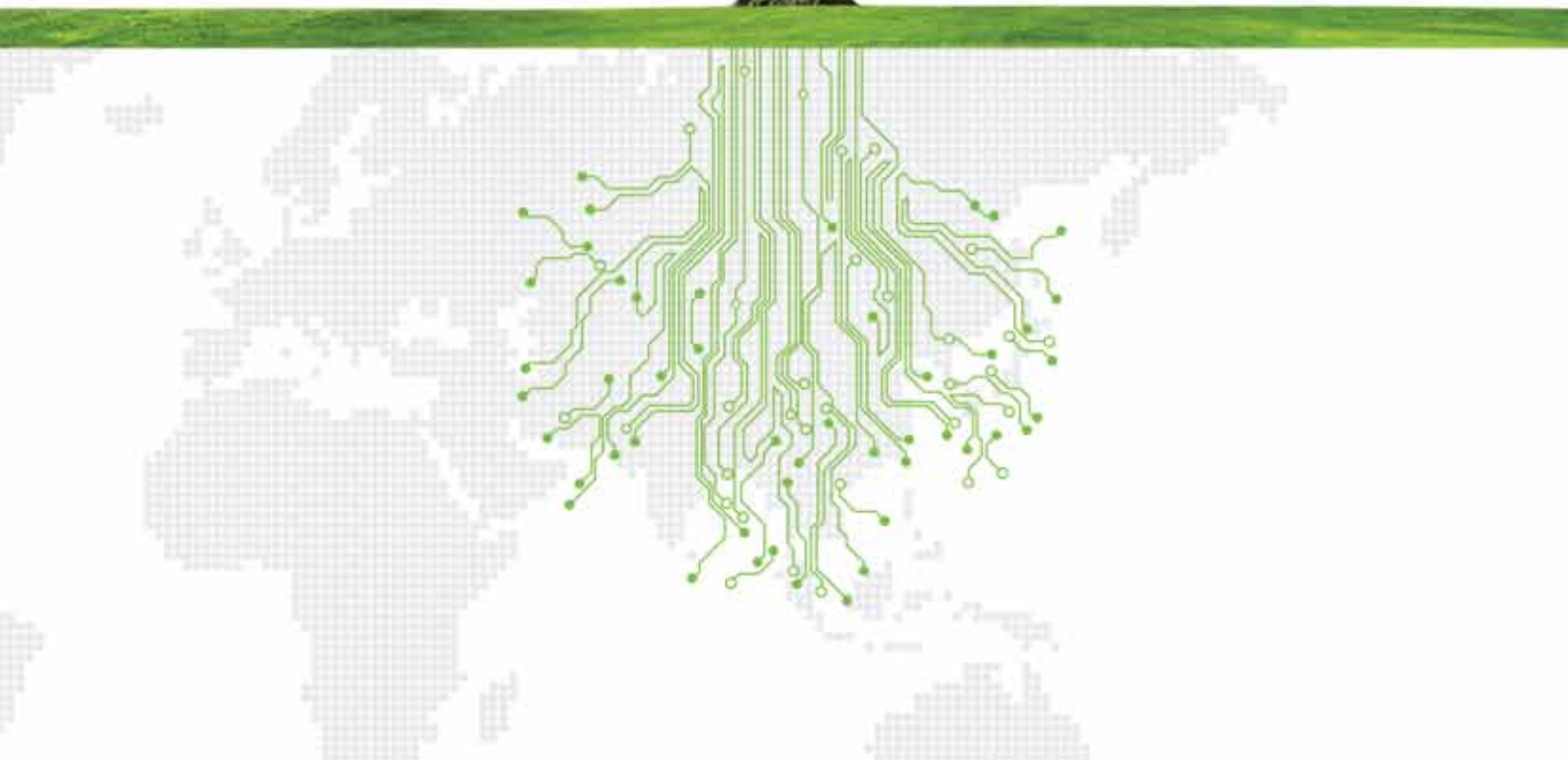




**EG INDUSTRIES BERHAD**  
222897-W



*Growth and Transformation*  
Annual Report 2015





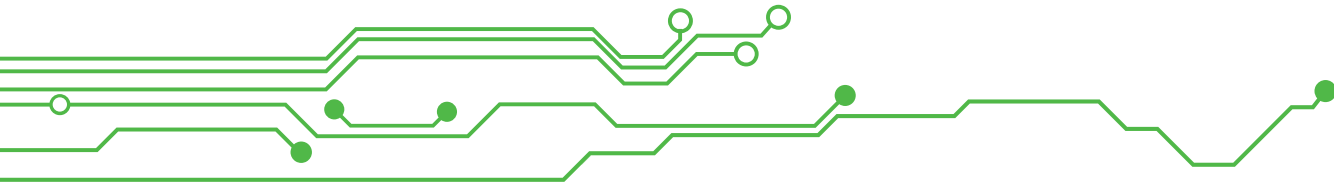
## *Growth and Transformation*

The tree represents strength, foundation, resilience and steady growth and it is through persistence, commitment and dedication that have given **EG Industries Berhad** the ability to overcome weaknesses and unforeseen circumstances and grow beyond excellence, transforming them into a one stop electronics manufacturing solutions (“EMS”) provider serving the international markets with innovation that surpasses excellence. Today, **EG Industries Berhad** is advancing with new growth plans in EMS industry and is spreading innovation across the globe.

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## AWARDS RECOGNITION & CERTIFICATION



Top 50 EMS



Quality Award from customer



MSC Status



Malaysia Investor Relations Association Award



MIDA - International Procurement Centre (IPC)

## TRAMIGO MANUFACTURING AGREEMENT SIGNING CEREMONY

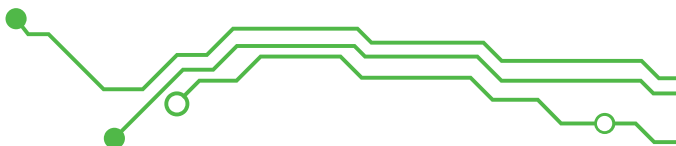


## LAUNCHING OF NEW PRODUCT > FLIC



## LAUNCHING OF MOBILE APPLICATION > WHEREABOUT





### PERFORMANCE INCENTIVE MANAGEMENT ("PIM")

- Cash Reward to Employees with Innovative Ideas



### BEST KNIGHT

- The next generation leaders

1st Generation



2nd Generation



### NEWSLETTER LAUNCHING

- A platform to create positive buffs to the company and employees, boost stronger relationships, sharing of thoughts and ideas.

1st Edition



2nd Edition



3rd Edition







## BOARD OF DIRECTORS

### TERENCE TEA YEOK KIAN

*(Executive Chairman)*

### KANG PANG KIANG

*(Group Chief Executive Officer)*

### 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)*

*[Not re-elected as Director on 23 December 2014]*



## AUDIT COMMITTEE

### CHAIRMAN

### ANG SENG WONG

*(Senior Independent Non-Executive Director)*

*[Appointed as Chairman on 1 July 2015]*

### MEMBERS

### DR. DAMIEN LIM YAT SENG

*(Independent Non-Executive Director)*

*[Resigned as Chairman on 1 July 2015]*

### LIM SZE YAN

*(Independent Non-Executive Director)*

### LIM KING SOON

*(Independent Non-Executive Director)*

*[Ceased as Member on 23 December 2014]*

## COMPANY SECRETARY

**CHAI CHURN HWA** *[MAICSA 0811600]*

## REGISTERED OFFICE

Suite 18.01, 18<sup>th</sup> 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.

2<sup>nd</sup> Floor, Wisma Penang Garden

42 Jalan Sultan Ahmad Shah

10050 Penang

Tel : 04-2282321

Fax : 04-2272391

## AUDITORS

KPMG (AF 0758)

Chartered Accountants

## BANKERS

Amlslamic Bank Berhad

Bank Islam Malaysia Berhad

Bangkok Bank Berhad

CIMB Bank Berhad

Hong Leong Bank Berhad

OCBC Al-Amin Bank Berhad

RHB Islamic Bank Berhad

Standard Chartered Bank Malaysia Berhad

Kasikorn Bank Public Company Limited (Thailand)

TMB Bank Public Company Limited (Thailand)

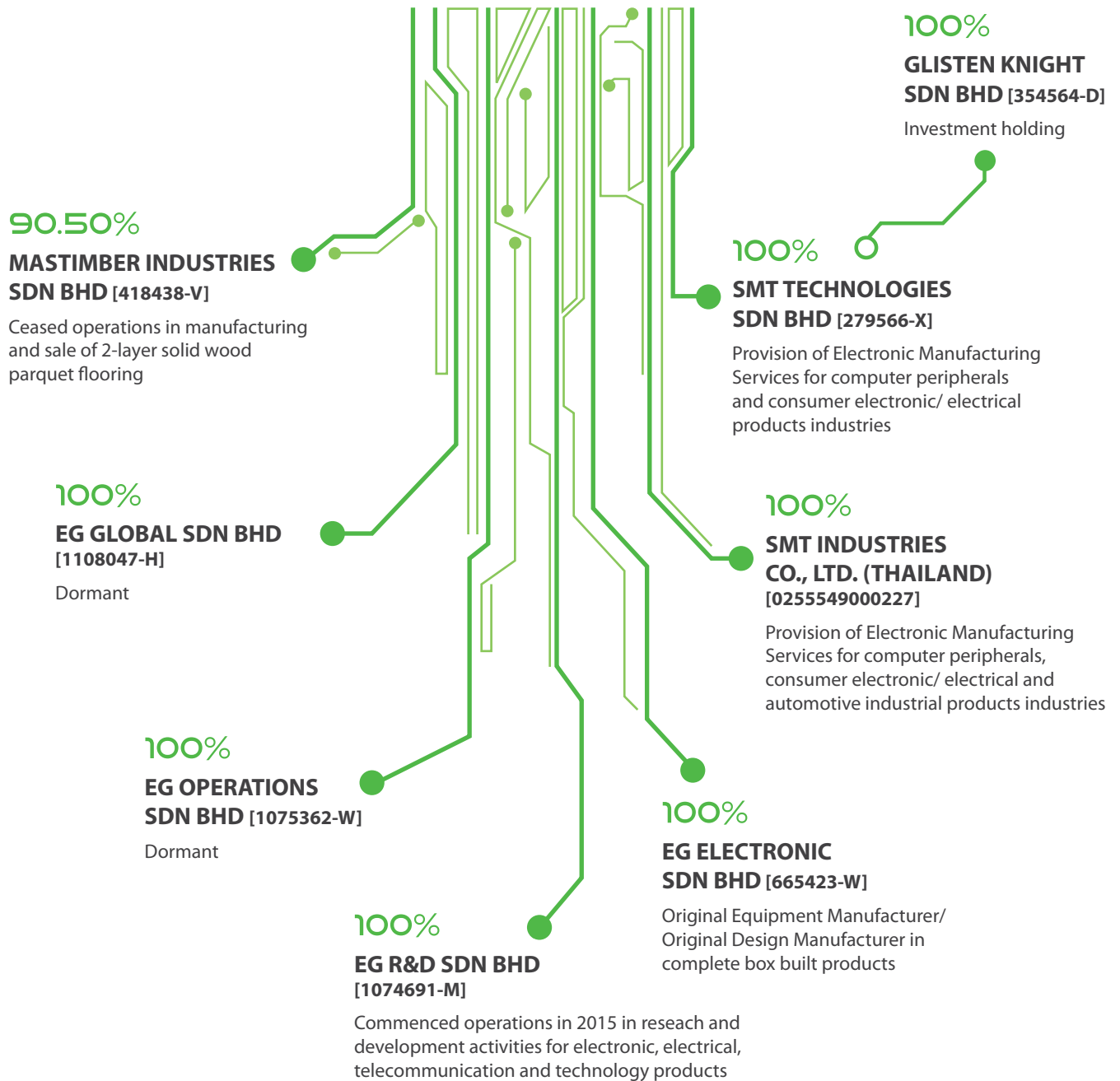
## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad



**EG INDUSTRIES BERHAD**  
(222897-W)

Investment holding company



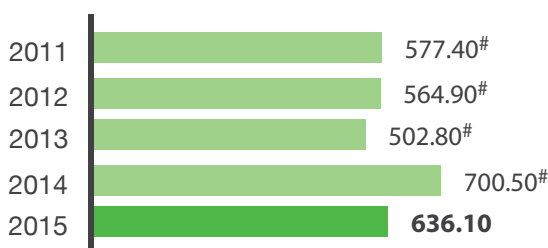


## GROUP FINANCIAL HIGHLIGHTS

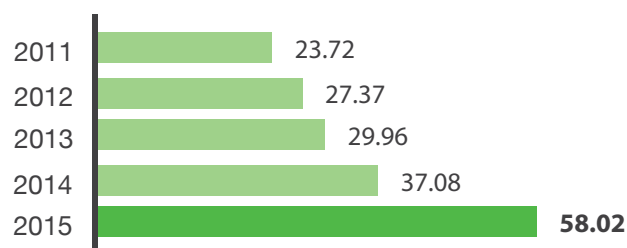
Year ended June 30	2011 <sup>#</sup>	2012 <sup>#</sup>	2013 <sup>#</sup>	2014 <sup>#</sup>	2015
Amount in RM' million					
Revenue	577.40	564.90	502.80	700.50	<b>636.10</b>
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	23.72	27.37	29.96	37.08	<b>58.02</b>
Profit/(Loss) Before Tax	1.56	3.69	3.75	6.12	<b>23.63</b>
Profit Attributable to the owners of the Company	2.81	1.39	1.83	2.03	<b>26.48</b>
Shareholders' Funds	108.23	109.30	115.85	123.62	<b>130.07</b>
Basic earnings per ordinary share (sen)	3.75	1.85	2.44	2.71	<b>35.39</b>
Net assets per ordinary share (RM)	1.44	1.46	1.54	1.65	<b>1.69</b>

<sup>#</sup> The revenue for the financial years have been restated to conform to current year's presentation.

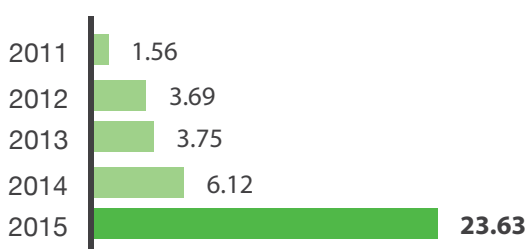
### Revenue (RM' million)



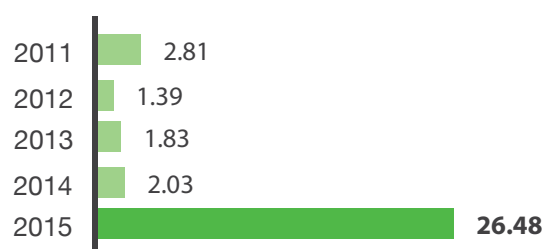
### Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") (RM' million)



### Profit/(Loss) Before Tax (RM' million)



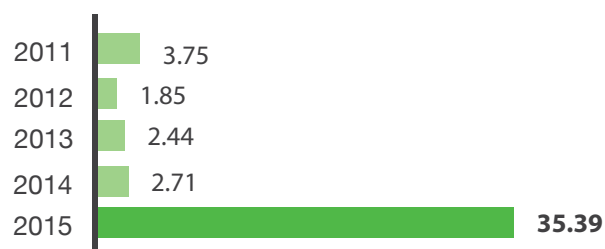
### Profit Attributable to the owners of the Company (RM' million)



### Shareholders' Funds (RM' million)



### Basic earnings per ordinary share (sen)





*On behalf of the Board of Directors of EG Industries Berhad (EG or the Group), it is my privilege to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2015 (FY2015).*



Amidst the challenging global economy, I am pleased to state that EG charted several milestones to emerge as a formidable player in the international Electronics Manufacturing Services (EMS) industry. These include achieving, maintaining and rewarding improved levels of cost-efficiency and productivity Group-wide, as well as actively seeking a diversified customer base across sectors.

I believe that these steps have placed EG on a solid growth path in the year under review, and the foreseeable future.

## FINANCIAL OVERVIEW

For FY2015, the Group noted net profit attributable to shareholders of RM26.5 million as compared to RM2.0 million a year ago, despite lower revenue of RM636.1 million as compared to RM700.5 million in the preceding year.

Netting off RM15.4 million of gain on disposal of other investments, the Group's net profit grew approximately 5.5 times to RM11.1 million – a record-high for EG. The profitability was mainly driven by better product mix, foreign exchange gain and recognition of deferred tax assets.

