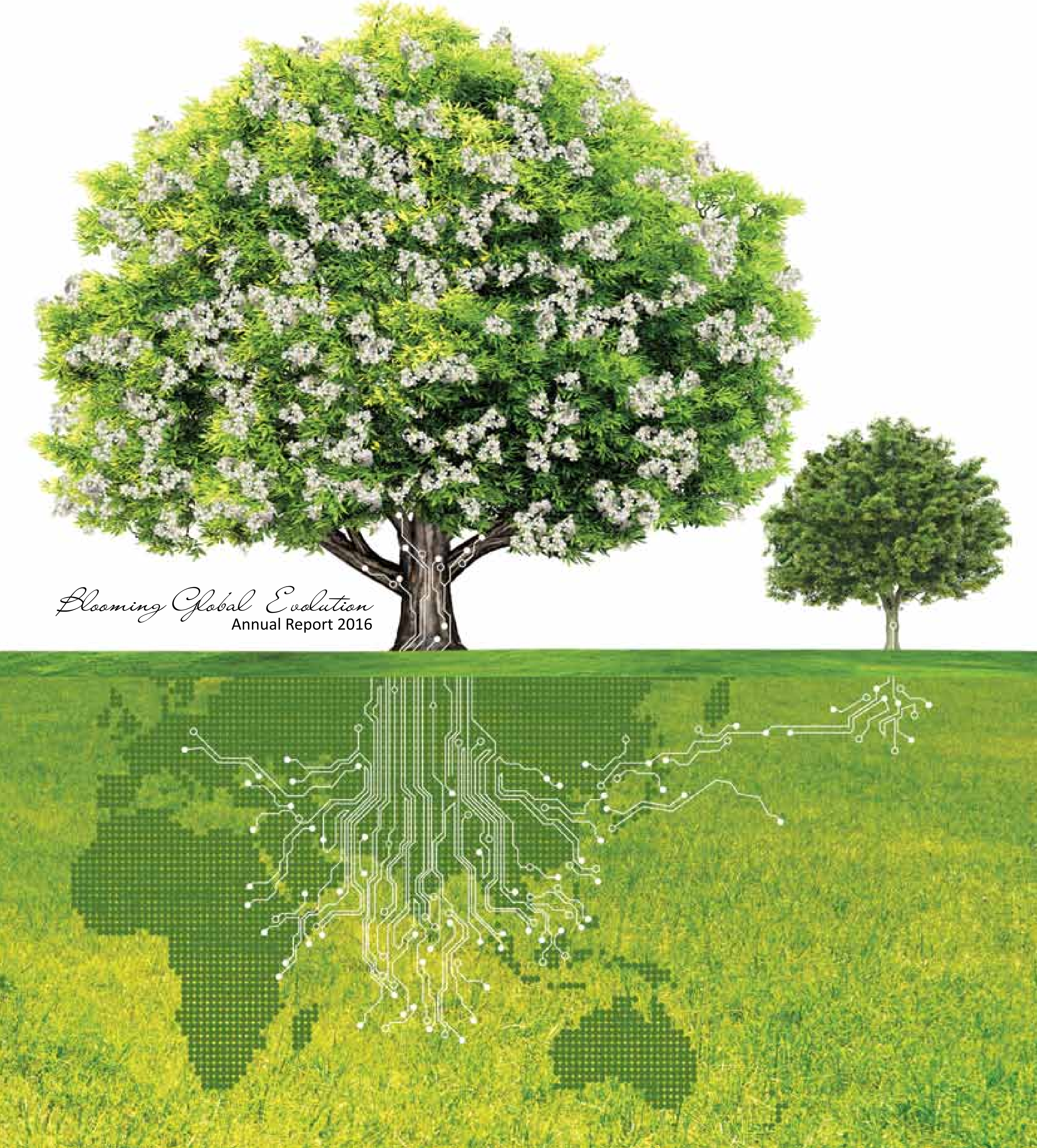
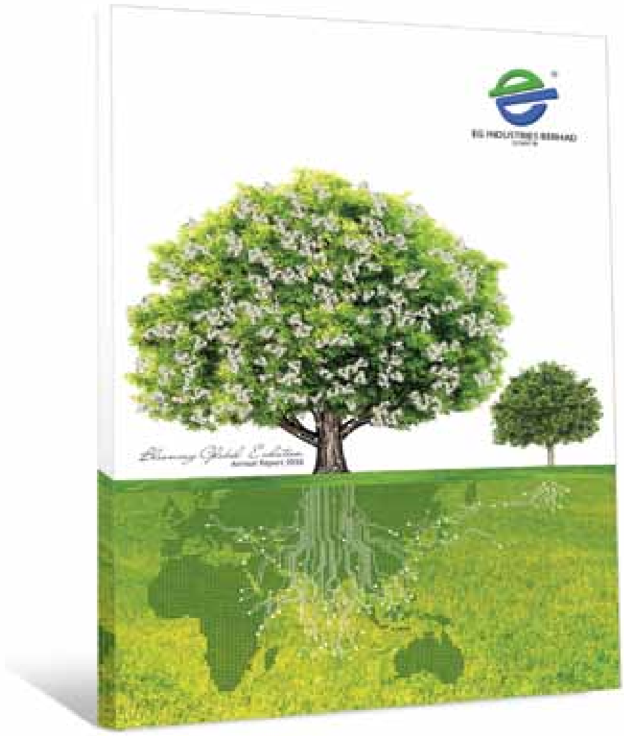
EG INDUSTRIES BERHAD
222897-W



Blooming Global Evolution
Annual Report 2016

CONTENTS



Blooming Global Evolution

The solid and steady growth of the bountiful tree under the long endurance of unforeseen weathers has now successfully flourished into a blossoming landscape expansion. **EG Industries Berhad** has come long way; embodied with strong foundation surpassing challenges with great novelty. The continuity of growth and being the world-renowned brand name of electrical and electronic products, have made us possible to achieve evolutionary success through high adaptability towards changes in the globalised industries.

Award
Recognition & Certification

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

4th Edition

SHORTCUT LABS MANUFACTURING AGREEMENT SIGNING CEREMONY

PERFORMANCE INCENTIVE MANAGEMENT (PIM)

Cash Reward to Employees with Innovative Ideas.

BEST EMPLOYEES AWARD

Employees are rewarded for various initiatives in cost saving and improve efficiency.

LAUNCHING OF FORTUNE WHEEL

AIMST UNIVERSITY MOU SIGNING CEREMONY

CORPORATE INFORMATION

Board of Directors

TERENCE TEA YEOK KIAN
(Executive Chairman)

KANG PANG KIANG
(Group Chief Executive Officer)

ANG SENG WONG
(Senior Independent Non-Executive Director)

LIM SZE YAN
(Independent Non-Executive Director)

LEE KEAN TEONG
(Independent Non-Executive Director)
[Appointed as Director on 1 June 2016]

TAI YEONG SHENG
(Non-Independent Non-Executive Director)
[Resigned as Director on 1 March 2016]

DR. DAMIEN LIM YAT SENG
(Independent Non-Executive Director)
[Resigned as Director on 1 June 2016]

Audit Committee

CHAIRMAN

ANG SENG WONG
(Senior Independent Non-Executive Director)

MEMBERS

LIM SZE YAN
(Independent Non-Executive Director)

LEE KEAN TEONG
(Independent Non-Executive Director)
[Appointed as Member on 1 June 2016]

DR. DAMIEN LIM YAT SENG
(Independent Non-Executive Director)
[Resigned as Member on 1 June 2016]

Company Secretary

CHAI CHURN HWA (MAICSA 0811600)

Auditor

UHY AF1411
Chartered Accountants

Registered Office

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

Registrar for Shares and Warrants

Agriteum Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-2282321
Fax : 04-2272391

Bankers

Ambank Islamic Berhad
Bangkok Bank Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Kasikorn Bank Public Company Limited (Thailand)
OCBC Al-Amin Bank Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad
TMB Bank Public Company Limited (Thailand)

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

GROUP STRUCTURE

90.5%

MASTIMBER INDUSTRIES SDN BHD [418438-V]

Dormant

100%

SMT TECHNOLOGIES SDN BHD
[279566-X]

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

100%

EG GLOBAL SDN BHD
[1108047-H]

To undertake procurement, sales, marketing and distribution activities for electronics and electrical products and related components

100%

GLISTEN KNIGHT SDN BHD [354564-D]

Investment Holding

EG INDUSTRIES BERHAD (222897-W)

Investment Holding Company listed on Main Board of Bursa Malaysia.

100%

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

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

100%

EG OPERATIONS SDN BHD [1075362-W]

Dormant

100%

EG R&D SDN BHD
[1074691-M]

To undertake the Research and Development activities in electronic, electrical, telecommunication and other technological products

100%

EG ELECTRONIC SDN BHD
[665423-W]

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

GROUP
FINANCIAL HIGHLIGHTS

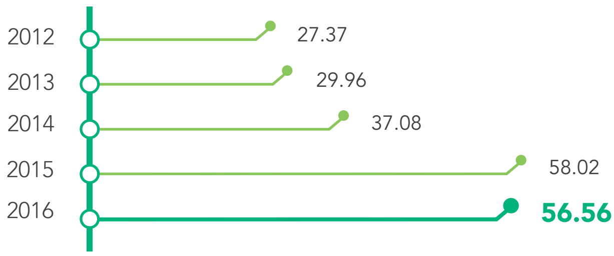
Year ended June 30	2012*	2013*	2014*	2015	2016
Amount in RM' million					
Revenue	564.90	502.80	700.50	636.10	**712.69**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	27.37	29.96	37.08	58.02	**56.56**
Profit Before Tax	3.69	3.75	6.12	23.63	**21.22**
Profit Attributable to the owners of the Company	1.39	1.83	2.03	26.48	**17.03**
Shareholders' Funds	109.30	115.85	123.62	144.45#	**235.44**
Basic earnings per ordinary share (sen)	1.85	2.44	2.71	35.39	**10.57**
Net assets per ordinary share (RM)	1.46	1.54	1.65	1.87#	**1.11**

* The revenue for the financial years have been restated to conform to current year's presentation.

