of Auditors, KPMG		
8.	To authorize the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
9.	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 ______________, 2014.   Signature: ____________________

NOTES:

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 17 December 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 23rd 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 8

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

   The ordinary resolution 8 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 Second Annual General Meeting held on 26 December 2013.

   Resolution 9

   - 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 Statement to Shareholders dated 1 December 2014.

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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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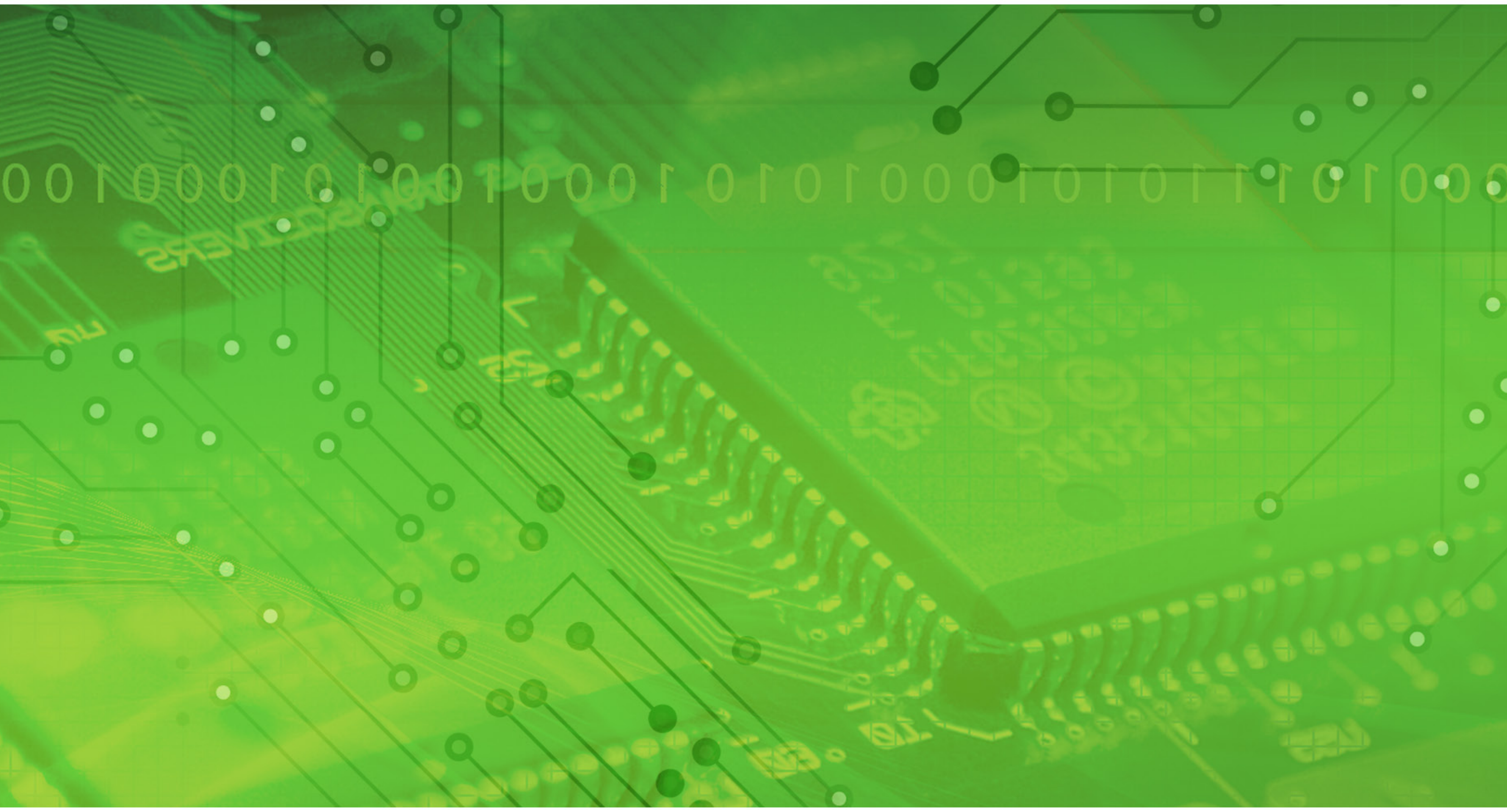

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