Basic earnings per share (EPS) in FY2015 increased to 35.39 sen from 2.71 sen a year ago, with basic EPS excluded gain on disposal of other investments standing at 14.81 sen.

### **Net gearing to compress further with improved profitability and proceeds from corporate exercises**

The Group's balance sheet showed higher shareholders' equity of RM129.3 million as at end-June 2015, compared to RM123.0 million at the previous year-end. While cash and cash equivalents improved to RM47.6 million in the year under review, the working capital required to fulfil larger sales volume necessitated increased borrowings of RM205.8 million.

The Group's focus on core business in EMS sector also necessitated the disposal of non-core assets including agriculture lands that the Group previously owned.

The Group aims to systematically and sustainably reduce the net gearing (net of cash) from 1.22 time as at end-June 2015, by enhancing our profitability as well as corporate exercises as announced.





### CORPORATE DEVELOPMENTS

#### (i) Acquisition of equity stake by Jubilee Industries Holdings Ltd. ("Jubilee")

In July 2014, Singapore-based Jubilee acquired a 26% stake in the Group and subsequently increased its ownership to 30.5% in January 2015.

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.

The strategy behind these corporate activities is to integrate the Group together with Jubilee for broader customer base and wider geographical base, to form a one-stop electronics vertical integration solution provider by developing product designs and box build services for global customers.

#### (ii) Par Value Reduction & Rights Issue with Warrants

EG completed a par value reduction exercise from RM1.00 per share to RM0.50 per share on 25 August 2015.

The 3-for-2 rights issue offered a total of up to 115.7 million new ordinary shares of RM0.50 each, together with 57.8 million free detachable warrants on the basis of 1 free warrant for every 2 rights shares subscribed.

Together with the total valid acceptances and excess rights, EG received applications for 130.1 million rights shares worth RM65.1 million, representing an oversubscription of 12.9%. The rights shares and warrants have been listed on Bursa Malaysia Stock Exchange on 11 November 2015. Securing our shareholders' strong support for the corporate exercises denotes their confidence towards our Group's growth strategy and prospects. The proceeds will facilitate our continued growth in the EMS sector, more particularly, to become a one-stop electronics vertical integration solution provider for our box build business, and reinforce our objective to be a strong partner in term of quality and services for our international customers.

### 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 2014 (Published in March 2015 by Manufacturing Market Insider, a subscription newsletter based in USA, is 100% dedicated to contract manufacturing and the EMS industry - [www.mfgmkt.com](http://www.mfgmkt.com)). The Group is proud that it has been on the Top 50 list for four consecutive years from 2011 to 2014.

SMTT was also ranked 46<sup>th</sup> in the list of 2015 Global Top 50 EMS players, published by EM Asia.

Furthermore, as a testament to our outstanding product quality, SMTT was presented in June 2015 the "Quality Recognition Award" by Dyson, one of Europe's most renowned and leading consumer electronics brands.

### GROWTH STRATEGIES

For the financial year ending 30 June 2016 (FY2016), the Group intends to continue its momentum of expanding the breadth of our customer base to sustain our earnings momentum for the long haul. We are also re-strategizing to enhance our bottom-line by changing the product mix to have more revenue from the box-build segment for consumer electronics and Information and Communications Technology (ICT) products to complement the current Printed Circuit Board Assembly (PCBA) operations.

Focusing on box-build segment enables the Group to move up the value-chain and reiterate our position as a vertically-integrated EMS provider. The Group anticipates for the revenue contribution from box-build segment would be increased in the financial year ending 30 June 2016 (FY2016) as the Group is already in talks with several global brands to undertake their box build manufacturing.



## GROWTH STRATEGIES (CONT'D)

Correspondingly, we seek to increase our production capacity as and when needed to fulfil the increasing sales orders from existing and new clientele. We have identified a suitable location for a new manufacturing facility, and will finance its construction with proceeds from the corporate exercises.

Having set up a Research & Development (R&D) facility in Penang, the R&D team will be working closely with the customers providing them a complete range of value-added product design services to have a cost containment measures in order to improve business operations.

The Group will also actively seek potential merger & acquisition opportunities within the EMS and related sectors.

Nevertheless, FY2016 can be more challenging due to global economic uncertainty. In addition to these growth strategies, the Group will be focusing on increasing overall efficiency and maintaining cost control in order to have a keener competitive edge on a global scale.

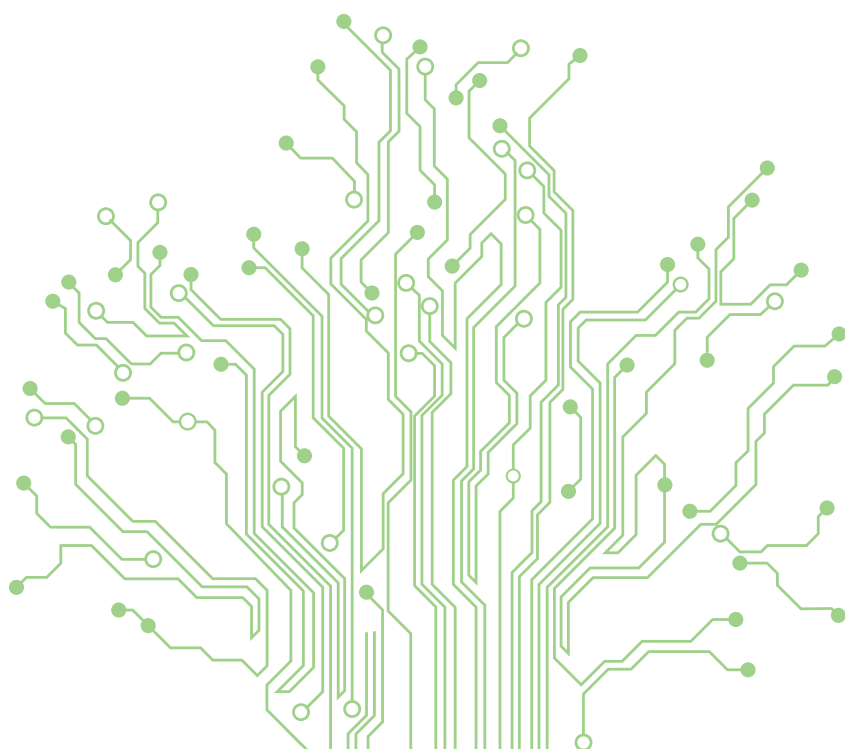
## APPRECIATION

On behalf of the Board of Directors, I would like to thank our management team and employees of the Group for their considerable contribution in 2015. Despite challenging circumstances, they have shown dedication and determination in meeting our objectives and put in much hard work and passion in executing our strategies.

My sincere gratitude to my fellow Directors for their valued guidance. We would also like to thank our customers, suppliers and shareholders for their continued support, and we look forward to better years ahead.

## TERENCE TEA YEOK KIAN

*Executive Chairman*





## DIRECTORS' PROFILE



Terence Tea Yeok Kian  
Executive Chairman

<b>Age</b>	47
<b>Nationality</b>	Singaporean
<b>Qualifications</b>	Diploma in Electronics and Electrical Engineering from Singapore Polytechnic and Ph.D. in Business Administration (Honorary) from Honolulu University
<b>Working Experience &amp; Occupation</b>	<p>Mr. Terence Tea Yeok Kian is a reputable entrepreneur, having established effective organizational levels for various core businesses, led corporations to successful acquisitions and reverse acquisitions, and brought businesses to achieve greater heights.</p> <p>Mr. Tea was appointed as an Executive Chairman for EG on 18 July 2014. He also holds various directorships in WE Holdings and Jubilee Group. He is the founder of the Advanced SCT Group and also serves as CEO of Singyasin Holdings, Singyasin Green Tech, Singyasin SMC and Managing Director of SCT Technologies. Mr. Tea also holds various appointments in the public community, including being the Chairman of the Eng Yong Tong Tay Si Association, Honorary Patron of the Singapore Productivity Association, member of Singapore Institute of Directors, and patrons of various constituencies in Singapore.</p> <p>More recently, he was awarded the Public Service Medal (PBM) by the President of the Republic of Singapore, as well as the Long Service Award (MOE) by Singapore's Ministry of Education. He is also the TOP Entrepreneur 2015 of the Small Medium Business Association in Singapore. For his business achievements and public services, Mr. Tea was conferred a Ph.D. in Business Administration (Honorary) from the Honolulu University.</p>
<b>Date appointed to the Board</b>	18 July 2014
<b>Other Board Committee</b>	Nil
<b>Other Directorships (in Public Companies)</b>	Nil
<b>Family relationships with other Directors</b>	Nil
<b>Conflict of interest with listed issuer</b>	Nil
<b>Offences convicted for the past 10 years</b>	Nil
<b>No. of Board Meeting attended during the financial year</b>	5





Kang Pang Kiang, Alex  
Group Chief Executive Officer

<b>Age</b>	43
<b>Nationality</b>	Malaysian
<b>Qualifications</b>	<p>Double degrees in Bachelor of Commerce and Bachelor of Science - University of Auckland, New Zealand</p> <p>Chartered Accountant from the Malaysian Institute of Accountants</p> <p>Associate Chartered Accountant from Chartered Accountant Association, New Zealand</p>
<b>Working Experience &amp; Occupation</b>	<p>Mr. Kang started his career with Ernst &amp; Young. He has experience in providing auditing, tax consultation and business advisory services to various clients, including multinational companies. He joined EG Group since 1999 and was appointed as Group Chief Executive Officer on 18 July 2014.</p> <p>Mr Kang has more than 10 years of experience in financial management, corporate restructuring exercises, financial planning, compliance and reporting, risk management and investor relations.</p> <p>He played a key role in the formulation and implementation of the Group's strategic cost reduction plan and also responsible for the Group's overall operations, financial management and financial strategies.</p> <p>He is currently serving as Executive Director of Jubilee Group. He was awarded with a PJK Medal in year 2012 by the Penang State Government in appreciation of his valuable contributions and services to the state.</p> <p>Most recently, he secured two awards from the Malaysian Investor Relations Association (MIRA) as the Best Chief Executive Officer and Best Investor Relations Professional under the Micro-cap category in MIRA's fifth installation of "The Investor Relations Awards 2015", which honours excellence in the field of Investor Relations by both individuals and listed entities in Malaysia.</p>
<b>Date appointed to the Board</b>	23 November 2009
<b>Other Board Committee</b>	Nil
<b>Other Directorships (in Public Companies)</b>	Independent Non-Executive Director of Thong Guan Industries Berhad
<b>Family relationships with other Directors</b>	Nil
<b>Conflict of interest with listed issuer</b>	Nil
<b>Offences convicted for the past 10 years</b>	Nil
<b>No. of Board Meeting attended during the financial year</b>	5



**Tai Yeong Sheng**  
Non-Independent Non-Executive Director

<b>Age</b>	38
<b>Nationality</b>	Malaysian
<b>Qualifications</b>	<p>Master of Business Administration</p> <ul style="list-style-type: none"> <li>- University of South Australia, Australia Bachelor of Engineering, Computer Engineering</li> <li>- McMaster University, Hamilton, Ontario, Canada</li> </ul>
<b>Working Experience &amp; Occupation</b>	<p>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.</p>
<b>Date appointed to the Board</b>	2 December 2008
<b>Other Board Committee</b>	Nil
<b>Other Directorships (in Public Companies)</b>	Nil
<b>Family relationships with other Directors</b>	Nil
<b>Conflict of interest with listed issuer</b>	Nil
<b>Offences convicted for the past 10 years</b>	Nil
<b>No. of Board Meeting attended during the financial year</b>	4



**Ang Seng Wong**  
Senior Independent Non-Executive Director

<b>Age</b>	53
<b>Nationality</b>	Malaysian
<b>Qualifications</b>	Masters degree from USA & Bachelor of Arts and Bachelor of Business from Australia
<b>Working Experience &amp; Occupation</b>	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, Telekom, 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.
<b>Date appointed to the Board</b>	30 January 2009
<b>Other Board Committee</b>	Chairman of Audit Committee [Appointed as Chairman on 1 July 2015] Chairman of Nomination Committee Member of Remuneration Committee
<b>Other Directorships (in Public Companies)</b>	Nil
<b>Family relationships with other Directors</b>	Nil
<b>Conflict of interest with listed issuer</b>	Nil
<b>Offences convicted for the past 10 years</b>	Nil
<b>No. of Board Meeting attended during the financial year</b>	3





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

<b>Age</b>	43
<b>Nationality</b>	Malaysian
<b>Qualifications</b>	<ol style="list-style-type: none"> <li>1. Chartered Accountant (CA) from Institute of Chartered Accountant of England and Wales (ICAEW) and a Certified Public Accountant (CPA)</li> <li>2. Certified Fraud Examiner (CFE) and a member of the Association of Certified Fraud Examiners (ACFE)</li> <li>3. MBA and a DBA in International Trade and E-Commerce</li> <li>4. Masters in Organisational Behavioural Psychology</li> <li>5. Masters in Logistics Management</li> <li>6. International Registered Certified Auditor (IRCA) for ISO, EN and HACCP standards</li> <li>7. Degree in Industrial and Organisational Psychology</li> </ol>
<b>Working Experience &amp; Occupation</b>	<p>Dr. Damien has an extensive experience in financial and operational audits, consultancy and investigations into various industries encompassing private limited companies, public listed companies and both local and foreign entities. He has vast experience in fraud and financial mismanagement investigations. He began his career in one of the Big Six 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.</p>
<b>Date appointed to the Board</b>	9 April 2009
<b>Other Board Committee</b>	<p>Chairman of Remuneration Committee</p> <p>Member of Audit Committee</p> <p>Member of Nomination Committee</p>
<b>Other Directorships (in Public Companies)</b>	Nil
<b>Family relationships with other Directors</b>	Nil
<b>Conflict of interest with listed issuer</b>	Nil
<b>Offences convicted for the past 10 years</b>	Nil
<b>No. of Board Meeting attended during the financial year</b>	4



**Lim Sze Yan**  
Independent Non-Executive Director

<b>Age</b>	38
<b>Nationality</b>	Malaysian
<b>Qualifications</b>	Bachelor of Commerce (Accounting & Finance Double Major) - Curtin University of Technology, Perth, Western Australia Member of CPA Australia Associate member of FIAT-IFTA
<b>Working Experience &amp; Occupation</b>	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.
<b>Date appointed to the Board</b>	28 February 2012
<b>Other Board Committee</b>	Member of Audit Committee Member of Nomination Committee Member of Remuneration Committee
<b>Other Directorships (in Public Companies)</b>	Nil
<b>Family relationships with other Directors</b>	Nil
<b>Conflict of interest with listed issuer</b>	Nil
<b>Offences convicted for the past 10 years</b>	Nil
<b>No. of Board Meeting attended during the financial year</b>	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. He 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. He 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. She holds a Master of Science in Chemistry.



### **LOW JOO HIANG**

*Production Director*

Mr. Low joined SMTT in 1996, with over 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 manufacturing operation and Production Planning.





### CHERYL NG SZE MUN

*Group Corporate Financial Controller*

Ms Cheryl Ng was appointed as Group Corporate Financial Controller in 2014. Her areas of responsibility include corporate finance, investor relations, mergers and acquisitions, financial management, compliance and reporting and overall finance operations of EG group. She started her career in the accounting profession with one of the big four accounting firms as an Auditor. Cheryl holds Bachelor of Accounting and Marketing from Deakin University Australia. She is a Chartered Accountant of Malaysia and also a member of Association of Chartered Certified Accountants (ACCA), England. Most recently, she received the Best Chief Financial Officer for Investor Relations award under the Micro-cap level from Malaysian Investor Relations Association (MIRA) in MIRA's fifth installation of "The Investor Relations Awards 2015", which honours excellence in the field of Investor Relations by both individuals and listed entities in Malaysia.



### LIM MEI LAN

*Group Operation Financial Controller*

Ms Lim graduated from the University Utara Malaysia with Bachelor of Accounting. She is a Chartered Accountant and member of MIA. She started her career as auditor with one of the big four accounting firm and elevated to Manager. In year 2010, she joined SMTT as Finance Manager and appointed as the Group Operation Financial Controller in year 2014. Her key responsibility includes handling day-to-day finance operations and financial reporting.