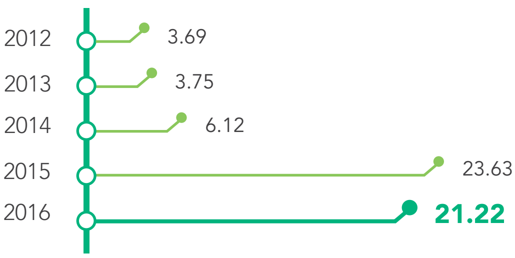
\# The Shareholders' Funds & Net assets per ordinary share have been restated as per audited financial statements for the financial year ended 30 June 2016.

Revenue (RM' million)

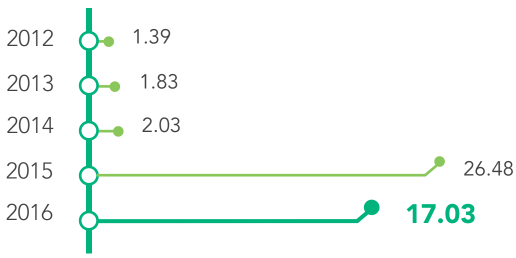
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") (RM' million)



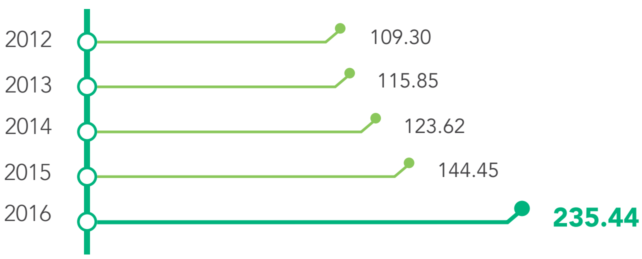
Profit Before Tax (RM' million)



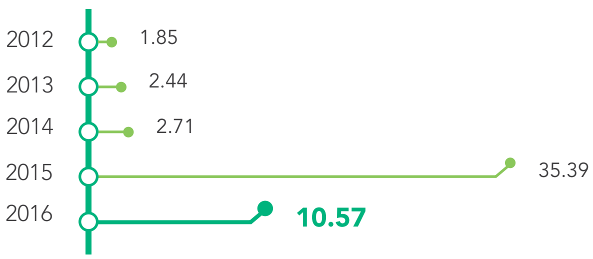
Profit Attributable to the owners of the Company (RM' million)



Shareholders' Funds (RM' million)



Basic earnings per ordinary share (sen)



CHAIRMAN'S STATEMENT

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 2016 (FY2016).

The Group recorded another year of robust health, due to increasing contributions from the box-build segment entailing end-to-end manufacturing services, as well as improved operations efficiency.

FINANCIAL OVERVIEW

Group revenue in the financial year under review rose 12.0% to RM712.7 million from RM636.1 million in FY2015, driven by higher sales in the printed circuit board assembly (PCBA) as well as box-build segment.

The larger topline and favorable mix propelled the Group's net profit attributable to shareholders to RM17.0 million in FY2016 as compared to RM26.5 million a year ago. Inclusive of RM2.5 million one-off expenses in relation to Group's corporate exercises in FY2016, the Group's core net profit surged 75.7% to RM19.5 million from RM11.1 million (excluding RM15.4 million fair value gain on the sale of financial assets) a year ago.

Basic earnings per share (EPS) stood at 10.57 sen compared to 35.39 sen previously. Core basic EPS stood at 12.10 sen compared to 14.84 sen a year ago.

The rights and warrants exercise was completed on 11 November 2015, raising proceeds to boost our capital and allow further expansion and growth for our businesses.

INDUSTRY OUTLOOK

The Electrical & Electronics (E&E) industry has emerged as one of the largest contributors to the manufacturing sector in the Malaysia's Gross Domestic Product (GDP). Since the industry's inception in Malaysia until today, it has turned Malaysia into one of the leading points in the global E&E value chain.

Moving into FY2017, the Group is optimistic about the continued growth of Malaysia's E&E industry. In addition, Government's recent initiative to set up Electrical and Electronic Strategic Council (EESC) would further strengthen and enhance the E&E industry providing a platform to local manufacturers to be part of the global supply chain.

GROWTH STRATEGIES

For the next growth phase EG intends to bank on its proven strategy of developing the box-build segment which has contributed well in FY2016. The Group will continue the momentum by leveraging on the vote of confidence from multiple multinational companies as the manufacturing partner of choice to win substantial sales orders in the future.

GROWTH STRATEGIES (CONT'D)

In fact, the Group has demonstrated its readiness to become a more significant player; successfully commissioning its second manufacturing plant located adjacent to the existing manufacturing facility in Sungai Petani, and increasing the production floor space from 153,383 sq ft to 216,446 sq ft.

The newly-commissioned factory accords larger capacity for future orders. The enlarged capacity will not only position the Group to undertake more integrated box-build services thereby achieving greater economies of scale, but also allow the Group to move up the value chain and strengthen its position as a vertically-integrated EMS provider.

We would remain vigilant in increasing efficiency across the organisation, and undertake continuous innovation, Research and Development to create greater value for our clientele.

The Group will also actively seek potential merger and acquisition opportunities within the EMS and related sectors to enhance our competitive edge in the global arena.

APPRECIATION

On behalf of the Board, I would like to extend a warm welcome to Mr. Lee Kean Teong, who joined us as a Non-Executive and Independent Director of EG on 1 June 2016. He brings extensive knowledge in auditing and management consulting, and we look forward to his contribution to EG's Board.

During the year, Dr. Damien Lim Yat Seng and Mr. Tai Yeong Sheng resigned from the Board to pursue their interests. The Board wishes to express its gratitude for their valued contributions and best wishes for all their future endeavours.

I would like to record sincere thanks to our management team and employees for their continued commitment and efforts.

Finally, I would like to express my earnest appreciation to the Board of Directors for their dedicated support and contribution. We would also like to thank our valued customers, suppliers, and shareholders for their continued support and trust. EG Industries remains committed to emerging as a world-class manufacturer with a performance record of consistently delivering high quality and outstanding services in the global market.

Terence Tea Yeok Kian
Executive Chairman

DIRECTORS' PROFILE

Age

48

Gender

Male

Nationality

Singaporean

Qualification

Diploma in Electronics and Electrical Engineering from Singapore Polytechnic
Ph.D. in Business Administration (Honorary) from Honolulu University

Working Experience & Occupation

Mr. Terence Tea Yeok Kian is a successful entrepreneur and highly regarded member of the business community. Mr. Terence has extensive experience in the electronics, metal and resources businesses. Mr. Terence also holds various directorships in WE Holdings Ltd. and EG Industries Berhad, WE Holdings Ltd. has a number of subsidiaries across the Asian regions such as China, Thailand, Malaysia and India; whereas EG Industries Berhad is a group of companies which are based in Malaysia with a factory in Thailand. Mr. Terence is also a member of Singapore Institute of Directors.

Mr. Terence was a finalist in the Shell Livewire Young Business Start-up Award 2001. As an active member of the community, Mr. Terence helms several appointments such as being the Chairman of the Eng Yong Tong Tay Si Association, a patron of Nee Soon East Constituency, a patron for Sembawang GRC, school advisory committee member of River Valley High School and an honorary patron of the Singapore Productivity Association.

Mr. Terence 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 contributions to the community, he was conferred a Ph.D. in Business Administration (Honorary) from the Honolulu University.

Date appointed to the Board

18 July 2014

Other Board Committee

Nil

Other Directorships (in Public Companies that incorporated in Malaysia-Listed and Non-Listed)

Nil

Family relationships with other Directors and/or Major Shareholder of the listed issuer

Nil

Conflict of interest with listed issuer

Nil

Offences convicted for the past 5 years other than traffic offences, if any

Nil

No. of Board Meeting attended during the financial year

4

Kang Pang Kiang, Alex

Group Chief Executive Officer / Executive Director

Age

44

Gender

Male

Nationality

Malaysian

Qualification

Double degrees in Bachelor of Commerce and Bachelor of Science from University of Auckland, New Zealand
Chartered Accountant from the Malaysian Institute of Accountants
Associate Chartered Accountant from Chartered Accountant Association, New Zealand

Working Experience & Occupation

Mr. Alex started his career with Ernst & Young. He has experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He joined EG Group since 1999 and was appointed as Group Chief Executive Officer on 18 July 2014.

Mr. Alex has more than 10 years of experience in financial management, corporate restructuring exercises, financial planning, compliance and reporting, risk management and investor relations.

He played a key role in the formulation and implementation of Group's strategic cost saving plan and also responsible for the Group's overall operations, financial management and financial strategies.

He is currently serving as the Executive Director of Jubilee Manufacturing Sdn. Bhd. He was awarded with PJK Medal in year 2012 by the Penang State Government in appreciation of his valuable contributions and services to the state. He had also 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 of "The Investor Relations Awards 2015". The awards honour excellent performers in the field of Investor Relations by both professionals and listed entities in Malaysia.

Date appointed to the Board

23 November 2009

Other Board Committee

Nil

Other Directorships (in Public Companies that incorporated in Malaysia-Listed and Non-Listed)

Independent Non-Executive Director of Thong Guan Industries Berhad

Family relationships with other Directors and/or Major Shareholder of the listed issuer

Nil

Conflict of interest with listed issuer

Nil

Offences convicted for the past 5 years other than traffic offences, if any

Nil

No. of Board Meeting attended during the financial year

4

Age
54

Gender
Male

Nationality
Malaysian

Qualification
Masters of Business Administration, Bachelor of Arts and Bachelor of Business

Working Experience & Occupation
Mr. Ang started his career as an accountant in Melbourne for 5 years. Upon his return to Malaysia, Mr. Ang served as the Finance Director for a Taiwanese PCB and PCBA firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Director for an international plastics entity. His last posting as an employee was as the Executive Director for a listed electronics company. Currently, in cooperation with a US firm, he runs an export business. He also has multiple business interests in manufacturing and trading. As a part time activity, Mr. Ang is a trainer. He has conducted public training and in-house training for Petronas, Telekoms, NEC etc. In addition he has also lectured in University Malaya for the European Union officers, AEU for their Masters program, OUM, UTM and Saudi General Organization for Technical Education and Vocational Training.