### JUSTON CHUAH

*IT Director*

Mr. Juston Chuah graduated from University of New South Wales, Sydney, Australia in 1993. He has been working in various industries with more than 20 years of leading IT organizations in the fields of Application Development, ERP, HRMS and MES system support, Server and Infrastructure setup and Project Implementation.

He joined SMT in April 2015 as IT Director. His area of responsibility includes IT Strategy Development, IT Organization Change Management, Infrastructure and Security, Application Development, Building strong working relationships with the business and Shared Services for group of companies.





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 2015.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### a) Clear Functions of the Board and Management

The Board has six (6) members. Three (3) of the six (6) members are independent non-executive directors. A brief profile of each director is presented on pages 10 to 15 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, advices, judgement 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 3 independent non-executive directors, 2 executive directors and 1 non-independent non-executive 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 three (3) independent non-executive directors, with their different backgrounds and specialisations, complements the Board with a mix of industry-specific knowledge and broad business and commercial experience. They provide unbiased and independent views, advices and judgement to take account of the interests not only of the Group, but also the public shareholders. Three (3) non-executive directors are independent of management and free from any relationship, which could interfere with their independent judgement. 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) Formalised 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  
[Ceased as Member on 23 December 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 2015, 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	2/3
Dr. Damien Lim Yat Seng	3/3
Lim Sze Yan	3/3
Lim King Soon [Ceased as Member on 23 December 2014]	1/3

**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 competency 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
	[Ceased as Member on 23 December 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 2015 are as follows:-

#### Aggregate remuneration categorised into components:-

	Executive Directors	Other Directors	Past Directors	Non-Executive Directors	Total
Fees (RM)	10,000	-	-	117,350	127,350
Salaries (RM)	863,389	1,079,044	20,000	-	1,962,433
Bonuses and Allowances (RM)	120,000	-	20,000	-	140,000
Employee Provident Fund (RM)	33,000	126,436	-	-	159,436
<b>Total (RM)</b>	<b>1,026,389</b>	<b>1,205,480</b>	<b>40,000</b>	<b>117,350</b>	<b>2,389,219</b>

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

	Executive Directors	Other Directors	Past Directors	Non-Executive Directors	Total
0 to RM50,000	-	-	1	5	6
RM50,001 to RM100,000	-	-	-	-	-
RM100,001 to RM150,000	-	7	-	-	7
RM150,001 to RM200,000	1	-	-	-	1
RM200,001 to RM250,000	-	-	-	-	-
RM250,001 to RM300,000	-	-	-	-	-
RM300,001 to RM350,000	-	-	-	-	-
RM350,001 to RM400,000	-	-	-	-	-
RM400,001 to RM450,000	-	-	-	-	-
RM450,001 to RM500,000	-	-	-	-	-
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 2015, 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
Ang Seng Wong	0/1
Lim Sze Yan	1/1
Lim King Soon [Ceased as Member on 23 December 2014]	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 judgement 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, scrutinise 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 Director and Group Executive Chairman and Group Chief Executive Officer

There is a clear division of responsibility between the Executive Director and Group 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 Director and Group 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 2015 are set out as follows:-

Name of Directors	No. of meetings attended	%
Terence Tea Yeok Kian	5/5	100
Kang Pang Kiang	5/5	100
Tai Yeong Sheng	4/5	80
Ang Seng Wong	3/5	60
Dr. Damien Lim Yat Seng	4/5	80
Lim Sze Yan	5/5	100
Lim King Soon (Not re-elected as Director on 23 December 2014)	1/5	20

##### b) Directors' Training

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

From last AGM to the date of this Annual Report, the directors have attended the following training programmes 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

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 aims to present a balanced and understandable assessment of the Group's position and prospects. The Board is assisted by the Audit Committee in scrutinising 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 2015, 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 26 to 27 of this Annual Report.

#### b) Internal Audit Function

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

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

For the financial year ended 30 June 2015, the amount of fees incurred in respect of the internal audit reviews performed by the professional firm was RM18,000.





## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### a) Corporate Disclosure Policy

The Company recognises 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](http://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](http://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.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors (“the Board”) to maintain an effective governance structure to ensure the appropriate management of risks and level of internal controls to safeguard shareholders’ investments and Company’s assets and in compliance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is pleased to present the statement on risk management and internal control of the Group comprising the Company and its subsidiary companies.

### BOARD RESPONSIBILITY

The Board of Directors is responsible for the adequacy and effectiveness of the Group’s risk management and internal control system. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. The system of risk management and internal control covers finance, operations, management information systems and compliance with relevant laws, regulations, policies and procedures. Due to the inherent limitations of internal controls, the system is designed to manage, rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In pursuing its responsibility, the Board through the Risk Management Committee (“RMC”) seeks to continuously enhance its efforts in identifying, evaluating and managing significant risks faced by the Group in its achievement of objectives and strategies. The RMC which comprises the Group Strategic Planning Director, Chief Executive Officer, Corporate Financial Controller and head of divisions assists the Board in risk management matters within the Group. This process has been in place for the year under review and up to the date of approval of this statement.

It is also the responsibility of key management, head of subsidiary companies and heads of department to identify, evaluate and manage risks faced by the Group on an ongoing basis within defined parameters.

The control structure and environment are supported by the following activities:

- a) An organization structure with defined lines of responsibilities, authority and accountability;
- b) Internal policies, guidelines, procedures and manual, which are updated from time to time. The Company’s subsidiaries are accredited with various ISO accreditations such as ISO 9001, 9002 and 14001. Documented internal procedures and standard operating procedures have been put in place and surveillance/certification audits are conducted on a periodic basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered to;
- c) Meetings held at operational and management levels to review of operational performance and resolve operational and management issues and formulates corrective measures to address issues identified;
- d) Quarterly review of financial results by the Board and Audit Committee;
- e) Training and development programmes attended by employees with the objective of enhancing their knowledge and competency;
- f) Reviews on the system of internal control by an independent professional firm to whom the internal audit function is outsourced to. Results of such reviews are reported to the Audit Committee, who in turn reports to the Board;
- g) Engage and appoint solicitors, financial advisors and other external professionals in respect of any corporate exercises undertaken by the Group.

### RISK MANAGEMENT PROCESS

The Board regards risk management as an integral part of business operations. For the year under review, the RMC is chaired by the Group Strategic Planning Director assisted by the head of divisions to embed risk management and controls into the corporate culture, processes and structures within the Group. The RMC has identified and reviewed the major business risk factors affecting the Group and derive risk management strategies to manage and mitigate the risks identified. The Group Risk Management Policy formalised and adopted by the Board are available in SMTT Intranet (eDoc Con).



## 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 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 that would require disclosure in the Annual Report.

## CONCLUSION

The Board has received assurance from the Chief Executive Officer, Group Strategic Planning Director and Group Financial Controller that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is satisfied that the risk management and internal control system in place for the financial year ended 30 June 2015 and up to the date of this statement are adequate and effective to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders. No material losses were incurred during the financial year under review as a result of weaknesses in risk management and the internal control system.

This statement was made in accordance with a Board of Directors' resolution dated 27 November 2015.



# AUDIT COMMITTEE REPORT

## Composition

The directors who served in the Audit Committee (the "Committee") during the financial year ended 30 June 2015 are as follows:-

CHAIRMAN	:	ANG SENG WONG Senior Independent Non-Executive Director [Appointed as Chairman on 1 July 2015]
MEMBERS	:	DR. DAMIEN LIM YAT SENG Independent Non-Executive Director [Resigned as Chairman on 1 July 2015]
		LIM SZE YAN Independent Non-Executive Director
		LIM KING SOON Independent Non-Executive Director [Ceased as Member on 23 December 2014]

## 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 1<sup>st</sup> 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 1<sup>st</sup> 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 cognisance 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 six times during the financial year ended 30 June 2015. Details on the attendance of each member are outlined below:-

	Date of Meetings					
	28/8/2014	28/10/2014	27/11/2014	25/2/2015	12/5/2015	28/5/2015
Ang Seng Wong - Chairman [Appointed as Chairman on 1 July 2015]	X	√	X	√	√	√
Dr. Damien Lim Yat Seng [Resigned as Chairman on 1 July 2015]	√	√	√	√	√	X
Lim Sze Yan	√	√	√	√	√	√
Lim King Soon [Ceased as Member on 23 December 2014]	√	X	X	X	X	X

## Summary of Activities

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

1. Reviewed the external auditor's scope of work and audit plan for the financial year. Prior to the audit fieldwork, representatives from the external auditor presented their audit strategy and plan to the Committee;
2. Reviewed with the external auditor the results of the interim and final audits, the management letter, including management's response and the evaluation of the system of internal controls;
3. Considered and recommended to the Board the re-appointment of the external auditor and approval of audit fees payable to the external auditor;
4. Met with external auditor twice (2) during the financial year without the presence of any Executive Directors, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the auditor may wish to discuss;
5. Reviewed the internal audit function's resource requirements, adequacy of plan, functions and scope for the financial year under review;



## Summary of Activities (Cont'd)

6. Reviewed the performance and competency of Internal Audit Function;
7. Reviewed the internal audit plan, processes and reports which highlighted the audit issues, recommendations and Management's response. Discuss with Management and ensure appropriate actions were taken to improve the system if internal controls based on improvement opportunities identified in the internal audit reports;
8. Reviewed the adequacy and effectiveness of the governance and risk management processes as well as the internal control system through risk assessment reports from the internal auditor. Significant risk issues were summarized and communicated to the Board for consideration and resolution;
9. Reviewed the unaudited quarterly financial results of the Group and making relevant recommendations to the Board for approval. The review and discussions were conducted with the Executive Chairman and 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 RM18,000.00.



## ADDITIONAL COMPLIANCE INFORMATION

### Share Buybacks

During the financial year under review, the Company bought back 178,000 shares from the open market as follows:-

Date Purchased	No. of Shares	Purchase price per share (RM)			Total Consideration *(RM'000)
		Highest	Lowest	Average	
3 September 2014	5,000	0.735	0.735	0.735	3,720.00
17 October 2014	168,000	0.490	0.505	0.498	83,594.00
3 March 2015	5,000	0.800	0.800	0.800	4,017.00
<b>Total</b>	<b>178,000</b>	<b>0.800</b>	<b>0.505</b>	<b>0.653</b>	<b>91,331.00</b>

\* Including transaction costs

As at 30 June 2015, the Company had bought back 284,000 ordinary shares and all retained as treasury shares.

### Options, Warrants or Convertible Securities

During the year, 2,100,000 Warrants B were exercised. With the exercise of Warrants B, the issued and paid-up capital increased from RM75,016,600 to RM77,116,600 effective from 17 June 2015.

On 11 November 2015, the Company issued 115,241,392 New Ordinary Shares of RM0.50 each together with 57,620,696 Free Detachable Warrants 2015/2020 on the basis of Three (3) Rights Shares for every Two (2) Ordinary Shares held together with One (1) free warrant for every Two (2) Rights Shares subscribed (Rights Issue with Warrants). With the completion of Rights Issue with warrants, the issued and paid-up capital now stands at 192,357,992 shares of RM0.50 each and the paid up capital is RM96,178,996.

### 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 RM162,000.

### 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 2015 entered into by the Company and its subsidiaries involving the interests of the Directors and Major Shareholders except for acquisition of a subsidiary as disclosed in Note 31 to the financial statements.

### 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 25 to the financial statements.

### Revaluation of Landed Properties

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

### Utilisation of Proceeds

#### Proposed Private Placement

The proceeds to be raised are expected to be utilised in the following manner:-

	Proceeds RM	Expected time frame for utilisation of proceeds from the listing of the Placement Shares
Repayment of bank borrowings	14,888,560	Within 3 months
Estimated expenses in relation to the Proposed Private Placement	500,000	Within 1 month
<b>Total estimated proceeds</b>	<b>15,388,560</b>	

The Group's outstanding borrowings as at 12 November 2015 is RM168 million. The repayment will save the Company RM744,428 in annual interest based on an average interest rate of 5% per annum.

### Variation in Results

There was no deviation of 10% or more between the results of the financial year ended 30 June 2015 as per the audited financial statements and the unaudited results previously announced.



# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group recognizes its corporate social responsibility to act ethically and with trust and integrity in its dealing with employees, customers, supplier, stakeholders and the environment as a whole. 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 safe working environment, employees are treated with respect and dignity, and that manufacturing processes are environmentally responsible.

As such, the EG Group has a comprehensive training and development program at all levels to update new regulations and implementation in order to fulfill requirements from Government agencies and customers.

As a corporate citizen, the Group contributes actively through its activities and programs to ensure safe and fair work environment which has always been our first priority. We also target 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

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

## Management System

The Group is committed to providing a fair and stimulating working environment that empowers the employees to make quality contribution to the business sustainability and organization's development by providing challenging and rewarding personal and professional growth opportunities. Hence, the organization values the importance of attracting and retaining the staff. In the year 2015, SMTT has launched Performance Incentive Award (PIM) Scheme by offering an attractive amount of cash incentive to the employees under PIM approved projects. This program was introduced to encourage the employees to contribute ideas, innovations and process improvement for continuous growth for the organization. Besides, middle management also serves as the bridge connecting top management and employees for better internal communication. In light of this, the Company has organized two days Leadership Skills Training participated by middle management and employees to sharpen their leadership and interpersonal skills.

One of the key focuses of the Company is to promote safety in the workplace and to reduce injury rates by implementing good management system. Thus, SMTT had also successfully complied and maintain the certification of ISO 13485:2003 (Medical Device - Quality Management System since 2011); ISO 9001:2008 (Quality Management System since 1996); ISO 14001:2004 (Environmental Management System since 2008); and MS 1722: Part I 2011 since April 2010. Also, SMTT seeks to minimize health and safety risks to employees and visitors through the implementation of management system certified to OHSAS 18001:2007 (Occupational Health and Safety Management System since April 2010).





## Commitment towards CSR

The Board, whilst pursuing the business objective of growth in enhancing shareholder value, also emphasizes CSR and the importance of the contribution it can make in respect thereof particularly towards improving the workplace, the community and the community it operates in the environment. In collaboration with Blood Bank Unit of Sultan Abdul Halim Hospital, Sungai Petani, the Health and Safety Committee has held a Blood Donation Campaign in-house every year. This year, this campaign has attracted a total of 99 donors. SMTT has also participated in a research of Electrocardiogram (ECG) and High Blood Pressure analysis data bank collection for Asia Study collaborating with AIMST University. The purpose of the collaboration was to assist the University for the Research Study and to promote health awareness to our employees.

The Company is also committed to provide job opportunities to disabled person, known as Orang Kurang Upaya (OKU) by liaising with Labour Office and various Welfare Associations in Kedah State. During the year, the Company managed to employ a total of 23 OKUs.

In addition, the Company is committed to offering career and learning opportunities through an active graduate recruitment and providing internship to local university students with a number of 28 trainees from various universities had undergone their industrial training in SMTT during the year. On 3 March 2015, 40 graduates from FMM currently undergoing training under SL1M program with the assistance from NCIA, code named NCIA-FMM SL1M Apprentice Project 2015 have visited our factory in Sungai Petani to understand our factory operation environment.

In conjunction with the festive celebrations, the Company has established a CSR Committee to initiate the distribution of foods and goodies to the needy. The goodies were mainly sponsored by our suppliers and also the management staff.







## Employees' Welfare

The yearly events and activities such as Bowling, Badminton, Futsal and other competition were held to promote sportsmanship and bring good rapport between our employees with external parties like suppliers, customers and related parties. In August 2015, SMTT organized a Cycling Treasure Hunt which had different levels of management and staff, customers and suppliers participating in the event, all grouped together to complete the mission. This event has certainly shown a very good way to build up team work spirit not only with the internal parties but also with the external parties and to enhance the relationship among the team members.



In order to promote the awareness of hygiene and cleanliness, the Company took the initiative to launch a "Canteen Cleanliness Campaign" which had different levels of staff participating in the cleaning and refurbishing of the canteen. This campaign has not only helped to provide a clean environment but has also helped to build and develop relationships among staff.



The Group has nearly 380 foreign workers coming from different 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.

During the year, the Health and Safety Committee have entered into collaboration with different agencies to provide various campaign and activities to enhance the knowledge of the employees. Those campaigns included an Anti-Drug talks organized by National Anti-Drug Agency Kuala Muda to create awareness and enhance the drug related knowledge to the employees. Besides, the committee has also arranged Road and Safety Campaign by SOCSO to promote awareness of road safety while riding a motorcycle to work and stactic exposure of the accident to the workplace.

The Company has also launched Best Knight Award during the year to recognize valuable contribution and enthusiastic efforts by all employees. The award aims to develop and to cultivate tomorrow leader for our organisation with skills and knowledge that will bring EG Group to move forward ensuring continuous success in future. The Best Knight will be given cash bonus and various training programmes.





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 2015.

### 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 for the year attributable to :		
Owners of the Company	26,479	11,325
Non-controlling interests	(124)	-
	26,355	11,325

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review 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 :

Terence Tea Yeok Kian  
Kang Pang Kiang  
Tai Yeong Sheng  
Ang Seng Wong  
Dr. Damien Lim Yat Seng  
Lim Sze Yan  
Lim King Soon

(Not re-elected during Annual General Meeting on 23.12.2014)





# DIRECTORS' REPORT

for the year ended 30 June 2015 (Cont'd)

## 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			
	At 1.7.2014	Bought	(Sold)	At 30.6.2015

### The Company

#### Direct interests

Terence Tea Yeok Kian				
- own	-**	253,000	-	253,000
Kang Pang Kiang				
- own	100,800	-	-	100,800
Tai Yeong Sheng				
- own	9,326,653	-	(9,326,566)	87

#### Indirect interests

Tai Yeong Sheng				
- own	15,202,264	-	(11,469,550)	3,732,714
- others*	745,000	-	(745,000)	-

	Number of ordinary shares of Thai Baht 10 each			
	At 1.7.2014	Transferred	(Sold)	At 30.6.2015

### Related corporation

#### SMT Industries Co., Ltd

#### Direct interest

Terence Tea Yeok Kian	-	1 <sup>(a)</sup>	-	1 <sup>(a)</sup>
Kang Pang Kiang	1 <sup>(a)</sup>	-	-	1 <sup>(a)</sup>
Tai Yeong Sheng	1 <sup>(a)</sup>	(1)	-	-



## Directors' interests in shares (Cont'd)

	Number of warrants 2005/2015			At 30.6.2015
	At 1.7.2014	Bought	(Expired)	

### The Company

#### Direct interests

Tai Yeong Sheng				
- own	2,063,334	-	(2,063,334)	-

#### Indirect interests

Tai Yeong Sheng				
- own	3,226,668	-	(3,226,668)	-

\* These are shares held in the name of the spouse and are treated as the interests of the Director in accordance with Section 134(12) (c) of the Companies Act, 1965.

\*\* At date of appointment on 18 July 2014.

(a) Share held in trust for EG Industries Berhad.

None of the other Directors holding office at 30 June 2015 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	
			30.6.2015	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.

During the financial year, 2,100,000 of the Company's warrants were converted into ordinary shares. On 16 June 2015, all the remaining unexercised warrants expired and ceased to be exercisable thereafter.



## DIRECTORS' REPORT

for the year ended 30 June 2015 (Cont'd)

### 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 other than as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except where the benefit is acquired through the Company's warrants and pursuant to the proposals as disclosed in Note 31 the financial statements.

### Issue of shares and debentures

During the financial year, the Company's issued and paid-up capital was increased from RM75,017,000 comprising 75,017,000 ordinary shares of RM1 each to RM77,117,000 comprising 77,117,000 ordinary shares of RM1 each pursuant to the exercise of 2,100,000 Warrants 2005/2015.

There were no other changes in the share 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.



### **Other statutory information (Cont'd)**

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

In the opinion of the Directors, except for the gain on disposal of other investments, impairment loss on amount due from a subsidiary and impairment loss on property, plant and equipment as disclosed in Note 20 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 June 2015 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 disclosed in Note 31 to the financial statements.

### **Subsequent events**

Details of the events subsequent to the end of the financial reporting period are disclosed in Note 32 to the financial statements.

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 : 27 October 2015



# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2015

	Note	Group			Company		
		30.6.2015 RM'000	30.6.2014 RM'000 (Restated)	1.7.2013 RM'000 (Restated)	30.6.2015 RM'000	30.6.2014 RM'000 (Restated)	1.7.2013 RM'000 (Restated)
<b>Assets</b>							
Property, plant and equipment	3	<b>133,047</b>	151,255	126,010	<b>1,191</b>	1,218	1,245
Investment properties	4	<b>2,663</b>	2,760	-	-	-	-
Investments in subsidiaries	5	-	-	-	<b>77,885</b>	77,485	72,485
Other investments	6	<b>5,524</b>	13,357	6,826	<b>5,524</b>	13,357	6,826
Intangible assets	7	<b>12,750</b>	10,148	10,148	-	-	-
Deferred tax assets	8	<b>2,119</b>	-	2,207	-	-	-
<b>Total non-current assets</b>		<b>156,103</b>	177,520	145,191	<b>84,600</b>	92,060	80,556
Inventories	10	<b>82,591</b>	75,814	57,693	-	-	-
Current tax assets		-	167	247	-	-	18
Trade and other receivables	9	<b>155,562</b>	162,470	148,832	<b>39,456</b>	33,356	25,837
Fixed deposits with licensed banks	11	<b>8,554</b>	7,919	12,203	<b>6,403</b>	6,218	11,406
Cash and bank balances		<b>39,118</b>	28,328	14,288	<b>201</b>	212	25
<b>Total current assets</b>		<b>285,825</b>	274,698	233,263	<b>46,060</b>	39,786	37,286
<b>Total assets</b>		<b>441,928</b>	452,218	378,454	<b>130,660</b>	131,846	117,842
<b>Equity</b>							
Share capital	12	<b>77,117</b>	75,017	75,017	<b>77,117</b>	75,017	75,017
Reserves	13	<b>52,952</b>	48,603	40,830	<b>3,985</b>	7,381	1,627
<b>Total equity attributable to owners of the Company</b>		<b>130,069</b>	123,620	115,847	<b>81,102</b>	82,398	76,644
<b>Non-controlling interests</b>		<b>(760)</b>	(636)	(890)	-	-	-
<b>Total equity</b>		<b>129,309</b>	122,984	114,957	<b>81,102</b>	82,398	76,644



# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2015 (Cont'd)



	Note	Group			Company		
		30.6.2015 RM'000	30.6.2014 RM'000 (Restated)	1.7.2013 RM'000 (Restated)	30.6.2015 RM'000	30.6.2014 RM'000 (Restated)	1.7.2013 RM'000 (Restated)
<b>Liabilities</b>							
Provision for retirement benefits	15	123	94	62	-	-	-
Loans and borrowings	17	21,748	25,039	7,965	-	-	-
Deferred tax liabilities	8	-	1,396	-	-	-	-
<b>Total non-current liabilities</b>		<b>21,871</b>	26,529	8,027	-	-	-
Loans and borrowings	17	184,014	153,537	152,836	-	-	-
Trade and other payables	14	105,980	149,119	102,583	49,558	49,448	41,198
Provision	16	667	-	-	-	-	-
Current tax liabilities		87	49	51	-	-	-
<b>Total current liabilities</b>		<b>290,748</b>	302,705	255,470	<b>49,558</b>	49,448	41,198
<b>Total liabilities</b>		<b>312,619</b>	329,234	263,497	<b>49,558</b>	49,448	41,198
<b>Total equity and liabilities</b>		<b>441,928</b>	452,218	378,454	<b>130,660</b>	131,846	117,842

The notes on pages 53 to 114 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Revenue	18	636,075	700,475	72	353
Cost of sales		(602,082)	(668,692)	-	-
<b>Gross profit</b>		<b>33,993</b>	31,783	<b>72</b>	353
Administrative expenses		(13,762)	(11,326)	(1,705)	(1,126)
Distribution expenses		(2,687)	(2,401)	-	-
Other expenses		(2,908)	(3,136)	(2,431)	-
Other income		18,196	184	15,389	-
<b>Operating profit/(loss)</b>		<b>32,832</b>	15,104	<b>11,325</b>	(773)
Finance costs	19	(9,203)	(8,988)	-	-
<b>Profit/(Loss) before tax</b>	20	<b>23,629</b>	6,116	<b>11,325</b>	(773)
Tax expense	22	2,726	(3,832)	-	-
<b>Profit/(Loss) for the year</b>		<b>26,355</b>	2,284	<b>11,325</b>	(773)
<b>Other comprehensive income, net of tax</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Fair value of available-for-sale financial assets		(14,630)	6,531	(14,630)	6,531
Foreign currency translation differences for foreign operations		(7,409)	(784)	-	-
<b>Total other comprehensive (expense)/ income for the year, net of tax</b>		<b>(22,039)</b>	5,747	<b>(14,630)</b>	6,531
<b>Total comprehensive income/ (expense) for the year</b>		<b>4,316</b>	8,031	<b>(3,305)</b>	5,758

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015 (Cont'd)



	Note	Group		Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<b>Profit/(Loss) for the year attributable to :</b>					
Owners of the Company		26,479	2,030	11,325	(773)
Non-controlling interests		(124)	254	-	-
		<b>26,355</b>	<b>2,284</b>	<b>11,325</b>	<b>(773)</b>
<b>Total comprehensive income/ (expense) attributable to :</b>					
Owners of the Company		4,440	7,777	(3,305)	5,758
Non-controlling interests		(124)	254	-	-
		<b>4,316</b>	<b>8,031</b>	<b>(3,305)</b>	<b>5,758</b>
<b>Basic earnings per ordinary share (sen)</b>	23	<b>35.39</b>	2.71	-	-
<b>Diluted earnings per ordinary share (sen)</b>	23	<b>35.39</b>	2.71	-	-

The notes on pages 53 to 114 are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Attributable to owners of the Company		Distributable		Total equity RM'000					
	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
<b>Group</b>										
<b>At 1 July 2013</b>	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/(expense) 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)
<b>At 30 June 2014</b>	75,017	3,700	13,257	40	15,170	(29)	16,465	123,620	(636)	122,984

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015 (Cont'd)



	Attributable to owners of the Company				Distributable				Non-controlling interests	Total equity
	Share capital	Warrants reserve	Fair value reserve	Translation reserve	Share premium	Treasury shares	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 July 2014</b>	75,017	3,700	13,257	40	15,170	(29)	16,465	123,620	(636)	122,984
Foreign currency translation differences for foreign operations	-	-	-	(7,409)	-	-	-	(7,409)	-	(7,409)
Fair value of available-for-sale financial assets	-	-	(14,630)	-	-	-	-	(14,630)	-	(14,630)
Total other comprehensive expense for the year	-	-	(14,630)	(7,409)	-	-	-	(22,039)	-	(22,039)
Profit for the year	-	-	-	-	-	-	26,479	26,479	(124)	26,355
<b>Total comprehensive income/ (expense) for the year</b>	-	-	(14,630)	(7,409)	-	-	26,479	4,440	(124)	4,316
Issue of ordinary shares pursuant to exercise of warrants (Note 12)	<b>2,100</b>	-	-	-	-	-	-	<b>2,100</b>	-	<b>2,100</b>
Effect arising from exercise/expiry of warrants	-	<b>(3,700)</b>	-	-	-	-	<b>3,700</b>	-	-	-
Treasury shares acquired	-	-	-	-	-	<b>(91)</b>	-	<b>(91)</b>	-	<b>(91)</b>
<b>Total transactions with owners of the Company</b>	<b>2,100</b>	<b>(3,700)</b>	-	-	-	<b>(91)</b>	<b>3,700</b>	<b>2,009</b>	-	<b>2,009</b>
<b>At 30 June 2015</b>	<b>77,117</b>	-	<b>(1,373)</b>	<b>(7,369)</b>	<b>15,170</b>	<b>(120)</b>	<b>46,644</b>	<b>130,069</b>	<b>(760)</b>	<b>129,309</b>

The notes on pages 53 to 114 are an integral part of these financial statements.





# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

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

# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015 (Cont'd)



Note	Attributable to owners of the Company					Total equity RM'000
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Non-distributable Share premium RM'000	Treasury shares RM'000	
<b>At 1 July 2014</b>	75,017	3,700	13,257	15,170	(29)	82,398
Total other comprehensive expense for the year						
- Fair value of available-for-sale financial assets	-	-	(14,630)	-	-	(14,630)
Profit for the year	-	-	-	-	-	11,325
<b>Total comprehensive income/ (expense) for the year</b>	-	-	(14,630)	-	-	(3,305)
Issue of ordinary shares pursuant to exercise of warrants	2,100	-	-	-	-	2,100
Treasury shares acquired	-	-	-	-	(91)	(91)
Effect arising from exercise/expiry of warrants	-	(3,700)	-	-	-	3,700
<b>Total transactions with owners of the Company</b>	2,100	(3,700)	-	-	(91)	2,009
<b>At 30 June 2015</b>	77,117	-	(1,373)	15,170	(120)	81,102

The notes on pages 53 to 114 are an integral part of these financial statements.



# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax from continuing operations		<b>23,629</b>	6,116	<b>11,325</b>	(773)
Adjustments for :					
Depreciation of property, plant and equipment	3	<b>25,019</b>	21,947	<b>27</b>	27
Depreciation of investment properties	4	<b>97</b>	28	-	-
Amortisation of intangible assets	7	<b>68</b>	-	-	-
Interest expense	19	<b>9,203</b>	8,988	-	-
Dividend income		<b>(1)</b>	(80)	<b>(1)</b>	(80)
Gain on disposal of plant and equipment		<b>(174)</b>	(50)	-	-
Gain on disposal of other investments		<b>(15,389)</b>	-	<b>(15,389)</b>	-
Interest income		<b>(125)</b>	(303)	<b>(71)</b>	(273)
Impairment loss on amount due from a subsidiary		-	-	<b>2,431</b>	-
Plant and equipment written off		-	235	-	-
Provision for retirement benefits		<b>16</b>	32	-	-
Provision for warranties		<b>667</b>	-	-	-
Impairment loss on plant and equipment		<b>1,291</b>	1,163	-	-
Operating profit/(loss) before changes in working capital		<b>44,301</b>	38,076	<b>(1,678)</b>	(1,099)
Inventories		<b>(3,281)</b>	(17,547)	-	-
Trade and other receivables	A	<b>11,610</b>	(12,447)	<b>(8,531)</b>	(7,519)
Trade and other payables		<b>(55,606)</b>	46,630	<b>110</b>	8,251
Cash (used in)/from operations		<b>(2,976)</b>	54,712	<b>(10,099)</b>	(367)
Tax (paid)/refunded		<b>(582)</b>	(143)	-	18
Dividend received		<b>1</b>	80	<b>1</b>	80
<b>Net cash (used in)/ from operating activities</b>		<b>(3,557)</b>	54,649	<b>(10,098)</b>	(269)

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015 (Cont'd)



	Note	Group		Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<b>Cash flows from investing activities</b>					
Subscription of shares in subsidiaries		-	-	(400)	(5,000)
Acquisition of:					
- plant and equipment	B	(14,968)	(39,534)	-	-
- treasury shares		(91)	(4)	(91)	(4)
- other investments		(7,999)		(7,999)	-
Interest received		125	303	71	273
Proceeds from disposal of:					
- other investments		16,591		16,591	-
- plant and equipment		4,608	286	-	-
Proceeds from exercise of warrants		2,100	-	2,100	-
<b>Net cash from/(used in) investing activities</b>		<b>366</b>	<b>(38,949)</b>	<b>10,272</b>	<b>(4,731)</b>
<b>Cash flows from financing activities</b>					
Drawdown/(Repayment) of bank borrowings, net		32,631	(4,601)	-	-
Repayment of finance lease liabilities		(1,294)	(9,759)	-	-
(Repayment)/Drawdown of term loans		(6,758)	17,195	-	-
Interest paid		(9,203)	(8,988)	-	-
(Placement)/Withdrawal of pledged deposits		(634)	4,284	(185)	5,187
<b>Net cash from/(used in) financing activities</b>		<b>14,742</b>	<b>(1,869)</b>	<b>(185)</b>	<b>5,187</b>
Net increase/(decrease) in cash and cash equivalents		11,551	13,831	(11)	187
Effect of exchange rate fluctuations on cash held		622	78	-	-
Cash and cash equivalents at 1 July		26,883	12,974	212	25
<b>Cash and cash equivalents at 30 June</b>	C	<b>39,056</b>	<b>26,883</b>	<b>201</b>	<b>212</b>



## STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015 (Cont'd)

### Notes

#### A. Trade and other receivables

The Company increased its investment in a subsidiary by RM5,000,000 in last financial year 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 RM21,021,050 (2014 : RM53,261,128), of which RM6,053,300 (2014 : RM13,726,879) were acquired by means of finance lease arrangement. The balance of RM14,967,750 (2014 : RM39,534,249) was paid by cash.