Date appointed to the Board
30 January 2009

Other Board Committee
Chairman of Audit Committee
Chairman of Nomination Committee
Member of Remuneration Committee

Other Directorships (in Public Companies that incorporated in Malaysia-Listed & Non-Listed)
Nil

Family relationships with other Directors and/or Major Shareholder of the listed issuer
Nil

Conflict of interest with listed issuer
Nil

Offences convicted for the past 5 years other than traffic offences, if any
Nil

No. of Board Meeting attended during the financial year
4

Age
39

Gender
Male

Nationality
Malaysian

Qualification
Bachelor of Commerce (Accounting & Finance Double Major)
- Curtin University of Technology, Perth, Western Australia
Member of CPA Australia
Associate member of FIAT-IFTA

Working Experience & Occupation
Mr. Lim started his career as an audit assistant with Tay & Associate from 2001 to 2003. Thereafter, Mr. Lim joined Aim Strong Industries Sdn. Bhd. as Account Executive for the period from 2003 to 2005 and subsequently, he was promoted as Business Development Manager from 2005 to 2007 and as General Manager from 2007 to October 2013. Currently, he is the Executive Director of Aim Strong Industries Sdn. Bhd. and V-Hua Management Sdn. Bhd.

Date appointed to the Board
28 February 2012

Other Board Committee
Chairman of Remuneration Committee
(Appointed as Chairman on 1 June 2016)
Member of Audit Committee
Member of Nomination Committee

Other Directorships (in Public Companies that incorporated in Malaysia-Listed & Non-Listed)
Nil

Family relationships with other Directors and/or Major Shareholder of the listed issuer
Nil

Conflict of interest with listed issuer
Nil

Offences convicted for the past 5 years other than traffic offences, if any
Nil

No. of Board Meeting attended during the financial year
4

Lee Kean Teong

Independent Non-Executive Director

Age
58

Gender
Male

Nationality
Malaysian

Qualifications
Chartered Accountant of Malaysian Institute of Accountants (MIA)
Chartered Accountant of Malaysian Institute of Certified Public Accountants (MICPA)
Fellow member of Certified Practising Accountants (CPA) Australia

Working Experience & Occupation

Mr Lee has been with KPMG Malaysia for more than 35 years and was a Partner with KPMG until his retirement on 31 December 2014.

He has extensive experience in auditing and management consulting throughout his career. He was the engagement partner for a wide range of companies which include public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and financial institutions.

Date appointed to the Board
1 June 2016

Other Board Committee
Member of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Other Directorships (in Public Companies that incorporated in Malaysia-Listed & Non-Listed)
Oriental Holdings Berhad
Kian Joo Can Factory Berhad
Advance Information Marketing Berhad

Family relationships with other Directors and/or Major Shareholder of the listed issuer
Nil

Conflict of interest with listed issuer
Nil

Offences convicted for the past 5 years other than traffic offences, if any
Nil

No. of Board Meeting attended during the financial year
0

CORPORATE KEY MANAGEMENT PROFILE

SHAWN CHEAH SAW AN
Group Chief Marketing Officer

55 / Male / Malaysian

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

51 / Male / Malaysian

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.

CHERYL NG SZE MUN
Group Chief Financial Officer

30 / Female / Malaysian

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 was promoted as Group Chief Financial Officer due to her excellence achievement and contribution to the organization.

CHLOE LIM CHIEW HWA
Chief Admin Officer

57 / Female / Malaysian

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

Notes:
None of the key management personnel has any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest with the Company. They have not been convicted of any offences within the past (5) years other than traffic offences, if any.

CORPORATE KEY MANAGEMENT PROFILE (Cont'd)

LOW JOO HIANG
Production Director

47 / Male / Malaysian

Mr. Low joined SMTT in 1996, with over 22 years of working experience in various fields such as Assembly, Test, Process, Equipment, Surface Mount Technology (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.

ONG KAH HIN
Engineering Director

51 / Male / Malaysian

Mr. Ong joined SMTT in year 2015. He brings along more than 25 years of working experience in Electronics and Data Storage Industry with sound engineering knowledge and manufacturing processes. He had over 15 years of Operational Managerial position in dynamic high volume manufacturing environment with good track record in management of Engineering and Manufacturing organization. He possesses excellent knowledge in evolvement of Surface Mount Technology equipment, PCBA assembly processes and technology advancement, development of automation process as well as in process line balancing and capacity optimization. He holds a Master degree in Business Administration from University of Southern Queensland.

JUSTON CHUAH WAH HONG
IT Director

47 / Male / Malaysian

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 leading IT organizations in the fields of Application Development, ERP, HRMS and MES system support, Server and Infrastructure setup and Project Implementation.

Mr. Juston Chuah joined SMTT in April 2015 as IT Director. His areas of responsibility including IT Strategy Development, IT Change Management, Infrastructure and Security, Application Development, building strong working relationships with the business partners and provides Shared Services for entire group.

Notes:
None of the key management personnel has any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest with the Company. They have not been convicted of any offences within the past (5) years other than traffic offences, if any.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group recognised its corporate social responsibility (CSR) by acting ethically to society and a broader set of stakeholders beyond its shareholders. The EG Group continues to embrace its sustainability programs, through compliance and endorsement of the Group Business Code of Conduct. The Code outlines standards to ensure safe working conditions, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible. The Code covers fair and ethical labour practices, health and safety at work, environmental sustainability, ethical business conduct and adherence to good management system.

In order to ensure the Code is more effective, the Group has a comprehensive training and development program at all levels, stringent implementation and execution of the Code, respond quickly towards changes in regulations or requirements from government agencies and customers as well as collaboration with environmentalists. Ultimately, it will enable the Group to safeguard and promote ethical total supply chain.

As a multinational corporation, the Group products are available to ODMs and OEMs in various countries at which the Group global product footprint span the world. In order to create ethical supply chain, the Group focuses to grow and continually improve its sustainability performance by working and regulate its partners, suppliers, customers and the communities as a whole. By this mean, the Group map these elements to its value chain, which will help to identify, control and address key implications.

HUMAN RIGHTS

The Group business principle is to respect human rights in workplace and across its supply chain. Respect for human rights underpins the Code covers non-employment of child labour, forced labour, non-discriminatory practice in recruitment process, all employees are treated with dignity and health and safety at workplace. In fact, the Group is adopting International Labour Organisation (ILO) Standards and EICC as well as requiring its suppliers and business partners to comply with the standards.

MANAGEMENT SYSTEM

The Group complies and maintains the certification of International Organization for Standardization (ISO) at which ISO deem to ensure products safety, reliability and quality. For example, the Group acquires accreditation for ISO 9001:2008 (Quality Management System since 1996) and ISO 13485:2003 (Medical Device – Quality Management System) since 2011. Besides that, the Group has established a systematic approach through accreditation of OHSAS 18001:2007 (Occupational Health and Safety Management System since April 2010) and MS 1722: Part I 2011 since April 2010) to control and improve occupational, health and safety performance which will protect employees from work hazards, ill health, injuries and fatalities.

ISO 14001:2004 is foundation for the Group Environmental Management System which aims to monitor, control and improve overall environmental performance throughout operations and supply chain. As electronic manufacturing are waste and water intensive, the Group's waste and water management focus to responsibly dispose or recycle electronic waste, efficiently used of water for manufacturing activities and responsibly dispose of waste water. Nevertheless, the Group is committed to ensure ethical supply chain through compliance with world's largest industry coalition dedicated to electronics supply chain responsibility – Electronic Industry Citizenship Coalition (EICC) Code of Conduct.

ISO 9001 : 2008

ISO 14001 : 2004

OHSAS 18001 : 2007

ISO 13485 : 2003

MSC Malaysia Status Company

qualityaustria SYSTEM CERTIFIED
ISO 9001:2008
TS 16949:2009

COMMITMENT TOWARDS CSR

The Board, whilst pursuing corporate growth in enhancing shareholder value, the Company aims to make a positive difference in the communities, work with local partners and support the active involvement of our employees to make CSR more remarkable. In conjunction with the month of Ramadan, the Company organised a porridge cooking event as part of the CSR projects. Bubur Lambuk is usually cooked in mosques and had been Malaysian delicacy for over 60 years. Through this event, the Company managed to distribute a total of 1800 packets of Bubur Lambuk to workers, public and an orphanage schools in Kampung Che Bima, Sungai Jagung, Sungai Petani, Kedah. In addition, the Company presented hampers and groceries to eligible employees who have financial constraints.

The Company long term collaboration with Blood Bank Unit of Sultan Abdul Halim Hospital, Sungai Petani is holding Blood Donation Campaign every year. In year 2016, the noble cause has shown once again that the Company can make a difference by "Give as you Live" in order to fulfil the demand of blood shortage at blood bank. National Blood Bank tagline – "One Blood Donation Can Save Three Lives", had successfully attracted 90 donors from various level of company's workforce. Concurrently, the campaign had effectively raise awareness, educate the benefits and misconception of becoming blood donor.

As a social enterprise, the Company strives to enhance its triple-bottom-line (TBL) by improving social development through its employment policy of hiring more locals than foreign employees. The policy and initiative has proven that the Company not only commit on how responsible the profits is spent, rather it has proven that how responsible the Company makes its profits. Statistically, the Company labour workforce increase by 14.4% compared to FY2015, whereby 8.3% is contributed by hiring of local labour workforce. By this mean, the Company aims to reduce the reliance of foreign labour workforce while providing employment opportunity to locals.