#### C. Cash and cash equivalents

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances		<b>39,118</b>	28,328	<b>201</b>	212
Bank overdrafts	17	<b>(62)</b>	(1,445)	-	-
		<b>39,056</b>	26,883	<b>201</b>	212

The notes on pages 53 to 114 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, 18<sup>th</sup> Floor  
MWE Plaza  
No. 8, Lebuhr Farquhar  
10200 Penang

## Principal place of business

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

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2015 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 2015 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the 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 27 October 2015.

## 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 of the MFRSs 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 2016**

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture \**
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception \**
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts \**
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants \**
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements \**
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

#### **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 annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments (2014)*



## 1. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

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

- from the annual period 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 those indicated with “\*” which are not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2017 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 July 2018 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

#### (i) **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

#### (ii) **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 and the Company are currently assessing the financial impact that may arise 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 a going concern.

As at 30 June 2015, the current liabilities of the Group and of the Company exceeded the current assets by RM4,923,000 and RM3,498,000 respectively.

The Company's shareholders have approved the proposed corporate exercises as disclosed in Note 31 at the Company's Extraordinary General Meeting held subsequent to the end of the financial year.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group and the Company will be able to generate sufficient cash flows from operations to meet their 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 has been rounded to the nearest thousand, unless otherwise stated.



## 1. Basis of preparation (Cont'd)

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs 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 the following notes :

- Note 7.1 - Impairment testing for goodwill
- Note 8 - Deferred tax liabilities/(assets)

## 2. Significant accounting policies

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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 combination

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 accounts for 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 from the consolidated statement of financial position. 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 even 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.

#### (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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.



## 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 (the date when the Group first adopted MFRS) 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 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.

### (c) Financial instruments

#### (i) Initial recognition and measurement

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

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

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

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

##### *Financial assets*

#### (a) Loans and receivables

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

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

#### (b) Available-for-sale financial assets

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



### 2. Significant accounting policies (Cont'd)

#### (c) Financial instruments (Cont'd)

##### (ii) Financial instrument categories and subsequent measurement (Cont'd)

###### *Financial assets (Cont'd)*

###### (b) *Available-for-sale financial assets (Cont'd)*

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.

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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, cancelled or expired. 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.





**2. Significant accounting policies (Cont'd)**

**(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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant 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 from the date that they are available for use. 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	1 - 5
Plant and machinery	10 - 33
Furniture and fittings	10 - 33
Office equipment	10 - 33
Tools and equipment	10 - 20
Motor vehicles	20
Factory renovation	10

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.



### 2. Significant accounting policies (Cont'd)

#### (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, or as investment property if held to earn rental income or for capital appreciation or for both.

##### (ii) Operating lease

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 carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both but not for sale in ordinary course of business, use in the production or supply of goods and services or for administrative purposes. These include leasehold land which in substance is a finance lease and building held for a currently undetermined future use. Property that is occupied in the Group is 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 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.

##### Reclassification to/from investment properties

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

#### (g) Intangible assets

##### (i) Goodwill

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



## 2. Significant accounting policies (Cont'd)

### (g) Intangible assets (Cont'd)

#### (ii) Other intangible assets

Other intangible assets comprise of software costs which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### (iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for software costs is 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

### (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.

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.



### 2. Significant accounting policies (Cont'd)

#### (h) Impairment (Cont'd)

##### (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 a cash-generating unit or a 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 unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the 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, disposal and reissue of share capital (treasury shares)

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 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.



## 2. Significant accounting policies (Cont'd)

### (j) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, 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.

### (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.

#### Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### (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.



### 2. Significant accounting policies (Cont'd)

#### (n) Income tax (Cont'd)

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.

#### (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.





## 2. Significant accounting policies (Cont'd)

### (p) Revenue and other income (Cont'd)

#### (ii) Dividend income

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

#### (iii) Interest income

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

#### (iv) Rental income

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

#### (v) Services

Revenue from services rendered is recognised in profit or loss when the services are performed.

### (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 period, adjusted for own shares held.

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

### (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. Operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer 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.



### 2. Significant accounting policies (Cont'd)

#### (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.

#### (u) Fair value measurement

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land and improvements 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 work-in-progress RM'000	Total RM'000
<b>Cost</b>												
At 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
Additions	24	3,058	21	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)
Reclassification	-	-	-	-	6,276	-	5	-	-	-	(6,281)	-
Foreign exchange differences	(43)	-	-	(283)	(1,366)	(1)	(8)	(48)	(12)	-	(381)	(2,142)
At 30 June 2014/ 1 July 2014	5,661	3,058	3,934	23,306	235,846	1,469	3,471	6,979	2,002	2,919	1,259	289,904
Additions	-	-	-	482	14,975	38	122	724	254	13	4,413	21,021
Disposals	(4,217)	-	(200)	-	(879)	-	(35)	(41)	-	-	-	(5,372)
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	(2,670)	(2,670)
Foreign exchange differences	(138)	-	-	(918)	(6,838)	(10)	(41)	(158)	(54)	-	-	(8,157)
At 30 June 2015	1,306	3,058	3,734	22,870	243,104	1,497	3,517	7,504	2,202	2,932	3,002	294,726



3. Property, plant and equipment (Cont'd)

Group	Freehold land RM'000	Long term leasehold land and improvements 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 work-in-progress RM'000	Total RM'000
At 1 July 2013	-	479	562	6,407	97,632	772	2,651	5,914	1,393	2,223	-	118,033
Reclassification	-	-	-	-	(7)	-	7	-	-	-	-	-
Depreciation for the year	-	39	31	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 - impairment losses	-	518	418	6,161	116,571	797	2,799	6,386	1,418	2,418	-	137,486
	-	-	-	-	1,071	2	8	82	-	-	-	1,163
At 30 June 2014/ 1 July 2014	-	518	418	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	Long term leasehold land and improvements	Short term leasehold land and improvements	Buildings	Plant and machinery	Furniture and fittings	Office equipment	Tools and equipment	Motor vehicles	Factory renovation	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation for the year	-	39	27	748	23,244	36	157	363	212	193	-	25,019
Disposals	-	-	-	-	(862)	-	(35)	(41)	-	-	-	(938)
Impairment loss	-	-	-	-	1,189	2	9	91	-	-	-	1,291
Foreign exchange differences	-	-	-	(276)	(1,891)	(7)	(18)	(126)	(24)	-	-	(2,342)
Accumulated depreciation and impairment losses	-	557	445	6,633	137,062	826	2,903	6,582	1,606	2,611	-	159,225
- impairment losses	-	-	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June 2015	-	557	445	6,633	139,322	830	2,920	6,755	1,606	2,611	-	161,679
Carrying amounts	5,680	(479)	4,087	19,595	87,291	630	370	923	401	616	6,896	126,010
At 30 June 2014/ 1 July 2014	5,661	2,540	3,516	17,145	118,204	670	664	511	584	501	1,259	151,255
At 30 June 2015	1,306	2,501	3,289	16,237	103,782	667	597	749	596	321	3,002	133,047



**3. Property, plant and equipment (Cont'd)**

	Short term leasehold land RM'000	Office equipment RM'000	Total RM'000
<b>Company</b>			
<b>Cost</b>			
At 1 July 2013/30 June 2014/1 July 2014/30 June 2015	1,634	7	1,641
<b>Accumulated depreciation</b>			
At 1 July 2013	390	6	396
Depreciation charge for the year	27	–	27
At 30 June 2014/1 July 2014	417	6	423
Depreciation charge for the year	27	–	27
At 30 June 2015	<b>444</b>	<b>6</b>	<b>450</b>
<b>Carrying amounts</b>			
At 1 July 2013	1,244	1	1,245
At 30 June 2014/1 July 2014	1,217	1	1,218
At 30 June 2015	<b>1,190</b>	<b>1</b>	<b>1,191</b>

**3.1 Assets under finance lease - Group**

Included in the carrying amount of plant and machinery and motor vehicles are assets acquired under finance lease amounting to RM21,959,059 (2014 : RM32,037,316).

**3.2 Impairment of plant and equipment**

During the year, the Group recognised an impairment loss on plant and equipment relating to a subsidiary which has ceased operations in the manufacturing of 2-layer solid wood parquet flooring amounting to RM1,291,000 (2014 : RM1,163,000).

**3.3 Leasehold land - Group/Company**

The long term leasehold land are with unexpired lease periods of more than 50 years while the short term leasehold land are with unexpired lease periods of less than 50 years.





### 3. Property, plant and equipment (Cont'd)

#### 3.4 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 17.1 to the financial statements :

	2015	2014
	RM'000	RM'000
<b>Carrying amounts</b>		
Freehold land	1,306	5,661
Long-term and short-term leasehold land and improvements	4,600	4,639
Buildings	16,237	16,355
Plant and machinery	71,852	70,846
	93,995	97,501

### 4. Investment properties - Group

	Short term leasehold land	Building	Total
	RM'000	RM'000	RM'000
<b>Cost</b>			
At 1 July 2013	-	-	-
Transfer from property, plant and equipment	736	3,208	3,944
At 30 June 2014/1 July 2014/30 June 2015	736	3,208	3,944
<b>Accumulated depreciation</b>			
At 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
Depreciation for the year	22	75	97
At 30 June 2015	202	1,079	1,281



**4. Investment properties - Group (Cont'd)**

	Short term leasehold land RM'000	Building RM'000	Total RM'000
<b>Carrying amounts</b>			
At 1 July 2013	-	-	-
At 30 June 2014	556	2,204	2,760
At 30 June 2015	<b>534</b>	<b>2,129</b>	<b>2,663</b>

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

	2015 RM'000	2014 RM'000
Rental income	79	-
Direct operating expenses :		
- income generating	31	-
- non-income generating	-	23

**4.1 Fair value information**

The fair value of the investment properties as at 30 June 2015 is classified as level 3 in the fair value hierarchy and is determined to be approximately RM5,800,000 (2014 : RM5,800,000).

The fair value of investment properties is based on the sales comparison approach whereby sales price of similar property in the locality are adjusted for differences in key attributes such as location, time, size, tenure and other relevant factors. The Directors had determined the current use of these investment properties as their highest and best use.

**4.2 Security**

Investment property is charged as security to financial institutions for borrowings granted to the Company as disclosed in Note 17.1 to the financial statements.



## 5. Investments in subsidiaries - Company

	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
Balance at 1 July	86,535	81,535
Subscription of shares in subsidiaries	400	5,000
Balance at 30 June	<u>86,935</u>	<u>86,535</u>
Less : Accumulated impairment loss	(9,050)	(9,050)
	<u><b>77,885</b></u>	<u>77,485</u>

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2015	2014	
		%	%	
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of Electronic Manufacturing Services for computer peripherals and consumer electronic/ electrical products
Mastimber Industries Sdn. Bhd. *	Malaysia	90.5	90.5	Ceased operations in manufacturing 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	100	Commenced operations in 2015 in research and development activities for electronic, electrical, telecommunication and technology products
EG Operations Sdn. Bhd.	Malaysia	100	100	Dormant
SMT Industries Co., Ltd *	Thailand	100	100	Provision of Electronic Manufacturing Services for computer peripherals, consumer electronic/ electrical and automotive industrial products



5. Investments in subsidiaries - Company (Cont'd)

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2015	2014	
		%	%	

Subsidiary of SMT Technologies Sdn. Bhd.

Glisten Knight Sdn. Bhd. *	Malaysia	100	100	Investment holding
EG Global Sdn. Bhd. *	Malaysia	100	-	Dormant

\* Not audited by KPMG

Non-controlling interest in a subsidiary

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

	Mastimber Industries Sdn. Bhd.	
	2015 RM'000	2014 RM'000
<b>NCI percentage of ownership interest and voting interest</b>	<b>9.50%</b>	9.50%
Carrying amount of NCI	<b>(760)</b>	(636)
(Loss)/Profit allocated to NCI	<b>(124)</b>	254
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 30 June</b>		
Non-current assets	-	1,292
Current assets	<b>72</b>	125
Non-current liabilities	<b>(8,061)</b>	(8,061)
Current liabilities	<b>(15)</b>	(50)
Net liabilities	<b>(8,004)</b>	(6,694)



## 5. Investments in subsidiaries - Company (Cont'd)

### Non-controlling interest in a subsidiary (Cont'd)

	Mastimber Industries Sdn. Bhd.	
	2015 RM'000	2014 RM'000
<b>Year ended 30 June</b>		
(Loss)/Profit for the year	(1,310)	2,680
Total comprehensive (expense)/income	<u>(1,310)</u>	<u>2,680</u>
Cash flows used in operating activities	(54)	(5,715)
Cash flows from investing activities	-	5,800
Net (decrease)/increase in cash and cash equivalents	<u>(54)</u>	<u>85</u>

## 6. Other investments - Group/Company

	2015 RM'000	2014 RM'000
<b>Non-current</b>		
<b>Available for-sale financial assets</b>		
Quoted shares in Malaysia	47	13,357
Quoted shares outside Malaysia	5,477	-
	<u>5,524</u>	<u>13,357</u>
Market value of quoted shares	<u>5,524</u>	<u>13,357</u>

## 7. Intangible assets - Group

	Goodwill RM'000	Software cost RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2013/30 June 2014/1 July 2014	10,148	-	10,148
Transfer from property, plant and equipment	-	2,670	2,670
At 30 June 2015	<u>10,148</u>	<u>2,670</u>	<u>12,818</u>



7. Intangible assets - Group (Cont'd)

	Goodwill RM'000	Software cost RM'000	Total RM'000
<b>Amortisation</b>			
At 1 July 2013/30 June 2014/1 July 2014	-	-	-
Amortisation for the year	-	68	68
At 30 June 2015	-	68	68
<b>Carrying amounts</b>			
At 1 July 2013/30 June 2014/1 July 2014	10,148	-	10,148
At 30 June 2015	10,148	2,602	12,750

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 is 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 primarily in the hard disk drive industry and consumer electronic/electrical products industry. The values assigned to the key assumptions such as sales growth of 13% in the budget for financial year 2016 represent managements estimate derived from both external and internal sources (historical data). Management did not include or project any sales growth in their business plan beyond financial year 2016.

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 8% (2014 : 8%)

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 (assets)/liabilities

### Recognised deferred tax (assets) and liabilities

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

	2015	2014
	RM'000	RM'000
<b>Group</b>		
Property, plant and equipment - capital allowance	5,970	6,315
Tax loss carry-forwards	(11)	(2)
Unutilised reinvestment allowance	(7,645)	(4,847)
Provisions	(297)	(19)
Other temporary differences	(136)	(51)
Net deferred tax (assets)/liabilities recognised	<u>(2,119)</u>	<u>1,396</u>

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

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 the benefits therefrom. Management estimated the amount of deferred tax assets to be recognised using profit projections from the three-year business plan developed based on management's assessment of future trends and market developments primarily in the hard disk drive industry and consumer electronic/electrical products industry.

Movements in temporary differences during the year are as follows :

	At 30.6.2013	Recognised in profit or loss (Note 22)	Exchange difference	At 30.6.2014/ 1.7.2014	Recognised in profit or loss (Note 22)	Exchange difference	At 30.6.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
Property, plant and equipment							
- capital allowance	5,693	622	-	6,315	(345)	-	5,970
Tax loss carry-forwards	(265)	258	5	(2)	(9)	-	(11)
Unutilised reinvestment allowance	(7,776)	2,929	-	(4,847)	(2,798)	-	(7,645)
Provisions	(327)	308	-	(19)	(280)	2	(297)
Other temporary differences	468	(519)	-	(51)	(85)	-	(136)
	<u>(2,207)</u>	<u>3,598</u>	<u>5</u>	<u>1,396</u>	<u>(3,517)</u>	<u>2</u>	<u>(2,119)</u>



**8. Deferred tax (assets)/liabilities**

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	2015 RM'000	2014 RM'000
<b>Group</b>		
Property, plant and equipment – capital allowances	1	1
Unutilised reinvestment allowance	(6,054)	(25,726)
Unabsorbed capital allowances	(2,407)	(2,407)
Tax loss carry-forwards	(15,770)	(18,594)
	(24,230)	(46,726)
<b>Company</b>		
Property, plant and equipment	–	1
Unabsorbed capital allowances	–	(7)
	–	(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.

**9. Trade and other receivables**

	Note	2015 RM'000	2014 RM'000 (Restated)
<b>Group</b>			
<b>Trade</b>			
Trade receivables		137,486	145,878
<b>Non-trade</b>			
Other receivables		2,500	931
Deposits	9.2	2,088	856
Prepayments	9.3	13,488	14,805
		18,076	16,592
		155,562	162,470



## 9. Trade and other receivables (Cont'd)

	Note	2015 RM'000	2014 RM'000
<b>Company</b>			
Amount due from subsidiaries	9.1	37,212	33,229
Other receivables		971	125
Deposits	9.2	1,273	2
		<b>39,456</b>	<b>33,356</b>

### 9.1 Amount due from subsidiaries

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

### 9.2 Deposits

Included in deposits of the Group and the Company is RM1,271,530 (2014 : RM Nil) paid for the acquisition of a subsidiary which has yet to be completed at financial year end (Note 31).

### 9.3 Prepayments

Included in prepayments are amounts prepaid for the purchase of inventories amounting to RM12,808,000 (2014 : RM14,240,000).

## 10. Inventories - Group

	2015 RM'000	2014 RM'000 (Restated)
Raw materials	50,025	36,334
Work-in-progress	329	991
Manufactured inventories	32,237	38,489
	<b>82,591</b>	<b>75,814</b>

The amount of inventories recognised as cost of sales during the year amounted to RM551,184,000 (2014 : RM630,765,000). The write down of inventories to net realisable value during the year amounted to RM Nil (2014 : RM250,000) and is included in cost of sales.

### 10.1 Security

The inventories are pledged to licensed banks as securities for borrowings granted to certain subsidiaries as disclosed in Note 17.1 to the financial statements.



### 11. Fixed deposits with licensed banks - Group and Company

The fixed deposits with licensed banks are with maturities of more than 3 months and are held in lien for borrowings granted to certain subsidiaries (Note 17.1).

### 12. Share capital - Group/Company

	2015		2014	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Ordinary shares of RM1 each				
Authorised :	<b>200,000</b>	<b>200,000</b>	200,000	200,000
Issued and fully paid :				
At 1 July	<b>75,017</b>	<b>75,017</b>	75,017	75,017
Issued pursuant to exercise of warrants	<b>2,100</b>	<b>2,100</b>	-	-
At 30 June	<b>77,117</b>	<b>77,117</b>	75,017	75,017

#### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

### 13. Reserves

	Note	2015 RM'000	2014 RM'000
<b>Group</b>			
Non-distributable :			
Warrants reserve	13.1	-	3,700
Fair value reserve	13.2	<b>(1,373)</b>	13,257
Translation reserve	13.3	<b>(7,369)</b>	40
Share premium	13.4	<b>15,170</b>	15,170
Treasury shares	13.5	<b>(120)</b>	(29)
		<b>6,308</b>	32,138



### 13. Reserves (Cont'd)

	Note	2015 RM'000	2014 RM'000
<b>Group</b>			
Distributable :			
Retained earnings		46,644	16,465
		<b>52,952</b>	48,603
<b>Company</b>			
Non-distributable :			
Warrants reserve	13.1	–	3,700
Fair value reserve	13.2	(1,373)	13,257
Share premium	13.4	15,170	15,170
Treasury shares	13.5	(120)	(29)
Accumulated losses		(9,692)	(24,717)
		<b>3,985</b>	7,381

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

#### 13.1 Warrants reserve

The warrants reserve represents the fair value allocated to the issue of Warrants 2005/2015. When the warrants are exercised or expired, the warrants reserve remains in equity, although it may be transferred to another reserve account within equity. On 16 June 2015, all the remaining unexercised warrants expired and the remaining warrants reserve at that point in time were transferred or set-off against the Company's accumulated losses.

#### 13.2 Fair value reserve

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

#### 13.3 Translation reserve

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

#### 13.4 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.



**13. Reserves (Cont'd)**

**13.5 Treasury shares**

The shareholders of the Company at an 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.

For the financial year ended 30 June 2015, the Company repurchased 178,000 (2014 : 10,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.511 (2014 : RM0.355) per share. The total consideration paid was RM91,331 (2014 : RM3,636) including transaction costs of RM296 (2014 : 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 2015, the Company held 284,000 (2014 : 106,000) of its shares as treasury shares. The number of outstanding ordinary shares of RM1 each in issue after deducting treasury shares held is 76,832,600 (2014 : 74,910,600).

**14. Trade and other payables**

	Note	2015 RM'000	2014 RM'000 (Restated)
<b>Group</b>			
<b>Trade payables</b>			
Trade payables		101,988	133,696
<b>Non-trade</b>			
Other payables		541	13,009
Accruals		3,451	2,414
		<b>3,992</b>	15,423
		<b>105,980</b>	149,119
<b>Company</b>			
<b>Non-trade</b>			
Amount due to subsidiaries	14.1	49,256	49,261
Other payables		108	8
Accruals		194	179
		<b>49,558</b>	49,448

**14.1 Amount due to subsidiaries**

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





## 15. Provision for retirement benefits - Group

### Provident fund

A subsidiary in Thailand operates a provident fund for its employees. The contributions from employees are deducted from their monthly salaries, whereas the subsidiary 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 2015 amounted to RM4,000 (2014 : RM Nil).

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 :

	2015	2014
	RM'000	RM'000
Present value of obligations - non current	<u>123</u>	<u>94</u>

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

	2015	2014
	RM'000	RM'000
Balance at 1 July 2014	94	62
Amount recognised in profit or loss		
- Current service cost	35	31
- Interest cost	4	2
- Foreign exchange differences	(10)	(1)
Balance at 30 June 2015	<u>123</u>	<u>94</u>

The principal actuarial assumptions used are as follows :

	2015	2014
Discount rate	4.5%	4.5%
Inflation rate	3.0%	3.0%
Future salary increase		
- Prior to age 30	12.0%	12.0%
- between 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.



**16. Provision - Group**

	Warranties	
	2015	2014
	RM'000	RM'000
At 1 July	-	-
Provision	667	-
At 30 June	<u>667</u>	<u>-</u>

The provision for warranties represents estimated liabilities for defects arising from products sold under warranty. The provision is based on management's estimate made from historical warranty data associated with the products and judgement on the probability of a defect arising from products sold.

**17. Loans and borrowings - Group**

	2015	2014
	RM'000	RM'000
<b>Non-current :</b>		
Secured		
Term loans	11,936	15,932
Finance lease liabilities	9,812	9,107
	<u>21,748</u>	<u>25,039</u>
<b>Current :</b>		
Secured		
Bank overdrafts	62	1,445
Bankers' acceptances	158,313	119,139
Revolving credits	-	1,500
Trust receipts	6,058	7,432
Term loans	3,846	5,890
Finance lease liabilities	4,353	6,112
Trade financing	11,382	12,019
	<u>184,014</u>	<u>153,537</u>



## 17. Loans and borrowings - Group (Cont'd)

### 17.1 Security

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. The debenture was released during the current financial year.
- ii) legal charges over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries (Note 3.4) and investment properties of the Group (Note 4.2);
- iii) fixed deposits held in lien of the Group and of the Company (Note 11); and
- iv) collateralised by corporate guarantee from 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.

### 17.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

#### Group

Less than 1 year	5,129	776	4,353	6,919	807	6,112
Between 1 and 5 years	10,620	817	9,803	10,035	928	9,107
More than 5 years	10	1	9	-	-	-
	<b>15,759</b>	<b>1,594</b>	<b>14,165</b>	16,954	1,735	15,219

## 18. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Invoiced value of goods sold less discounts and returns	636,003	700,122	-	-
Dividend income	1	80	1	80
Interest income	71	273	71	273
	<b>636,075</b>	<b>700,475</b>	<b>72</b>	<b>353</b>



19. Finance costs - Group

	2015 RM'000	2014 RM'000
Interest expense on :		
Bankers' acceptances/Trade financing	6,323	5,977
Trust receipts	-	875
Finance lease liabilities	1,167	1,061
Revolving credit	38	354
Term loans	1,590	597
Bank overdrafts	85	124
	<b>9,203</b>	<b>8,988</b>

20. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After charging :				
Auditors' remuneration				
- Statutory audit				
- KPMG	125	107	40	39
- other auditors	88	96	-	-
- Other services				
- KPMG	25	21	25	21
- Affiliates of KPMG Malaysia	137	4	5	4
Depreciation of property, plant and equipment (Note 3)	25,019	21,947	27	27
Depreciation of investment properties (Note 4)	97	28	-	-
Amortisation of intangible assets (Note 7)	68	-	-	-
Directors' remuneration :				
Directors of the Company				
- fees	127	104	127	104
- other emoluments	983	1,176	500	-
- contributions to Employees' Provident Fund	33	55	17	-



## 20. Profit/(Loss) before tax (Cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration : (Cont'd)				
Other Directors				
- other emoluments	1,079	-	-	-
- contributions to Employees' Provident Fund	126	-	-	-
Past Directors				
- other emoluments	40	480	40	480
Inventories written down	-	250	-	-
Impairment loss on amount due from a subsidiary	-	-	2,431	-
Impairment loss on plant and equipment	1,291	1,163	-	-
Plant and equipment written off	-	235	-	-
Loss on foreign exchange, net				
- realised	1,106	806	-	-
- unrealised	-	610	-	-
Rental of equipment	10	23	-	-
Rental of premises	123	158	-	-
Provision for warranties (Note 16)	667	-	-	-
and after crediting :				
Dividend income from :				
- quoted shares	1	80	1	80
Gain on foreign exchange, net				
- unrealised	3,567	-	-	-
Gain on disposal of plant of equipment	174	50	-	-
Interest income	55	30	71	273
Rental income from investment properties	79	-	-	-
Gain on disposal of other investments	15,389	-	15,389	-



## 21. Employee benefits

### 21.1 Staff costs

Staff costs (excluding Directors' remuneration) are as follows :

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and others	<b>28,286</b>	<b>29,685</b>	<b>140</b>	<b>208</b>

Included in staff costs of the Group and of the Company are RM1,551,635 (2014 : RM1,467,907) and RM13,632 (2014 : RM24,234) respectively representing contributions to Employees' Provident Fund.

### 21.2 Key management personnel compensation

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors' fees	<b>127</b>	104	<b>127</b>	104
Short-term employee benefits	<b>2,520</b>	2,241	<b>540</b>	688
Contributions to Employees' Provident Fund	<b>215</b>	203	<b>17</b>	24
	<b>2,862</b>	2,548	<b>684</b>	816

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 Directors and certain members of senior management of the Group and of the Company.

## 22. Tax expense

### Recognised in profit or loss

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000

### Current tax expense

<i>Malaysian</i>				
- current year	<b>858</b>	350	-	-
- prior year	<b>(67)</b>	(116)	-	-
Total current tax recognised in profit or loss	<b>791</b>	234	-	-




**22. Tax expense (Cont'd)**
**Recognised in profit or loss (Cont'd)**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000

**Deferred tax expense**

(Reversal)/Origination of temporary differences	(3,326)	4,193	-	-
Prior year	(191)	(595)	-	-
Total deferred tax recognised in profit or loss	(3,517)	3,598	-	-
Total tax expense	(2,726)	3,832	-	-

**Reconciliation of tax expense**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the year	26,355	2,284	11,325	(773)
Total income tax expense	(2,726)	3,832	-	-
Profit/(Loss) excluding tax	23,629	6,116	11,325	(773)
Income tax calculated using Malaysian tax rate at 25% (2014 : 25%)	5,907	1,529	2,831	(193)
Effect of lower tax rate in foreign jurisdiction	(200)	(52)	-	-
Effect of tax incentives	(2,827)	(972)	-	-
Non-deductible expenses	1,264	842	1,017	213
Non-taxable income	(3,847)	-	(3,847)	-
Tax exempt income	(22)	(29)	-	(20)
Reversal of deferred tax assets recognised	-	3,183	-	-
Recognition of previously unrecognised deferred tax assets	(2,798)	-	-	-
Effect of changes in tax rate *	75	-	-	-
Others	(20)	42	(1)	-
(Over)/Under provision in prior years	(258)	(711)	-	-
	(2,726)	3,832	-	-



## 22. Tax expense (Cont'd)

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 the income is first derived and a fifty percent reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years for the manufacturing of printed circuit boards.

\* The Malaysian Budget 2014 announced the reduction of corporate tax rate of 24% with effect from year of assessment 2016. Consequently, the deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

## 23. Earnings per ordinary share - Group

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 30 June 2015 was based on the profit attributable to ordinary shareholders of RM26,479,663 (2014: RM2,030,035) and on the weighted average number of ordinary shares outstanding during the year of 74,821,063 (2014 : 74,916,403) calculated as follows :

	2015	2014
	RM'000	RM'000
Issued ordinary shares at 1 July	74,911	74,921
Effect of warrants exercised	(124)	-
Effect of treasury shares held	34	(5)
	<u>74,821</u>	<u>74,916</u>
Weighted average number of ordinary shares		

### Diluted earnings per ordinary share

There is no dilution in the earnings per ordinary share for financial year 2015 as the Company's warrants have expired on 16 June 2015.

There is no dilution in the earnings per ordinary share for financial year 2014 as the exercise price of the warrants was higher than the market price of the Company's ordinary shares.

## 24. 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	
			30.6.2015	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. During the financial year, 2,100,000 of the Company's warrants were converted into ordinary shares. On 16 June 2015, all the remaining unexercised warrants expired and ceased to be exercisable thereafter.



## 25. Related parties

### 25.1 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.

The Group has related party relationship with its significant investor, subsidiaries as disclosed in Note 5 to the financial statements and companies in which certain Directors have a substantial financial interest namely, Singyasin Holdings Pte. Ltd. and Jupiter Capital Sdn. Bhd..

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

### 25.2 Significant related party transactions

The significant related party transactions other than key management personnel compensation as disclosed in the Note 21.2 to the financial statements, are as follows :

	2015 RM'000	2014 RM'000
<b>(a) Transactions with significant investor and companies in which certain Directors have a substantial financial interest</b>		
<b>Group</b>		
Disposal of land	4,500	-
Deposit paid for acquisition of a company	1,272	-
Shares issued pursuant to exercise of warrants	2,100	-
	<u>2,100</u>	<u>-</u>
<b>Company</b>		
Deposit paid for acquisition of a company	1,272	-
Shares issued pursuant to exercise of warrants	2,100	-
	<u>2,100</u>	<u>-</u>
<b>(b) Transaction with a subsidiary</b>		
<b>Company</b>		
Advances received	318	937
	<u>318</u>	<u>937</u>

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 9 and Note 14 to the financial statements. All the outstanding balances are expected to be settled in cash or capitalised as paid-up share capital.



## 26. Contingent liabilities, unsecured - Company

The Company issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries amounting to RM221,198,828 (2014 : RM184,444,547) of which, RM195,833,789 (2014 : RM152,582,796) were utilised at the end of the reporting period.

The Company has also undertaken to provide continuing financial support to enable certain subsidiaries to meet their financial obligations as and when they fall due.