Furthermore, SMTT in collaboration with AIMST University, organised SMTT Innovation Challenge Trophy on 19th May 2016. As a social enterprise, SMTT aims to create social value through the competition by creating a platform to shape students to become future social entrepreneur. The competition intended to ignite innovative ideas that focus on solving/improving current and future needs of daily living and medical equipments in our daily life. The social entrepreneurial spirit that both SMTT and AIMST would like to infuse into students' mind will gradually lead to positive social impact; ultimately these innovations will make the world a better place. In accordance to Memorandum of Understanding (MoU) signed between SMTT and AIMST, SMTT utilised this collaboration as a channel to identify potential talent of the industry, promote SMTT as an ideal career destination for graduating students and giving useful inputs for students to enhance their innovation.

In congruence with 59th Malaysia Independent Day, the Group donated educational kits such as school bags, uniform and others for under-privileged students from SK Tan Sri P.Ramlee, Penang. The event was organised by the school under their "Program Penghayatan Bulan Kemerdekaan Ke-59" and it was officiated by our Group CEO / Executive Director, Mr. Alex Kang and Director of Penang Department of Information, Tuan Haji Ishak bin Abdullah.

EMPLOYEES WELFARE

TREASURE HUNT

In August 2015, the Company organised International Cycling Treasure Hunt which involves a total of 122 participants of different level of management and employees, customers and suppliers. Through involving all parties of the Company's supply chain, this event not only aims to enhance corporate team building and teamwork, but also focus to strengthen the relationship between supplier, customers and its employees among the team members.

SPORT EVENTS

COOKING COMPETITION

APPRECIATION DAY

HOSTEL COMPETITION

HEALTH TALK

The Group acknowledges that coronary heart disease is Malaysian No.1 Killer. Thus, as an initiative to raise awareness towards heart disease, the Group through its Safety & Health Committee and CSR Committee jointly organised a health talk – Secret of Heart Attack at which the talk was delivered by Amanjaya Specialist Centre's Consultant Cardiologist & Physician, Dr. Billy Ch'ng. The talk aimed to educate employees on the risks factor, symptoms, preventions, surgery and treatment. Besides that, the talk encouraged employees to live a healthy lifestyle through proper diet programme and frequently go for exercise.

To promote healthy living and harmony in working environment, the Group organised badminton, futsal, hiking and bowling tournament which is opened to all level of employees. These activities and tournaments focus to pull the gap between managerial, exempt and non-exempt employees, create better employee interaction and relationship building. Furthermore to achieve workplace harmony and healthy interaction among employees, the Group had organised Appreciation Dinner which were attended by approximately 1600 employees. Concurrently, mini events such as SMTT Cooking Competition and SMTT Idol were held to make this event more happening.

The Group provides almost 30 hostels for its employees. In order to ensure cleanliness and hygiene of the hostels, Hostel Cleanliness Competition was carried out to choose the cleanest hostel among 30 hostels. Not only that, the criteria to be the winner go beyond cleanliness and hygiene, whereby it also include hostel that take care of its external natural environment such as gardening, planting crops and others.

CORPORATE GOVERNANCE STATEMENT

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 2016.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

a) Clear Functions of the Board and Management

The Board has five (5) members. Three (3) of the five (5) members are independent non-executive directors. A brief profile of each director is presented on pages 9 to 13 of this Annual Report.

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

The Board notes that the Code also recommends that where the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The Board consists of 3 independent non-executive directors and 2 executive directors 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 the Board Committees. The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of References.

The presence of the three (3) independent directors, with their different backgrounds and specializations, complements the Board with a mix of industry-specific knowledge and broad business and commercial experience. They provide unbiased and independent views, advices and judgment 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 judgment. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one-third of the Board of the Company, whichever is higher, are independent directors.

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

b) Board Charter

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

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

c) Roles and Responsibilities

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

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

d) Formalized Ethical Standards through Code of Conducts

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

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

e) Strategies Promoting Sustainability

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

f) Access to Information and Advice

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

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

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

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

g) Qualified and Competent Company Secretary

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

2. STRENGTHEN COMPOSITION

a) Board Committees

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

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

b) Nomination Committee

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

Mr. Ang Seng Wong	- Chairman, Senior Independent Non-Executive Director
Mr. Lim Sze Yan	- Independent Non-Executive Director
Mr. Lee Kean Teong	- Independent Non-Executive Director [Appointed as Member on 1 June 2016]
Dr. Damien Lim Yat Seng	- Independent Non-Executive Director [Resigned as Member on 1 June 2016]

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 2016, the Nomination Committee met three (3) times and the attendance of each member is as follows:-

Nomination Committee	No. of Nomination Committee Meetings Attended
Ang Seng Wong	3/3
Lim Sze Yan	3/3
Mr. Lee Kean Teong [Appointed as Member on 1 June 2016]	0
Dr. Damien Lim Yat Seng [Resigned as Member on 1 June 2016]	3/3

Gender Diversity

There is no lady director sitting in the Board. The Board acknowledges the general call and support for gender diversity in a Board's composition. However, the Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and 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:-

Mr. Lim Sze Yan	-	Independent Non-Executive Director [Appointed as Chairman on 1 June 2016]
Mr. Ang Seng Wong	-	Senior Independent Non-Executive Director
Mr. Lee Kean Teong	-	Independent Non-Executive Director [Appointed as Member on 1 June 2016]
Dr. Damien Lim Yat Seng	-	Independent Non-Executive Director [Resigned as Chairman and Member on 1 June 2016]

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 2016 are as follows:-

Aggregate remuneration categorized into components:-

Company

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Total (RM'000)
Executive	10	955	965
Non-Executive	144	–	144
Total (RM'000)	**154**	**955**	**1,109**

Group

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Total (RM'000)
Executive	10	955	965
Non-Executive	144	–	144
Total (RM'000)	**154**	**955**	**1,109**

2. STRENGTHEN COMPOSITION (CONT'D)

c) Remuneration Committee (Cont'd)

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

	Number of Executive Directors	Number of Non-Executive Directors
0 to RM50,000	–	5
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	–	–
RM250,001 to RM300,000	–	–
RM300,001 to RM350,000	1	–
RM350,001 to RM400,000	1	–
RM400,001 to RM450,000	–	–
RM450,001 to RM500,000	–	–

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

	Number of Executive Directors	Number of Non-Executive Directors
0 to RM50,000	–	5
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	–	–
RM250,001 to RM300,000	–	–
RM300,001 to RM350,000	1	–
RM350,001 to RM400,000	1	–
RM400,001 to RM450,000	–	–
RM450,001 to RM500,000	–	–

Meetings

During the financial year ended 30 June 2016, the Remuneration Committee met three (3) times and the attendance of each member is as follows:-

Remuneration Committee	No. of Remuneration Committee Meetings Attended
Lim Sze Yan [Appointed as Chairman on 1 June 2016]	3/3
Ang Seng Wong	3/3
Lee Kean Teong [Appointed as Member on 1 June 2016]	0
Dr. Damien Lim Yat Seng [Resigned as Chairman and Member on 1 June 2016]	3/3

3. REINFORCE INDEPENDENCE

a) Annual Assessment of Independence

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

3. REINFORCE INDEPENDENCE (CONT'D)

a) Annual Assessment of Independence (Cont'd)

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

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

b) Tenure of Independent Directors

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

c) Division of roles and responsibilities between Executive 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 four (4) 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 2016 are set out as follows:-

Name of Directors	No. of meetings attended	%
Terence Tea Yeok Kian	4/4	100
Kang Pang Kiang	4/4	100
Ang Seng Wong	4/4	100
Lim Sze Yan	4/4	100
Lee Kean Teong [Appointed as Director on 1 June 2016]	0	0
Tai Yeong Sheng [Resigned as Director on 1 March 2016]	2/4	50
Dr. Damien Lim Yat Seng [Resigned as Director on 1 June 2016]	3/4	75

4. FOSTER COMMITMENT (CONT'D)

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	Operational Risk Management for Directors	8 hours
Kang Pang Kiang	Operational Risk Management for Directors	8 hours
Ang Seng Wong	Operational Risk Management for Directors	8 hours
Lim Sze Yan	Operational Risk Management for Directors	8 hours
Lee Kean Teong [Appointed as Director on 1 June 2016]	Operational Risk Management for Directors	8 hours

All Directors received updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretary on the various amendments to the Main Market Listing Requirements of Bursa Securities from time to time.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

a) Compliance with Applicable Financial Reporting Standards

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

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

b) Directors' Responsibilities Statement

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2016, 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.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

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 28 to 29 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 2016, 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 recognizes the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information.

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

b) Leverage on Information Technology for Effective Dissemination of Information

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

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

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

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

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

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

b) Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

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 Chief Technical Officer, Group Chief Executive Officer, Group Chief Financial Officer and head of divisions assist 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, 13485 and 14001. Documented internal procedures and standard operating procedures have been put in place and surveillance/certification audits are conducted on an annual 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 Chief Technical Officer 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 Group Chief Executive Officer, Group Chief Financial Officer and Risk Management Officer 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 2016 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 21 October 2016.