## 27. Financial instruments

### 27.1 Categories of financial instruments

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

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

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>Financial assets</b>			
<b>2015</b>			
<b>Group</b>			
Other investments	5,524	-	5,524
Trade and other receivables (exclude prepayments and non-refundable deposits)	139,986	139,986	-
Fixed deposits with licensed banks	8,554	8,554	-
Cash and bank balances	39,118	39,118	-
	<b>193,182</b>	<b>187,658</b>	<b>5,524</b>
<b>Company</b>			
Other investments	5,524	-	5,524
Trade and other receivables (exclude prepayments and non-refundable deposits)	38,183	38,183	-
Fixed deposits with licensed banks	6,403	6,403	-
Cash and bank balances	201	201	-
	<b>50,311</b>	<b>44,787</b>	<b>5,524</b>



## 27. Financial instruments (Cont'd)

### 27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>Financial assets</b>			
<b>2014</b>			
<b>Group</b>			
Other investments	13,357	–	13,357
Trade and other receivables (exclude prepayments and non-refundable deposits)	146,809	146,809	–
Fixed deposits with licensed banks	7,919	7,919	–
Cash and bank balances	28,328	28,328	–
	<u>196,413</u>	<u>183,056</u>	<u>13,357</u>

#### Company

Other investments	13,357	–	13,357
Trade and other receivables (exclude prepayments and deposits)	33,354	33,354	–
Fixed deposits with licensed banks	6,218	6,218	–
Cash and bank balances	212	212	–
	<u>53,141</u>	<u>39,784</u>	<u>13,357</u>

	Carrying amount RM'000	FL RM'000
--	------------------------------	--------------

#### Financial liabilities

### 2015

#### Group

Loans and borrowings	<b>205,762</b>	<b>205,762</b>
Trade and other payables	<b>105,980</b>	<b>105,980</b>
	<u><b>311,742</b></u>	<u><b>311,742</b></u>



27. Financial instruments (Cont'd)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount	FL
	RM'000	RM'000
<b>Financial liabilities</b>		
<b>2015</b>		
<b>Company</b>		
Trade and other payables	<u>49,558</u>	<u>49,558</u>
<b>2014</b>		
<b>Group</b>		
Loans and borrowings	178,576	178,576
Trade and other payables	149,119	149,119
	<u>327,695</u>	<u>327,695</u>
<b>Company</b>		
Trade and other payables	<u>49,448</u>	<u>49,448</u>

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on :				
Available-for-sale financial assets				
- reclassified from equity to profit or loss	(13,208)	-	(13,208)	-
- recognised in other comprehensive income/(expense)	(1,422)	6,531	(1,422)	6,531
- recognised in profit or loss	15,389	80	15,389	80
Loans and receivables	125	303	(2,360)	273
Financial liabilities measured at amortised cost	(9,203)	(8,988)	-	-
	<u>(8,319)</u>	<u>(2,074)</u>	<u>(1,601)</u>	<u>6,884</u>





**27. Financial instruments (Cont'd)**

**27.3 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**27.4 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. Credit evaluations are performed on customers requiring credit over a certain amount.

***Exposure to credit risk, credit quality and collateral***

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

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

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

	2015	2014
	RM	RM
<b>Group</b>		
Domestic	83,451	89,951
Asia Pacific (other than Malaysia)	51,124	53,575
Others	2,911	2,352
	137,486	145,878



27. Financial instruments (Cont'd)

27.4 Credit risk (Cont'd)

Receivables (Cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

	Gross RM'000	Collective impairment RM'000	Individual impairment RM'000	Net RM'000
<b>Group</b>				
<b>2015</b>				
Not past due	104,428	-	-	104,428
Past due 1 - 30 days	24,234	-	-	24,234
Past due 31 - 60 days	8,747	-	-	8,747
Past due 61 - 90 days	4	-	-	4
Past due more than 90 days	73	-	-	73
	<b>137,486</b>	-	-	<b>137,486</b>
<b>2014</b>				
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
	<b>145,878</b>	-	-	<b>145,878</b>

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

	Group	
	2015 RM'000	2014 RM'000
At 1 July	-	1,504
Impairment loss written off	-	(1,504)
At 30 June	-	-



## 27. Financial instruments (Cont'd)

### 27.4 Credit risk (Cont'd)

#### Receivables (Cont'd)

##### *Impairment losses (Cont'd)*

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% (2014 : 96%) 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.

#### Investments and other financial assets

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group invested in overseas and 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. 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 RM195,833,789 (2014 : RM152,582,796) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### Inter company balances

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to credit risk, credit quality and collateral*

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

##### *Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not considered overdue and are repayable on demand.



### 27. Financial instruments (Cont'd)

#### 27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when 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.

At 30 June 2015, the current liabilities of the Group and of the Company exceeded the current assets by RM4,923,000 and RM3,498,000 respectively.

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. The Company's shareholders have also approved the proposed corporate exercises as disclosed in Note 31 at the Company's Extraordinary General Meeting held subsequent to the end of the financial year.

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



## 27. Financial instruments (Cont'd)

### 27.5 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 period 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
<b>2015</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts	62	7.50	62	62	-	-	-
Bankers' acceptances	158,313	1.25 - 7.85	158,313	158,313	-	-	-
Term loans	15,782	5.25 - 8.60	18,052	4,539	3,830	6,208	3,475
Finance lease liabilities	14,165	2.45 - 4.00	15,759	5,129	4,282	6,338	10
Trust receipts	6,058	3.72 - 3.82	6,058	6,058	-	-	-
Trade financing	11,382	3.72 - 7.60	11,382	11,382	-	-	-
Trade and other payables	105,980	-	105,980	105,980	-	-	-
	<b>311,742</b>		<b>315,606</b>	<b>291,463</b>	<b>8,112</b>	<b>12,546</b>	<b>3,485</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	49,558	-	49,558	49,558	-	-	-
Financial guarantees	-	-	221,199	221,199	-	-	-
	<b>49,558</b>		<b>270,757</b>	<b>270,757</b>	<b>-</b>	<b>-</b>	<b>-</b>



27. Financial instruments (Cont'd)

27.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	2014	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
<b>Group</b>								
<i>Non-derivative financial liabilities</i>								
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		149,119	-	149,119	149,119	-	-	-
		<u>327,695</u>		<u>335,459</u>	<u>304,672</u>	<u>15,805</u>	<u>8,295</u>	<u>6,687</u>
<b>Company</b>								
<i>Non-derivative financial liabilities</i>								
Trade and other payables		49,448	-	49,448	49,448	-	-	-
Financial guarantees		-	-	184,445	184,445	-	-	-
		<u>49,448</u>		<u>233,893</u>	<u>233,893</u>	<u>-</u>	<u>-</u>	<u>-</u>



## 27. Financial instruments (Cont'd)

### 27.6 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.

#### 27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currency 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 currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	Denominated in USD RM'000
<b>Group</b>	
<b>2015</b>	
Trade and other receivables	137,171
Trade and other payables	(100,560)
Cash and bank balances	17,287
Fixed deposits with licensed banks	6,421
Loans and borrowings	(83,916)
<b>Net exposure</b>	<b>(23,597)</b>
<b>2014</b>	
Trade and other receivables	142,557
Trade and other payables	(124,292)
Cash and bank balances	20,263
Fixed deposits with licensed banks	1,476
Loans and borrowings	(13,207)
<b>Net exposure</b>	<b>26,797</b>





### 27. Financial instruments (Cont'd)

#### 27.6 Market risk (Cont'd)

##### 27.6.1 Currency risk (Cont'd)

###### *Currency risk sensitivity analysis*

A 5% (2014 : 5%) strengthening of the RM against the USD at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	<b>Profit or loss</b>
	<b>RM'000</b>
<b>Group</b>	
<b>2015</b>	
USD	<u>885</u>
<b>2014</b>	
USD	<u>(1,005)</u>

A 5% (2014 : 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

##### 27.6.2 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 fixed deposits.



## 27. Financial instruments (Cont'd)

### 27.6 Market risk (Cont'd)

#### 27.6.2 Interest rate risk (Cont'd)

##### *Exposure to interest rate risk*

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
Financial assets	8,554	7,919	6,403	6,218
Financial liabilities	(189,918)	(155,309)	-	-
	<u>(181,364)</u>	<u>(147,390)</u>	<u>6,403</u>	<u>6,218</u>
<b>Floating rate instruments</b>				
Financial liabilities	<u>(15,844)</u>	<u>(23,267)</u>	<u>-</u>	<u>-</u>

##### *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 hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

###### (b) Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
<b>Group</b>		
<b>2015</b>		
Floating rate instruments	<u>(119)</u>	<u>119</u>
<b>2014</b>		
Floating rate instruments	<u>(175)</u>	<u>175</u>



### 27. Financial instruments (Cont'd)

#### 27.6 Market risk (Cont'd)

##### 27.6.3 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 Group.

#### 27.7 Fair value informations

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings approximate their 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.


**27. Financial instruments (Cont'd)**
**27.7 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 RM'000	Carrying amount RM'000
	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		
<b>2015</b>										
<b>Group</b>										
<b>Financial asset</b>										
Quoted shares	5,524	-	-	5,524	-	-	-	-	5,524	5,524
<b>Financial liabilities</b>										
Term loans – variable rate	-	-	-	-	-	-	(15,782)	(15,782)	(15,782)	(15,782)
Finance lease liabilities	-	-	-	-	-	-	(14,997)	(14,997)	(14,997)	(14,165)
	-	-	-	-	-	-	(30,779)	(30,779)	(30,779)	(29,947)
<b>Company</b>										
<b>Financial asset</b>										
Quoted shares	5,524	-	-	5,524	-	-	-	-	5,524	5,524



27. Financial instruments (Cont'd)

27.7 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 RM'000	Carrying amount RM'000
	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		
<b>2014</b>										
<b>Group</b>										
<b>Financial asset</b>										
Quoted shares	13,357	-	-	13,357	-	-	-	-	13,357	13,357
<b>Financial liabilities</b>										
Term loans – variable rate	-	-	-	-	-	-	(21,822)	(21,822)	(21,822)	(21,822)
Finance lease liabilities	-	-	-	-	-	-	(16,139)	(16,139)	(16,139)	(15,219)
	-	-	-	-	-	-	(37,961)	(37,961)	(37,961)	(37,041)
<b>Company</b>										
<b>Financial asset</b>										
Quoted shares	13,357	-	-	13,357	-	-	-	-	13,357	13,357

The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.



**27. Financial instruments (Cont'd)**

**27.7 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.

**Transfers between fair value levels**

There has been no transfer between the fair value levels during the financial year. (2014 : no transfer in either direction).

**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 3 fair value**

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

**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. The carrying amount of floating rate term loans approximate fair value as their effective interest rate changes accordingly to movements in the market interest rate. For fixed rates borrowing, the market rate of interest is determined by reference to similar borrowing arrangements as follows :

	2015	2014
	%	%
Finance lease liabilities	3.48	4.25

**28. 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 Chief Executive Officer 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 research and development.

Performance is measured based on segment profit/(loss) before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, 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 Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.



**28. Operating segment (Cont'd)**

**Segment liabilities**

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

	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
<b>2015</b>					
External revenue	635,940	-	635,940	135	636,075
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>635,940</b>	<b>-</b>	<b>635,940</b>	<b>135</b>	<b>636,075</b>
<b>Segment profit/(loss)</b>	<b>11,521</b>	<b>(1,310)</b>	<b>10,211</b>	<b>13,418</b>	<b>23,629</b>
<i>Included in the measure of segment profit/(loss) are :</i>					
Gain on disposal of other investments	-	-	-	15,389	15,389
Impairment loss on plant and equipment	-	1,291	1,291	-	1,291
Depreciation of property, plant and equipment	24,958	-	24,958	61	25,019
Amortisation of intangible assets	67	-	68	-	68
Depreciation of investment properties	-	-	-	97	97
Finance costs	9,188	-	9,188	15	9,203
<b>Segment assets</b>	<b>412,189</b>	<b>71</b>	<b>412,260</b>	<b>29,668</b>	<b>441,928</b>
<i>Included in the measure of segment assets are :</i>					
Additions to property, plant and equipment	20,508	-	20,508	513	21,021





## 28. Operating segment (Cont'd)

## Segment liabilities (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
<b>2014</b>					
External revenue	700,050	–	700,050	425	700,475
Inter-segment revenue	–	–	–	–	–
<b>Total revenue (Restated)</b>	<b>700,050</b>	<b>–</b>	<b>700,050</b>	<b>425</b>	<b>700,475</b>
<b>Segment profit/(loss)</b>	<b>8,452</b>	<b>(1,494)</b>	<b>6,958</b>	<b>(842)</b>	<b>6,116</b>
<i>Included in the measure of segment profit/(loss) are :</i>					
Impairment loss on plant and equipment	–	1,163	1,163	–	1,163
Depreciation of property, plant and equipment	21,898	19	21,917	30	21,947
Depreciation of investment properties	–	–	–	28	28
Inventories written down	250	–	250	–	250
Finance costs	8,947	–	8,947	41	8,988
<b>Segment assets</b>	<b>415,593</b>	<b>1,417</b>	<b>417,010</b>	<b>35,208</b>	<b>452,218</b>
<i>Included in the measure of segment assets are :</i>					
Additions to property, plant and equipment	52,325	–	52,325	936	53,261



**28. Operating segment (Cont'd)**

**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	Thailand RM'000	Others RM'000	Consolidated RM'000
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**2015**

Revenue from external customers	321,113	108,853	21,878	184,199	32	636,075
Non-current assets	100,577	-	-	47,883	-	148,460

**2014**

Revenue from external customers (Restated)	337,840	32,814	10,325	319,212	284	700,475
Non-current assets	103,297	-	-	60,866	-	164,163

**Major customers**

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

	Revenue		Segment
	2015 RM'000	2014 RM'000 (Restated)	
Customer A	303,542	285,465	EMS and OEM/ODM in complete box built products
Customer B	181,189	309,700	

**29. Capital commitments - Group**

	2015 RM'000	2014 RM'000
Contracted but not provided for		
- Acquisition of subsidiary	11,444	-
- Property, plant and equipment	324	-



### 30. 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. At 30 June 2015, the current liabilities of the Group and of the Company exceeded the current assets by RM4,923,000 and RM3,498,000 respectively.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group and the Company will be able to generate sufficient cash flows from operations to meet their liabilities as and when they fall due. The Company's shareholders have approved the proposed corporate exercises as disclosed in Note 31 at the Company's Extraordinary General Meeting held subsequent to the end of the financial year.

### 31. Significant events

#### (i) Acquisition of subsidiary

On 21 April 2015, the Company entered into a Conditional Sale and Purchase Agreement ("CSPA") to acquire 95.81% equity interests comprising 10,750,000 ordinary shares of S\$1.00 each in Singyasin Holdings Pte. Ltd. for a total cash consideration of S\$3,832,400 (equivalent to approximately RM12,715,000) of which, the Company paid 10% of the total purchase consideration as deposits during the financial year.

The CSPA has yet to be completed at financial year end.

#### (ii) Corporate exercises

During the financial year, the Company proposed to undertake the following corporate exercises :

- (a) Proposed reduction of the Company's issued and paid-up share capital via the cancellation of RM0.50 from the par value of each ordinary share of RM1.00 ("Proposed par value reduction");
- (b) Proposed private placement of up to 9,167,799 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.75 per share upon completion of the proposed par value reduction to independent third party investor(s);
- (c) Proposed renounceable rights issue of up to 115,674,900 new ordinary shares ("Rights Shares") together with up to 57,837,450 free detachable warrants at an issue price of RM0.50 per rights share on the basis of three (3) rights shares for every two (2) existing shares held together with one (1) warrant for every two (2) rights shares subscribed after the proposed par value reduction;
- (d) Proposed establishment of an employees' share grant scheme of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiaries which are not dormant; and
- (e) Proposed amendments to the Company's Memorandum and Articles of Association which to reflect the change in par value of each ordinary share from RM1.00 to RM0.50 per share consequent to the proposed par value reduction.

The above proposed corporate exercises were approved by shareholders via an Extraordinary General Meeting held on 23 July 2015 (Note 32 (i)).

### 32. Subsequent events

Subsequent to the end of the financial reporting period :

- (i) The shareholders of the Company via an Extraordinary General Meeting held on 23 July 2015 approved all the resolutions relating to the proposed corporate exercises indicated in Note 31 (ii).
- (ii) On 30 July 2015, the proposed private placement as indicated in Note 31 (ii)(b) lapsed.
- (iii) The High Court of Malaysia approved the Company's par value reduction lodged with the Companies Commission of Malaysia. The par value reduction does not affect the number of the ordinary shares of the Company held by shareholders except for the reduction in par value of each ordinary share from RM1.00 to RM0.50.



**33. Comparative figures and prior year adjustment**

**(a) Prior year adjustment**

The Board has reassessed and determined that a subsidiary has been acting in the capacity of an agent for certain products. As such, the Group's revenue and certain related costs figures as at and for the financial year ended 30 June 2014 and 1 July 2013 have been restated to comply with MFRS 118, *Revenue* which requires revenue to be presented net in an agency relationship.

	2014	
	As previously reported	As restated
	RM'000	RM'000

**Consolidated statement of profit or loss and other comprehensive income**

Revenue	993,376	700,475
Cost of sales	(961,593)	(668,692)

	30.6.2014		1.7.2013	
	As previously reported	As restated	As previously reported	As restated
	RM'000	RM'000	RM'000	RM'000

**Consolidated statement of financial position**

Inventories	90,054	75,814	69,071	57,693
Trade and other receivables	148,230	162,470	137,454	148,832

	2014	
	As previously reported	As restated
	RM'000	RM'000

**Consolidated statement of cash flows**

Charges in working capital :		
Inventories	(20,409)	(17,547)
Trade and other receivables	(9,585)	(12,447)

The above restatement does not have any impact on the earnings for ordinary shares of the Group.