AUDIT COMMITTEE
REPORT

COMPOSITION

The Audit Committee has 3 members, comprising all independent Non-Executive Directors. The structure of composition is consistent with the Listing Requirements. The members of the Audit Committee are as follows:-

CHAIRMAN	:	ANG SENG WONG Senior Independent Non-Executive Director
MEMBERS	:	LIM SZE YAN Independent Non-Executive Director
		LEE KEAN TEONG Independent Non-Executive Director [Appointed as Member on 1 June 2016]
		DR. DAMIEN LIM YAT SENG Independent Non-Executive Director [Resigned as Member on 1 June 2016]

AUDIT COMMITTEE MEETING HELD DURING THE FINANCIAL YEAR 2016

The Audit Committee held five (5) meetings during the financial year under review with the details on the attendance of each member are outlined below:-

	Date of Meetings				
	28/8/2015	**27/10/2015**	**27/11/2015**	**26/2/2016**	**31/5/2016**
Ang Seng Wong – Chairman	√	√	√	√	√
Lim Sze Yan	√	√	√	√	√
Lee Kean Teong [Appointed as Member on 1 June 2016]	X	X	X	X	X
Dr. Damien Lim Yat Seng [Resigned as Member on 1 June 2016]	√	√	X	√	√

In line with the terms of reference of the Audit Committee, the following works were carried out by the Committee during the financial year ended 30 June 2016:-

a) Reviewed and discussed the quarterly unaudited financial results of the Group with the management before recommending them to the Board for approval and subsequent release to Bursa Malaysia Securities Berhad;
b) Reviewed and discussed the annual audited financial statements of the Company and its Group with the management before recommending them to the Board for approval and subsequent release to Bursa Malaysia Securities Berhad;
c) Reviewed the annual internal audit plan and the audit programme with the internal auditors to ensure adequate audit coverage of the key risk areas;
d) Discussed the internal audit reports, their major findings, recommendations and the management's response in addressing the issues found to ensure that risk issues were adequately addressed;
e) Reviewed or appraised the performance of the internal auditors before recommending their re-nomination to the Board;
f) Reviewed and discussed with the external auditors, their annual audit planning memorandum which is inclusive of their areas of audit emphasis and audit procedures prior to commencement of their annual audit for the financial year ended 30 June 2016;
g) Reviewed with the external auditors and the management, the results and recommendations of the external auditors and any significant audit issues arising therefrom;
h) Appraised the performance and evaluated the independence and objectivity of the external auditors in providing their services and made recommendation to the Board on their re-appointment and the quantum of audit fees;
i) Met with the external auditors three (3) times without the presence of the management to facilitate discussions of additional matters in relation to audit issues noted in the course of their audit;
j) Reviewed on a quarterly basis the related party transaction within the Company or Group including any transaction to ensure that the transactions were on normal commercial terms which were not detrimental to the interest of minority;
k) Reviewed the Statement on Risk Management and Internal Control to be published in the Annual Report; and
l) Reviewed the Risk Management Report from the Risk Management Working Committee, any significant risks, mitigation actions and made relevant recommendation to the Board for necessary actions.

INTERNAL AUDIT FUNCTION

We have appointed an external firm to carry out the internal audit function.

Internal audit is responsible for the independent assessment of the adequacy and effectiveness of the internal control systems in place in anticipation of the risks exposure of key business processes and to provide assurance on the systems and recommend improvements to the systems if necessary, so as to enable the Group to achieve its corporate objectives.

The main activities carried out by the internal auditor involve:-

a) Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group at reasonable cost;
b) Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
c) Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses;
d) Appraising the reliability and usefulness of data and information generated for management; and
e) Review the Risk Management Report from the Risk Management Working Committee.

During the year, reviews of the existing internal controls covered under the audit plan revealed that they were satisfactory. In areas where controls were deemed inadequate, additional measures were recommended for implementation to address any weakness in the systems.

The cost incurred by the internal audit function in respect of financial year ended 30 June 2016 were RM18,000.

ADDITIONAL COMPLIANCE INFORMATION

NON-AUDIT FEES

The non-audit fees paid to the external auditor during the year was RM20,000.

MATERIAL CONTRACTS

There were no material contracts subsisting at the end of financial year ended 30 June 2016 entered into by the Company and its subsidiaries involving the interests of the Directors and Major Shareholders.

CONTRACT RELATING TO LOANS

During the year, there were no contracts relating to loans entered into by the Company including the interests of Major Shareholders and/or Directors.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of transactions with related parties undertaken by the Group during the year are disclosed in Note 25 to the financial statements.

REVALUATION OF LANDED PROPERTIES

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

UTILISATION OF PROCEEDS RAISED FROM RIGHTS ISSUE AND PRIVATE PLACEMENT

i) On 11 November 2015, the Company has completed the renounceable Rights Issue of 115,241,392 new ordinary shares of RM0.50 each in EG Industries Berhad ("EG") (Rights Shares) together with 57,620,696 free detachable warrants (Warrants) on the basis of three (3) Rights Shares for every two (2) existing ordinary shares of RM0.50 each held on 12 October 2015 together with one (1) Warrant for every two (2) Rights Shares subscribed at an issue price of RM0.50 per Rights Share ("Rights Issue with Warrants").

The details and status of the utilisation of proceeds of RM57.62 million from the Rights Issue with Warrants are as follows:

Details	**Proposed Utilisation RM '000**	**Actual Utilisation 30/06/16 RM '000**	**Intended Timeframe of Utilisation (from 11 Nov 2015 the listing date)**
Repayment of bank borrowings	2,960	2,960	Within 6 months
Purchase and upgrade of machinery	16,000	16,000	Within 24 months
Expansion and upgrade of factory	20,000	3,218	Within 12 months
Purchase of inventory such as electronic component, printed circuit board and plastic resin	5,000	5,000	Within 12 months
Acquisition of new businesses or assets	8,000	–	Within 24 months
Working capital	3,660	3,660	Within 12 months
Expenses relating to the Proposals	2,000	2,000	Immediately
	57,620	**32,838**	

UTILISATION OF PROCEEDS RAISED FROM RIGHTS ISSUE AND PRIVATE PLACEMENT (CONT'D)

(ii) On 3 December 2015, the Company has completed the Private Placement of 19,206,000 ordinary shares of RM0.50 each in EG Industries Berhad (Placement Shares) at an issue price of RM0.80 per Placement Share ("Private Placement").

The details and status of the utilisation of proceeds of RM15.365 million from the Private Placement are as follows:

Details	Proposed Utilisation RM '000	Actual Utilisation 30/06/16 RM '000	Intended Timeframe of Utilisation (from 3 Dec 2015 the listing date)
Repayment of bank borrowings	14,865	14,865	Within 3 months
Estimated expenses in relation to the Private Placement	500	500	Within 1 month
	15,365	**15,365**	

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 2016.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to :		
Owners of the Company	17,032	(2,466)
Non-controlling interests	(2)	–
	17,030	(2,466)

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 :

Ang Seng Wong
Lim Sze Yan
Kang Pang Kiang
Terence Tea Yeok Kian
Lee Kean Teong (Appointed on 01.06.2016)
Tai Yeong Sheng (Resigned on 01.03.2016)
Dr. Damien Lim Yat Seng (Resigned on 01.06.2016)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM1.00/RM0.50 each				
	At 1.7.2015 RM1.00	Bought RM1.00	Right issue subscription RM0.50	(Sold) RM1.00	At 30.6.2016 RM0.50
<u>The Company</u>					
Direct interests					
Terence Tea Yeok Kian					
- own	253,000	117,900	10,070,000	(350,000)	10,090,900
Kang Pang Kiang					
- own	100,800	–	8,151,200	–	8,252,000
Indirect interests					
Terence Tea Yeok Kian					
- own*	24,972,616	–	–	–	24,972,616

	Number of ordinary shares of Thai Baht ("THB") 10 each			
	At 1.7.2015	Transferred	(Sold)	At 30.6.2016
Related corporation SMT Industries Co., Ltd				
Direct interest				
Terence Tea Yeok Kian	1[a]	–	–	1
Kang Pang Kiang	1[a]	–	–	1

* Shares held through Jubilee Industries Holding Ltd.

[a] Share held in trust for EG Industries Berhad.

None of the other Directors holding office at 30 June 2016 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

WARRANTS

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

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding 30.6.2016	30.6.2015
Warrants 2015/2020	RM0.50	3.11.2020	57,620,696	–

Warrants 2015/2020 were issued on 4 November 2015 in conjunction with the issuance of 115,241,392 rights shares of RM0.50 each together with 57,620,696 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every two (2) rights shares subscribed. The warrant held at an exercise price of RM0.50 per ordinary share within 5 years from the date of the issue of the warrants.

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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company :

a) changed its authorised share capital from 200,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM0.50 each as a result of the par value reduction;

b) reduced the issued and paid up capital of the Company from RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each to RM38,558,300 comprising 77,116,600 ordinary shares of RM0.50 each via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965;

c) issued 115,241,392 new ordinary shares at a price of RM0.50 per ordinary share via rights issue together with 57,620,696 free detachable warrants on the basis of three (3) rights shares for every two (2) existing ordinary shares of RM0.50 each held by existing shareholders, together with one (1) warrant for every two (2) rights shares subscribed after par value reduction. The proceeds from the rights issue is intended for the purpose of working capital amounting to RM21,620,696 and acquisition of property, plant and equipment amounting to RM36,000,000; and

d) issued 19,206,000 new ordinary shares of RM0.50 each at an issue price of RM0.80 per ordinary share for RM15,364,800 pursuant to a private placement exercise for working capital purposes.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

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 apart from the issue of warrants.

The Warrants 2015/2020 were issued free to subscribers of the rights issue by the Company of 115,241,392 new ordinary shares of RM0.50 each in the Company ("Rights Shares") on the basis of one (1) warrant for every two (2) rights shares subscribed for.

Each warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM0.50 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter cease to be valid for any purpose. The exercise period of the warrant will expire on 3 November 2020.

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) there are no bad debts to be written off and no provision needs to be 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 it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the gain on disposal of investment property 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 2016 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 EVENT

Details of the significant event is disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Messrs UHY, have expressed their willingness to continue in office.

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 2016

STATEMENTS OF
FINANCIAL POSITION
as at 30 June 2016

	Note	Group 30.6.2016 RM'000	Group 30.6.2015 RM'000 (Restated)	Company 30.6.2016 RM'000	Company 30.6.2015 RM'000
Assets					
Property, plant and equipment	3	**151,216**	144,818	**1**	1,191
Investment properties	4	**1,405**	2,663	**–**	–
Investments in subsidiaries	5	**–**	–	**78,185**	77,885
Other investments	6	**5,024**	5,524	**5,024**	5,524
Intangible assets	7	**12,729**	12,859	**–**	–
Deferred tax assets	8	**–**	2,125	**–**	–
Total non-current assets		**170,374**	167,989	**83,210**	84,600
Inventories	9	**124,359**	91,818	**–**	–
Trade and other receivables	10	**273,258**	162,653	**71,504**	39,456
Current tax assets		**603**	–	**–**	–
Fixed deposits with licensed banks	11	**9,812**	8,557	**6,603**	6,403
Cash and bank balances		**39,334**	40,914	**705**	201
Total current assets		**447,366**	303,942	**78,812**	46,060
Total assets		**617,740**	471,931	**162,022**	130,660
Equity					
Share capital	12	**105,782**	77,117	**105,782**	77,117
Reserves	13	**129,658**	67,330	**45,332**	3,985
Total equity attributable to owners of the Company		**235,440**	144,447	**151,114**	81,102
Non-controlling interests		**(762)**	(760)	**–**	–
Total equity		**234,678**	143,687	**151,114**	81,102

STATEMENTS OF

FINANCIAL POSITION (Cont'd)

as at 30 June 2016

	Note	Group 30.6.2016 RM'000	Group 30.6.2015 RM'000 (Restated)	Company 30.6.2016 RM'000	Company 30.6.2015 RM'000
Liabilities					
Provision for retirement benefits	15	**215**	154	**–**	–
Loans and borrowings	17	**15,162**	23,007	**–**	–
Deferred tax liabilities	8	**1,057**	–	**–**	–
Total non-current liabilities		**16,434**	23,161	**–**	–
Trade and other payables	14	**170,950**	111,769	**10,908**	49,558
Provision	16	**800**	667	**–**	–
Current tax liabilities		**–**	87	**–**	–
Loans and borrowings	17	**194,878**	192,560	**–**	–
Total current liabilities		**366,628**	305,083	**10,908**	49,558
Total liabilities		**383,062**	328,244	**10,908**	49,558
Total equity and liabilities		**617,740**	471,931	**162,022**	130,660

The notes on pages 50 to 108 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	18	**712,689**	636,075	**1,643**	72
Cost of sales		**(661,987)**	(602,082)	**–**	–
Gross profit		**50,702**	33,993	**1,643**	72
Administrative expenses		**(21,393)**	(13,762)	**(5,668)**	(1,705)
Distribution expenses		**(2,606)**	(2,687)	**–**	–
Other expenses		**(1,492)**	(2,908)	**–**	(2,431)
Other income		**6,229**	18,196	**1,559**	15,389
Operating profit/(loss)		**31,440**	32,832	**(2,466)**	11,325
Finance costs	19	**(10,216)**	(9,203)	**–**	–
Profit/(Loss) before tax	20	**21,224**	23,629	**(2,466)**	11,325
Tax (expense)/income	22	**(4,194)**	2,726	**–**	–
Profit/(Loss) for the year		**17,030**	26,355	**(2,466)**	11,325
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		**(499)**	(14,630)	**(499)**	(14,630)
Foreign currency translation differences for foreign operations		**1,483**	6,969	**–**	–
Total other comprehensive income/(expense) for the year, net of tax		**984**	(7,661)	**(499)**	(14,630)
Total comprehensive income/(expense) for the year		**18,014**	18,694	**(2,965)**	(3,305)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit/(Loss) for the year attributable to :					
Owners of the Company		**17,032**	26,479	**(2,466)**	11,325
Non-controlling interests		**(2)**	(124)	**–**	–
		17,030	26,355	**(2,466)**	11,325
Total comprehensive income/ (expense) attributable to :					
Owners of the Company		**18,016**	18,818	**(2,965)**	(3,305)
Non-controlling interests		**(2)**	(124)	**–**	–
		18,014	18,694	**(2,965)**	(3,305)
Basic earnings per ordinary share (sen)	23	**10.57**	35.39	**–**	–
Diluted earnings per ordinary share (sen)	23	**7.79**	35.39	**–**	–

The notes on pages 50 to 108 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

for the year ended 30 June 2016

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2014	75,017	3,700	13,257	40	15,170	(29)	16,465	123,620	(636)	122,984
Foreign currency translation differences for foreign operations	–	–	–	6,969	–	–	–	6,969	–	6,969
Fair value of available-for-sale financial assets	–	–	(14,630)	–	–	–	–	(14,630)	–	(14,630)
Total other comprehensive expense for the year	–	–	(14,630)	6,969	–	–	–	(7,661)	–	(7,661)
Profit for the year	–	–	–	–	–	–	26,479	26,479	(124)	26,355
Total comprehensive income/ (expense) for the year	–	–	(14,630)	6,969	–	–	26,479	18,818	(124)	18,694
Issue of ordinary shares pursuant to exercise of warrants (Note 12)	2,100	–	–	–	–	–	–	2,100	–	2,100
Effect arising from exercise/ expiry of warrants	–	(3,700)	–	–	–	–	3,700	–	–	–
Treasury shares acquired	–	–	–	–	–	(91)	–	(91)	–	(91)
Total transactions with owners of the Company	2,100	(3,700)	–	–	–	(91)	3,700	2,009	–	2,009
At 30 June 2015 (Restated)	77,117	–	(1,373)	7,009	15,170	(120)	46,644	144,447	(760)	143,687

		Attributable to owners of the Company											
		Non-distributable								Distributable			
	Note	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	Capital reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2015		**77,117**	**–**	**(1,373)**	**7,009**	**15,170**	**(120)**	**–**	**–**	**46,644**	**144,447**	**(760)**	**143,687**
Foreign currency translation differences for foreign operations		–	–	–	1,483	–	–	–	–	–	1,483	–	1,483
Fair value of available-for-sale financial assets		–	–	(499)	–	–	–	–	–	–	(499)	–	(499)
Total other comprehensive expense for the year		–	–	(499)	1,483	–	–	–	–	–	984	–	984
Profit for the year		–	–	–	–	–	–	–	–	17,032	17,032	(2)	17,030
Total comprehensive income/ (expense) for the year		–	–	(499)	1,483	–	–	–	–	17,032	18,016	(2)	18,014
Private placement	12	9,603	–	–	–	5,762	–	–	–	–	15,365	–	15,365
Allocation of proceeds from rights issues		–	22,628	–	–	–	–	–	(22,628)	–	–	–	–
Right issue with warrants	12	57,620	–	–	–	–	–	–	–	–	57,620	–	57,620
Par value reduction	12	(38,558)	–	–	–	–	–	28,462	–	10,096	–	–	–
Treasury shares acquired		–	–	–	–	–	(8)	–	–	–	(8)	–	(8)
Total transactions with owners of the Company		28,665	22,628	–	–	5,762	(8)	28,462	(22,628)	10,096	72,977	–	72,977
At 30 June 2016		105,782	22,628	(1,872)	8,492	20,932	(128)	28,462	(22,628)	73,772	235,440	(762)	234,678

The notes on pages 50 to 108 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Note	Attributable to owners of the Company						
			Non-distributable					
		Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Share premium RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2014		75,017	3,700	13,257	15,170	(29)	(24,717)	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	11,325
Total comprehensive income/(expense) for the year		–	–	(14,630)	–	–	11,325	(3,305)
Issue of ordinary shares pursuant to exercise of warrants	12	2,100	–	–	–	–	–	2,100
Treasury shares acquired		–	–	–	–	(91)	–	(91)
Effect arising from exercise/expiry of warrants		–	(3,700)	–	–	–	3,700	–
Total transactions with owners of the Company		2,100	(3,700)	–	–	(91)	3,700	2,009
At 30 June 2015		77,117	–	(1,373)	15,170	(120)	(9,692)	81,102

	Note	← Attributable to owners of the Company →								
		← Non-distributable →								
		Share capital RM'000	Capital reserve RM'000	Fair value reserve RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2015		**77,117**	**–**	**(1,373)**	**15,170**	**(120)**	**–**	**–**	**(9,692)**	**81,102**
Total other comprehensive expense for the year										
- Fair value of available-for-sale financial assets		–	–	(499)	–	–	–	–	–	(499)
Profit for the year		–	–	–	–	–	–	–	(2,466)	(2,466)
Total comprehensive income/(expense) for the year		**–**	**–**	**(499)**	**–**	**–**	**–**	**–**	**(2,466)**	**(2,965)**
Private placement	12	9,603	–	–	5,762	–	–	–	–	15,365
Treasury shares acquired		–	–	–	–	(8)	–	–	–	(8)
Rights issue with warrants	12	57,620	–	–	–	–	–	–	–	57,620
Par value reduction	12	(38,558)	28,462	–	–	–	–	–	10,096	–
Allocation of proceeds from rights issues		–	–	–	–	–	22,628	(22,628)	–	–
Total transactions with owners of the Company		**28,665**	**28,462**	**–**	**5,762**	**(8)**	**22,628**	**(22,628)**	**10,096**	**72,977**
At 30 June 2016		**105,782**	**28,462**	**(1,872)**	**20,932**	**(128)**	**22,628**	**(22,628)**	**(2,062)**	**151,114**

The notes on pages 50 to 108 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 (Restated)	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		**21,224**	23,629	**(2,466)**	11,325
Adjustments for :					
Depreciation of property, plant and equipment	3	**24,711**	25,019	**11**	27
Depreciation of investment properties	4	**115**	97	**–**	–
Amortisation of intangible assets	7	**295**	68	**–**	–
Interest expense	19	**10,216**	9,203	**–**	–
Dividend income		**(4)**	(1)	**(4)**	(1)
Gain on disposal of property, plant and equipment		**(1,877)**	(174)	**(1,521)**	–
Gain on disposal of other investments		**–**	(15,389)	**–**	(15,389)
Gain on disposal of investment properties		**(3,233)**	–	**–**	–
Interest income		**(688)**	(125)	**(442)**	(71)
Impairment loss on amount due from a subsidiary		**–**	–	**–**	2,431
Loss on disposal of plant and equipment		**362**	–	**–**	–
Plant and equipment written off		**180**	–	**–**	–
Provision for retirement benefits		**57**	16	**–**	–
Provision for warranties		**133**	667	**–**	–
Impairment loss on plant and equipment		**–**	1,291	**–**	–
Inventories written down		**433**	–	**–**	–
Operating profit/(loss) before changes in working capital		**51,924**	44,301	**(4,422)**	(1,678)
Inventories		**(31,754)**	(3,281)	**–**	–
Trade and other receivables		**(110,447)**	11,610	**(32,047)**	(8,531)
Trade and other payables		**58,809**	(55,606)	**(38,650)**	110
Cash used in operations		**(31,468)**	(2,976)	**(75,119)**	(10,099)
Tax paid		**(1,678)**	(582)	**–**	–
Dividend received		**4**	1	**4**	1
Net cash used in operating activities		**(33,142)**	(3,557)	**(75,115)**	(10,098)