**33. Comparative figures and prior year adjustment (Cont'd)**
**(b) Others**

Certain comparative figures have been reclassified to conform to current year's presentation

	30.6.2014		1.7.2013	
	As previously reported	As restated	As previously reported	As restated
	RM'000	RM'000	RM'000	RM'000

**Group**

Fixed deposits with licensed banks	–	7,919	–	12,203
Cash and cash equivalents	36,247	28,328	26,491	14,288

**Company**

Fixed deposits with licensed banks	–	6,218	–	11,406
Cash and cash equivalents	6,430	212	11,431	25

	30.6.2014	
	As previously reported	As restated
	RM'000	RM'000

**Company**
**Non-current**

Trade and other receivables	2,431	–
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**Current**

Trade and other receivables	30,925	33,356
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**Group**
**Non-current**

Trade and other payables	10,383	–
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**Current**

Trade and other payables	138,736	149,119
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The above restatements do not have any impact on the earnings for ordinary shares of the Group.



**34. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries :				
- realised	<b>48,960</b>	18,934	<b>(9,692)</b>	(24,717)
- unrealised	<b>(1,233)</b>	(768)	-	-
	<b>47,727</b>	18,166	<b>(9,692)</b>	(24,717)
Add : Consolidation adjustments	<b>(1,083)</b>	(1,701)	-	-
Total retained earnings/(accumulated losses)	<b>46,644</b>	16,465	<b>(9,692)</b>	(24,717)

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 Disclosures 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 42 to 113 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 2015 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 34 on page 114 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 : 27 October 2015

## 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 42 to 114 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 above named at Georgetown in the State of Penang on 27 October 2015.

.....  
**Kang Pang Kiang**

Before me :





## 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 2015 of the Group and of the Company, and the statements of profit or loss and other 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 42 to 113.

### *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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 2015 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 34 on page 114 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 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.

### 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

**Lee Yee Keng**

2880/04/17 (J)  
Chartered Accountant

Date : 27 October 2015

Penang



## 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 30/06/15 (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)	1,189,880
Lot No. 25 & 32 Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling, Kedah	2	22/08/13*	209,154	Factory, Office Building & Warehouse	Leasehold (60 years)	5,674,333
H.S. (M) 343/89 , P.T. No. 8543, Mukim Sg. Pasir, Daerah Kuala Muda, Kedah	22	02/04/12	174,240	Factory, Office Building & Warehouse	Sub-leasehold (08/10/2088)	10,912,050
Lot 122, 304 Industrial Park, Tha Tum District, Srimahapho, Prachinburi, Thailand	7	05/04/11	172,223	Factory, Office Building & Warehouse	Freehold	6,761,918
H.S. (M) 17427, PT8544, Bandar Sungai Petani, Daerah Kuala Muda, Kedah	2	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	2	01/06/14	1,132	Office	Leasehold	772,883
1-12A-16, SunTech @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang, Malaysia	1	30/06/15	459	Office	Leasehold	325,000
1-12A-17, SunTech @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang, Malaysia	1	30/06/15	459	Office	Leasehold	156,671

# STATISTICS OF SHAREHOLDINGS

as at 16 November 2015



Authorised Share Capital	: RM200,000,000.00
Paid-up Capital	: RM192,357,992
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One vote per share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	18	0.6374	645	0.0003
100 - 1,000	457	16.1827	422,346	0.2195
1,001 - 10,000	1,206	42.7054	6,470,713	3.3638
10,001 - 100,000	911	32.2592	31,688,745	16.4738
100,001 - 9,617,898 (*)	230	8.1445	124,902,927	64.9325
9,617,899 and above ( ** )	2	0.0708	28,872,616	15.0098
<b>Total</b>	<b>2,824</b>	<b>100.00</b>	<b>192,357,992</b>	<b>100.00</b>

Remarks:

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

## Directors' Shareholdings

Name of Directors	No. of Ordinary Shares Held			
	Direct Interest	%	Indirect Interest	%
Terence Tea Yeok Kian	10,090,900	5.25	24,972,616 (a)	12.98
Kang Pang Kiang	8,252,000	4.30	-	-
Tai Yeong Sheng	87	0.00	3,732,714 (b)	1.94
Ang Seng Wong	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-
Lim Sze Yan	-	-	-	-

(a) 24,972,616 shares held through Jubilee Industries Holdings Ltd

(b) 3,732,714 shares held through Giap Seng Auto Supply Sdn Bhd

## Substantial Shareholders

Name of Substantial Shareholders	No. of Ordinary Shares Held			
	Direct Interest	%	Indirect Interest	%
Jubilee Industries Holdings Ltd	24,972,616	12.98	-	-
Terence Tea Yeok Kian	10,090,900	5.25	24,972,616 (a)	12.98
WE Holdings Ltd	-	-	24,972,616 (a)	12.98

(a) 24,972,616 shares held through Jubilee Industries Holdings Ltd



## STATISTICS OF SHAREHOLDINGS

as at 16 November 2015 (Cont'd)

### 30 Largest Shareholders as at 16 November 2015

No.	Name	No. of Shares	%
1	KENANGA NOMINEES (ASING) SDN BHD JUBILEE INDUSTRIES HOLDINGS LTD (023)	18,872,616	9.8112
2	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE TEA YEOK KIAN	10,000,000	5.1986
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG	8,000,000	4.1589
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (002)	4,500,000	2.3394
5	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUBILEE INDUSTRIES HOLDINGS LTD	4,000,000	2.0795
6	LEE PAK HOONG	3,841,537	1.9971
7	GIAP SENG AUTO SUPPLY SDN. BERHAD	3,732,714	1.9405
8	TAN AH LOY @ TAN MAY LING	3,300,000	1.7156
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB-PRINCIPAL MALAYSIA EQUITY FUND	3,116,300	1.6201
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	3,100,000	1.6116
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	3,005,200	1.5623
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	2,594,800	1.3489
13	CHUAH AI YIN	2,279,000	1.1848
14	LOW SUAN KONG	2,150,000	1.1177
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHAIFUL HAMIDI BIN BASIRDIN	2,150,000	1.1177
16	JUBILEE INDUSTRIES HOLDINGS LTD	2,100,000	1.0917
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB-PRINCIPAL BALANCED INCOME FUND	2,069,000	1.0756
18	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	2,000,000	1.0397
19	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR COLIN CHUAH CHIN YU (M&A)	2,000,000	1.0397
20	SU MING YAW	1,680,000	0.8734
21	TAN AH LOY @ TAN MAY LING	1,600,000	0.8318
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED INCOME PLUS FUND	1,525,900	0.7933
23	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	1,430,400	0.7436
24	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN STRATEGIC FUND	1,371,000	0.7127
25	AMANAHRAYA TRUSTEES BERHAD CIMB ISLAMIC EQUITY AGGRESSIVE FUND	1,236,900	0.6430
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR SP TACTICAL INVESTMENT FUND	1,200,000	0.6238
27	LOW SOOK MENG	1,191,100	0.6192
28	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	1,137,700	0.5914
29	LOW CHOON YEN	1,000,100	0.5199
30	TAN LEE SOON ENTERPRISE SDN BHD	1,000,000	0.5199
	<b>TOTAL :</b>	<b>97,184,267</b>	<b>50.5226</b>

# STATISTICS OF WARRANT 2015/2020 HOLDINGS

as at 16 November 2015



No. of Warrants : 57,620,696  
Voting Rights : One Vote Per Warrant

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	25	2.2665	1,301	0.0022
100 - 1,000	95	8.6129	74,575	0.1294
1,001 - 10,000	482	43.6990	2,481,552	4.3067
10,001 - 100,000	415	37.6247	14,820,250	25.7203
100,001 - 2,881,033 ( * )	84	7.6156	31,243,018	54.2218
2,881,034 and above ( ** )	2	0.1813	9,000,000	15.6193
<b>Total</b>	<b>1,103</b>	<b>100.00</b>	<b>57,620,696</b>	<b>100.00</b>

Remarks:

\* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## Directors' Warrantholdings

Name of Directors	No. of Warrants Held			
	Direct Interest	%	Indirect Interest	%
Terence Tea Yeok Kian	5,000,000	8.68	-	-
Kang Pang Kiang	4,075,600	7.07	-	-
Tai Yeong Sheng	-	-	-	-
Ang Seng Wong	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-
Lim Sze Yan	-	-	-	-

## Substantial Warrantholders

Name of Substantial Warrants Holders	No. of Warrants Held			
	Direct Interest	%	Indirect Interest	%
Terence Tea Yeok Kian	5,000,000	8.68	-	-
Kang Pang Kiang	4,075,600	7.07	-	-



**30 Largest Warrant 2015/2020 Holders as at 16 November 2015**

No.	Name	No. of Warrants	%
1	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE TEA YEOK KIAN	5,000,000	8.6774
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG	4,000,000	6.9420
3	CAROLYN WONG TARNN YOONG	2,000,000	3.4710
4	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,550,000	2.6900
5	CHUAH AI YIN	1,500,000	2.6032
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (002)	1,400,000	2.4297
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	1,315,500	2.2830
8	LEE PAK HOONG	1,170,768	2.0319
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	1,000,000	1.7355
10	SU MING YAW	840,000	1.4578
11	AMSEC NOMINEES (TEMPATAN) SDN BHD CECILIA TING	800,000	1.3884
12	AMSEC NOMINEES (TEMPATAN) SDN BHD JENNY CHI	700,000	1.2148
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHAIFUL HAMIDI BIN BASIRDIN	700,000	1.2148
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE CHEE PENG (LEE0631C)	650,000	1.1281
15	LOW SOOK MENG	585,550	1.0162
16	LOW CHOON YEN	500,050	0.8678
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHENG KUAN (8058893)	500,000	0.8677
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE KWAN YEN (JLN SEGGET-CL)	500,000	0.8677
19	KOH BOON POH	500,000	0.8677
20	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHIN KONG KEW @ CHIN KONG KEW (R25 MARGIN)	500,000	0.8677
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG SOKE HUN (E-BBB/RLU)	500,000	0.8677
22	TAN LEE SOON ENTERPRISE SDN BHD	500,000	0.8677
23	TYE SOK CIN	500,000	0.8677
24	WONG CHEE SENG	500,000	0.8677
25	AMSEC NOMINEES (TEMPATAN) SDN BHD WONG PAK KONG	450,000	0.7810
26	LOW SUAN KONG	450,000	0.7810
27	AMSEC NOMINEES (TEMPATAN) SDN BHD LAU TEE MEI	400,000	0.6942
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YEE CHIN (KEBUN TEH-CL)	400,000	0.6942
29	SIM MUI KHEE	366,700	0.6364
30	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN OIY POW	350,000	0.6074
	<b>TOTAL :</b>	<b>30,128,568</b>	<b>52.2877</b>



**NOTICE IS HEREBY GIVEN** that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company will be held at EG INDUSTRIES BERHAD, Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah on Wednesday, 23 December 2015 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 2015 and the Reports of the Directors and the Auditors thereon.   | Resolution 1 |
| 2. | To approve the payment of Directors' Fees of RM127,350.00 for the year ended 30 June 2015.   | 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. TAI YEONG SHENG  | Resolution 3 |
|    | (b) MR. ANG SENG WONG  | Resolution 4 |
| 4. | To appoint Messrs UHY as Auditors of the Company as nominated by a shareholder, in place of the retiring Auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | Resolution 5 |

Notice of Nomination from a shareholder given pursuant to Section 172(11) of the Companies Act, 1965 for the nomination of Messrs UHY for appointment as Auditors in place of the retiring Auditors, Messrs KPMG is annexed in the 2015 Annual Report referred to as "Appendix 1".

### As Special Business:-

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

- |    |   |              |
|----|---|--------------|
| 5. | Ordinary Resolution - Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965  | Resolution 6 |
|    | <p>"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."</p> |              |
| 6. | 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 7 |

"THAT, subject to the approval of the relevant authorities, approval be and is hereby given to the Company to acquire its own shares of RM0.50 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 30 November 2015. 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 192,357,992 ordinary shares of RM0.50 each as at 16 November 2015 and an amount not exceeding the share premium reserve of RM15,170,314 based on the latest audited financial statements as at 30 June 2015 and the latest unaudited management accounts as at 30 September 2015 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;





## NOTICE OF MEETING (Cont'd)

### As Special Business:- (Cont'd)

6. 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") (Cont'd) Resolution 7
- 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."
7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

CHAI CHURN HWA (MAICSA 0811600)  
Company Secretary  
Penang

30 November 2015

### NOTES:

- In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 17 December 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 24<sup>th</sup> Annual General Meeting or appoint proxy/proxies to attend and vote/or vote on his/her behalf.
- 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 authorised. 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, 18<sup>th</sup> Floor, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.
- Explanatory notes on Special Business  
Ordinary Resolutions  
Resolution 6
  - Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965The ordinary resolution 6 proposed under Agenda No. 5, is a renewal of the previous year mandate and if passed, will authorise 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 Company had on 12 November 2015 made an announcement to Bursa Malaysia Securities Berhad to undertake a proposed private placement of up to 19,235,700 new ordinary shares of RM0.50 each in EGIB to independent third party investor(s) to be identified at a later date ("Proposed Private Placement"). Bursa Malaysia Securities Berhad had through their letter dated 17 November 2015 approved the Proposed Private Placement. However, no shares have been allotted pursuant to the Proposed Private Placement as at the date of this report. Details of the utilisation of proceeds are disclosed in Additional Compliance Information. 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.



### NOTES: (Cont'd)

#### Resolution 7

- Proposed Renewal of Authority for the Share Buy-Back

The Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy-Back is also expected to stabilise the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value. Please refer to the statement to Shareholders dated 30 November 2015.



LIM CHIEW HWA  
1338-D TAMAN SEJAHTERA  
80000 SUNGAI PETANI  
KEDAH

2 November 2015

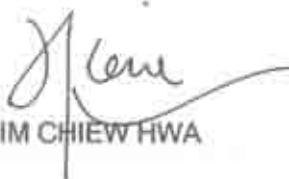
The Board of Directors  
EG INDUSTRIES BERHAD  
Lot 102, Jalan 4,  
Bakar Arang Industrial Estate,  
08000 Sungai Petani, Kedah

Dear Sirs:

Notice of Nomination from shareholder of Messrs UHY as the Auditors of EG Industries Berhad

I, a member of the Company, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs UHY for appointment as auditors of the Company in place of the existing Auditors, Messrs KPMG who shall retire at the forthcoming Annual General Meeting of the Company.

Yours faithfully



LIM CHIEW HWA



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 Fourth Annual General Meeting of the Company to be held at EG INDUSTRIES BERHAD, Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah on Wednesday, 23 December 2015 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, TAI YEONG SHENG		
4.	Re-election of Director, ANG SENG WONG		
5.	Appointment of Messrs UHY as Auditors in place of the retiring Auditors, Messrs KPMG to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors		
6.	To authorise the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
7.	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 \_\_\_\_\_, 2015.

Signature: \_\_\_\_\_

**NOTES:**

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 17 December 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 24<sup>th</sup> 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 authorised 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 authorised.

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, 18<sup>th</sup> Floor, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.

3. Explanatory notes on Special Business

Ordinary Resolutions

Resolution 6

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

The ordinary resolution 6 proposed under Agenda No. 5, is a renewal of the previous year mandate and if passed, will authorise 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 Company had on 12 November 2015 made an announcement to Bursa Malaysia Securities Berhad to undertake a proposed private placement of up to 19,235,700 new ordinary shares of RM0.50 each in EGIB to independent third party investor(s) to be identified at a later date ("Proposed Private Placement"). Bursa Malaysia Securities Berhad had through their letter dated 17 November 2015 approved the Proposed Private Placement. However, no shares have been allotted pursuant to the Proposed Private Placement as at the date of this report. Details of the utilisation of proceeds are disclosed in Additional Compliance Information.

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.

Resolution 7

- Proposed Renewal of Authority for the Share Buy-Back

The Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy-Back is also expected to stabilise the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value. Please refer to the statement to Shareholders dated 30 November 2015.

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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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**EG INDUSTRIES BERHAD** 222897-W  
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Website : [www.eg.com.my](http://www.eg.com.my)