	Note	Group 2016 RM'000	Group 2015 RM'000 (Restated)	Company 2016 RM'000	Company 2015 RM'000
Cash flows from investing activities					
Subscription of shares in subsidiaries		**–**	–	**(300)**	(400)
Acquisition of :					
- plant and equipment	A	**(28,840)**	(14,968)	**–**	–
- treasury shares		**(8)**	(91)	**(8)**	(91)
- other investments		**–**	(7,999)	**–**	(7,999)
- investment property		**(168)**	–	**–**	–
Interest received		**688**	125	**442**	71
Proceeds from disposal of :					
- other investments		**–**	16,591	**–**	16,591
- plant and equipment		**3,297**	4,608	**2,700**	–
- investment property		**5,800**	–	**–**	–
Proceeds from exercise of warrants		**–**	2,100	**–**	2,100
Net cash (used in)/generated from investing activities		**(19,231)**	366	**2,834**	10,272
Cash flows from financing activities					
Issue of shares		**72,985**	–	**72,985**	–
Drawdown of bank borrowings, net		**332**	32,631	**–**	–
Repayment of finance lease liabilities		**(7,162)**	(1,294)	**–**	–
Repayment of term loans		**(6,837)**	(6,758)	**–**	–
Proceed from term loans		**803**	–	**–**	–
Interest paid		**(10,216)**	(9,203)	**–**	–
Placement of pledged deposits		**(1,255)**	(634)	**(200)**	(185)
Net cash generated from/ (used in) financing activities		**48,650**	14,742	**72,785**	(185)
Net (decrease)/increase in cash and cash equivalents		**(3,723)**	11,551	**504**	(11)
Effect of exchange rate fluctuations on cash and bank balances		**237**	2,404	**–**	–
Cash and cash equivalents at 1 July		**40,838**	26,883	**201**	212
Cash and cash equivalents at 30 June	B	**37,352**	40,838	**705**	201

Notes

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM32,972,694 (2015 : RM21,021,050), of which RM4,132,378 (2015 : RM6,053,300) were acquired by means of finance lease arrangement. The balance of RM28,840,316 (2015 : RM14,967,750) was paid by cash.

B. Cash and cash equivalents

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

		Group		Company	
	Note	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Cash and bank balances		**39,334**	40,914	**705**	201
Bank overdrafts	17	**(1,982)**	(76)	**–**	–
		37,352	40,838	**705**	201

The notes on pages 50 to 108 are an integral part of these financial statements.

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

Registered office

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

Principal place of business

Plot 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 2016 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 2016 do not include other entities.

The Company is principally engaged in investment holding activities and provision of management service, 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 2016.

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

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transaction*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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.

- from the annual period beginning on 1 July 2019 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019.

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.

(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 currencies at the exchange rates 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 from 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.

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

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (Cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties 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 properties, 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 are not reversed through profit or loss.

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

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plan

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

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

(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

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

(iii) Interest income

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

(iv) Rental income

Rental income from investment properties 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(v) Services

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

(vi) Management fee

Management fee is recognised on accrual basis when the services are rendered.

(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.

(t) Warrants reserve

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Fair value measurement

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

	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
Group												
Cost												
At 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	186	–	–	1,237	9,230	16	(105)	208	90	–	–	10,862
At 30 June 2015/ 1 July 2015 (Restated)	**1,630**	**3,058**	**3,734**	**25,025**	**259,172**	**1,523**	**3,453**	**7,870**	**2,346**	**2,932**	**3,002**	**313,745**
Additions	**–**	**–**	**–**	**1**	**28,275**	**102**	**958**	**1,028**	**607**	**1,307**	**694**	**32,972**
Disposals	**–**	**–**	**(1,635)**	**–**	**(738)**	**–**	**(52)**	**–**	**–**	**–**	**–**	**(2,425)**
Transfer to investment property	**–**	**–**	**–**	**(1,272)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,272)**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(162)**	**(162)**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9**	**–**	**287**	**(296)**	**–**
Foreign exchange differences	**43**	**–**	**–**	**–**	**2,121**	**4**	**9**	**48**	**19**	**1,002**	**–**	**3,246**
Written off	**–**	**–**	**–**	**–**	**(722)**	**(12)**	**(181)**	**(125)**	**(160)**	**–**	**–**	**(1,200)**
At 30 June 2016	**1,673**	**3,058**	**2,099**	**23,754**	**288,108**	**1,617**	**4,187**	**8,830**	**2,812**	**5,528**	**3,238**	**344,904**

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Group												
Accumulated depreciation and impairment losses												
At 1 July 2014	–	518	418	6,161	117,642	799	2,807	6,468	1,418	2,418	–	138,649
Depreciation charge 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	–	–	–	490	4,175	11	(18)	192	56	–	–	4,906
Accumulated												
- depreciation	–	557	445	7,399	143,128	844	2,903	6,900	1,686	2,611	–	166,473
- impairment losses	–	–	–	–	2,260	4	17	173	–	–	–	2,454
At 30 June 2015/ 1 July 2015 (Restated)	–	557	445	7,399	145,388	848	2,920	7,073	1,686	2,611	–	168,927

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Group												
Accumulated depreciation and impairment losses												
Depreciation charge for the year	–	39	11	802	22,518	41	232	510	264	294	–	24,711
Transfer	–	–	–	(17)	–	–	–	–	–	–	–	(17)
Disposals	–	–	(456)	–	(150)	–	(38)	–	–	–	–	(644)
Write off	–	–	–	–	(685)	(12)	(179)	(125)	(19)	–	–	(1,020)
Foreign exchange differences	–	–	–	188	1,414	–	–	129	–	–	–	1,731
Accumulated												
- depreciation	–	596	–	8,372	166,225	873	2,918	7,414	1,931	2,905	–	191,234
- impairment losses	–	–	–	–	2,260	4	17	173	–	–	–	2,454
At 30 June 2016	**–**	**596**	**–**	**8,372**	**168,485**	**877**	**2,935**	**7,587**	**1,931**	**2,905**	**–**	**193,688**
Carrying amounts												
At 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 July 2015 (Restated)	1,630	2,501	3,289	17,626	113,784	675	533	797	660	321	3,002	144,818
At 30 June 2016	**1,673**	**2,462**	**2,099**	**15,382**	**119,623**	**740**	**1,252**	**1,243**	**881**	**2,623**	**3,238**	**151,216**

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Short term leasehold land RM'000	Office equipment RM'000	Total RM'000
Company			
Cost			
At 1 July 2014/30 June 2015/1 July 2015	**1,634**	**7**	**1,641**
Disposal	**(1,634)**	**–**	**(1,634)**
Write off	**–**	**(6)**	**(6)**
At 30 June 2016	**–**	**1**	**1**
Accumulated depreciation			
At 1 July 2014	417	6	423
Depreciation charge for the year	27	–	27
At 30 June 2015/1 July 2015	444	6	450
Depreciation charge for the year	11	–	11
Disposal	(455)	–	(455)
Write off	–	(6)	(6)
At 30 June 2016	–	–	–
Carrying amounts			
At 1 July 2014	1,217	1	1,218
At 30 June 2015/1 July 2015	1,190	1	1,191
At 30 June 2016	**–**	**1**	**1**

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 RM18,828,145 (2015: RM21,959,059).

3.2 Leasehold land – Group/Company

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

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.3 Security – Group

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 17.1 to the financial statements :

	2016 RM'000	2015 RM'000 (Restated)
Carrying amounts		
Freehold land	**1,673**	1,630
Long-term and short-term leasehold land and improvements	**4,561**	5,790
Buildings	**15,382**	17,626
Plant and machinery	**63,848**	71,852
	85,464	96,898

4. INVESTMENT PROPERTIES – GROUP

	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 July 2014/30 June 2015/1 July 2015	736	3,208	3,944
Transfer from property, plant and equipment	–	1,272	1,272
Additions	–	168	168
Disposals	(736)	(3,208)	(3,944)
At 30 June 2016	**–**	**1,440**	**1,440**
Accumulated depreciation			
At 1 July 2014	180	1,004	1,184
Depreciation charge for the year	22	75	97
At 30 June 2015/1 July 2015	202	1,079	1,281
Transfer from property, plant and equipment	–	17	17
Depreciation charge for the year	22	93	115
Disposals	(224)	(1,154)	(1,378)
At 30 June 2016	**–**	**35**	**35**

4. INVESTMENT PROPERTIES – GROUP (CONT'D)

	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Carrying amounts			
At 1 July 2014	556	2,204	2,760
At 30 June 2015	534	2,129	2,663
At 30 June 2016	**–**	**1,405**	**1,405**

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

	2016 RM'000	2015 RM'000
Rental income	**135**	79
Direct operating expenses :		
- income generating	**28**	31

4.1 Fair value information

The fair value of the investment properties as at 30 June 2016 is classified as level 3 in the fair value hierarchy and is determined to be approximately RM 1,570,000 (2015 : 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 properties are charged as security to financial institutions for borrowings granted to the Group as disclosed in Note 17.1 to the financial statements.

5. INVESTMENTS IN SUBSIDIARIES – COMPANY

	2016 RM'000	2015 RM'000
Unquoted shares, at cost		
At 1 July	**86,935**	86,535
Subscription of shares in subsidiaries	**300**	400
	87,235	86,935
Less : Accumulated impairment loss	**(9,050)**	(9,050)
At 30 June	**78,185**	77,885

5. INVESTMENTS IN SUBSIDIARIES – COMPANY (CONT'D)

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
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	Dormant
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	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
EG Global Sdn. Bhd. *	Malaysia	**100**	100	Dormant
Subsidiary of SMT Technologies Sdn. Bhd.				
Glisten Knight Sdn. Bhd. *	Malaysia	**100**	100	Investment holding

* Not audited by UHY

Non-controlling interest in a subsidiary

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

	Mastimber Industries Sdn. Bhd. 2016 RM'000	2015 RM'000
NCI percentage of ownership interest and voting interest	**9.50%**	9.50%
Carrying amount of NCI	**(762)**	(760)
Profit/(Loss) allocated to NCI	**2**	(124)

5. INVESTMENTS IN SUBSIDIARIES – COMPANY (CONT'D)

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

	Mastimber Industries Sdn. Bhd. 2016 RM'000	2015 RM'000
Summarised financial information before intra-group elimination		
As at 30 June		
Current assets	**50**	72
Non-current liabilities	**(8,061)**	(8,061)
Current liabilities	**(11)**	(15)
Net liabilities	**(8,022)**	(8,004)
Year ended 30 June		
Loss for the year	**(18)**	(1,310)
Total comprehensive expense	**(18)**	(1,310)
Cash flows used in operating activities	**(22)**	(54)
Cash flows from investing activities	**–**	–
Net decrease in cash and cash equivalents	**(22)**	(54)

6. OTHER INVESTMENTS – GROUP/COMPANY

	2016 RM'000	2015 RM'000
Non-current		
Available for-sale financial assets		
Quoted shares in Malaysia	**35**	47
Quoted shares outside Malaysia	**4,989**	5,477
	5,024	5,524
Market value of quoted shares	**5,024**	5,524

7. INTANGIBLE ASSETS – GROUP

	Goodwill RM'000	Software cost RM'000 (Restated)	Total RM'000 (Restated)
Cost			
At 1 July 2014	10,148	–	10,148
Transfer from property, plant and equipment	–	2,670	2,670
Reclassification	–	163	163
At 30 June 2015/1 July 2015	**10,148**	**2,833**	**12,981**
Transfer from property, plant and equipment	**–**	**162**	**162**
Foreign exchange differences	**–**	**4**	**4**
At 30 June 2016	**10,148**	**2,999**	**13,147**
Amortisation			
At 1 July 2014	–	–	–
Amortisation for the year	–	68	68
Reclassification	–	54	54
At 30 June 2015/1 July 2015	**–**	**122**	**122**
Amortisation for the year	**–**	**295**	**295**
Foreign exchange differences	**–**	**1**	**1**
At 30 June 2016	**–**	**418**	**418**
Carrying amounts			
At 1 July 2014	10,148	2,602	12,750
At 30 June 2015	10,148	2,711	12,859
At 30 June 2016	**10,148**	**2,581**	**12,729**

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 20% in the budget for financial year 2017 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 2017.

7. INTANGIBLE ASSETS – GROUP (CONT'D)

7.1 Impairment testing for goodwill (Cont'd)

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 8% (2015 : 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 LIABILITIES/(ASSETS)

Recognised deferred tax liabilities and (assets)

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

	2016 RM'000	2015 RM'000 (Restated)
Group		
Property, plant and equipment – capital allowance	**8,074**	5,970
Tax loss carry-forwards	**–**	(11)
Unutilised reinvestment allowance	**(6,762)**	(7,645)
Provisions	**(364)**	(303)
Other temporary differences	**109**	(136)
Net deferred tax liabilities/(assets) recognised	**1,057**	(2,125)

Deferred tax liabilities and (assets) 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 thereform.

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.

8. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

Recognised deferred tax liabilities and (assets) (Cont'd)

Movements in temporary differences during the year are as follows :

	At 30.6.2014 RM'000	Recognised in profit or loss (Note 22) RM'000	Exchange difference RM'000 (Restated)	At 30.6.2015/ 1.7.2015 RM'000 (Restated)	Recognised in profit or loss (Note 22) RM'000	Exchange difference RM'000	At 30.6.2016 RM'000
Group							
Property, plant and equipment - capital allowance	6,315	(345)	–	5,970	2,104	–	8,074
Tax loss carry-forwards	(2)	(9)	–	(11)	11	–	–
Unutilised reinvestment allowance	(4,847)	(2,798)	–	(7,645)	883	–	(6,762)
Provisions	(19)	(280)	(4)	(303)	(61)	–	(364)
Other temporary differences	(51)	(85)	–	(136)	246	(1)	109
	1,396	(3,517)	(4)	(2,125)	3,183	(1)	1,057

Unrecognised deferred tax assets

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

	2016 RM'000	2015 RM'000
Group		
Property, plant and equipment – capital allowances	–	1
Unutilised reinvestment allowance	–	(6,054)
Unabsorbed capital allowances	–	(2,407)
Tax loss carry-forwards	(15,801)	(15,770)
	(15,801)	(24,230)

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. INVENTORIES – GROUP

	2016 RM'000	2015 RM'000 (Restated)
Raw materials	**47,297**	54,203
Work-in-progress	**18,937**	345
Manufactured inventories	**58,125**	37,270
	124,359	91,818

The amount of inventories recognised as cost of sales during the year amounted to RM562,553,755 (2015 : RM551,184,000).

10. TRADE AND OTHER RECEIVABLES

	Note	2016 RM'000	2015 RM'000 (Restated)
Group			
Trade			
Trade receivables		**223,058**	144,397
Non-trade			
Other receivables		**17,720**	2,599
Deposits	10.2	**1,318**	2,103
Prepayments	10.3	**31,162**	13,554
		50,200	18,256
		273,258	162,653

	Note	2016 RM'000	2015 RM'000
Company			
Amount due from subsidiaries	10.1	**71,355**	37,212
Other receivables		**44**	971
Deposits	10.2	**105**	1,273
		71,504	39,456

10.1 Amount due from subsidiaries

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

10. TRADE AND OTHER RECEIVABLES (CONT'D)

10.2 Deposits

Included in deposits represent earnest deposit pertaining to the acquisition of three units of condominium amounting to RM458,612 (2015 : RMNil) and acquisition of three units of office suite amounting to RM412,000 (2015 : RMNil).

10.3 Prepayments

Included in prepayments are amounts prepaid for the purchase of inventories amounting to RM13,768,000 (2015 : RM12,808,000) and prepaid for the purchase of machineries amounting to RM16,585,096 (2015 : RMNil).

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

	2016			2015		
	Par Value	Amount RM'000	Number of shares ('000)	Par Value	Amount RM'000	Number of shares ('000)
Ordinary shares						
Authorised :						
At 1 July	**1.00**	**200,000**	**200,000**	1.00	200,000	200,000
Par value reduction	**(0.50)**	**–**	**200,000**	–	–	–
At 30 June	**0.50**	**200,000**	**400,000**	1.00	200,000	200,000
Issued and fully paid :						
At 1 July	**1.00**	**77,117**	**77,117**	1.00	75,017	75,017
Par value reduction	**(0.50)**	**(38,558)**	**–**	–	–	–
Issue pursuant to :						
- Private placement, at RM0.80 each	**0.50**	**9,603**	**19,206**	–	–	–
- Right issues, at RM0.50 each	**0.50**	**57,620**	**115,241**	–	–	–
- Exercise of warrants, at RM1.00 each	**–**	**–**	**–**	1.00	2,100	2,100
At 30 June	**0.50**	**105,782**	**211,564**	1.00	77,117	77,117

12. SHARE CAPITAL – GROUP/COMPANY (CONT'D)

During the financial year, the Company changed its authorised share capital from 200,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM0.50 each as a result of the par value reduction.

Consequently, the Company reduced the issued and paid up capital of the Company from RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each to RM38,558,300 comprising 77,116,600 ordinary shares of RM0.50 each via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965.

During the financial year, the Company issued 115,241,392 new ordinary shares at a price of RM0.50 per ordinary share via rights issue together with 57,620,696 free detachable warrants on the basis of three (3) rights shares for every two (2) existing ordinary shares of RM0.50 each held by existing shareholders, together with one (1) warrant for every two (2) rights shares subscribed after par value reduction.

During the financial year, the Company issued 19,206,000 new ordinary shares of RM0.50 each at an issue price of RM0.80 per ordinary share for RM15,364,800 pursuant to a private placement exercise.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

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	2016 RM'000	2015 RM'000 (Restated)
Group			
Non-distributable :			
Warrants reserve	13.1	**22,628**	–
Fair value reserve	13.2	**(1,872)**	(1,373)
Translation reserve	13.3	**8,492**	7,009
Share premium	13.4	**20,932**	15,170
Treasury shares	13.5	**(128)**	(120)
Capital reserve	13.6	**28,462**	–
Other reserve	13.7	**(22,628)**	–
		55,886	20,686
Distributable :			
Retained earnings		**73,772**	46,644
		129,658	67,330

13. RESERVES (CONT'D)

	Note	2016 RM'000	2015 RM'000 (Restated)
Company			
Non-distributable :			
Warrants reserve	13.1	**22,628**	–
Fair value reserve	13.2	**(1,872)**	(1,373)
Share premium	13.4	**20,932**	15,170
Treasury shares	13.5	**(128)**	(120)
Capital reserve	13.6	**28,462**	–
Other reserve	13.7	**(22,628)**	–
Accumulated losses		**(2,062)**	(9,692)
		45,332	3,985

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

13.1 Warrants reserve

During the financial year, the Company allotted 115,241,392 rights issue of RM0.50 each at a price of RM0.50 per ordinary share on the basis of three (3) rights shares for every two (2) ordinary shares held by existing shareholders, together with 57,620,696 free warrants on the basis of one (1) warrant for every two (2) rights shares subscribed.

The warrants reserve represents the fair value allocated to the issue of Warrants 2015/2020. When the warrants are exercised or expired, the warrants reserve remains in equity, although it may be transferred to another reserve account within equity.

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.

13.5 Treasury shares

The shareholders of the Company at 24th Annual General Meeting held on 23 December 2015, 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 RM0.50 each.

For the financial year ended 30 June 2016, the Company repurchased 10,000 (2015 : 178,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.78 (2015 : RM0.511) per share. The total consideration paid was RM7,893 (2015 : RM91,331) including transaction costs of RM93 (2015 : RM296). 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.

13. RESERVES (CONT'D)

13.5 Treasury shares (Cont'd)

No treasury shares were re-issued during the current financial year. At 30 June 2016, the Company held 294,000 (2015 : 284,000) of its shares as treasury shares. The number of outstanding ordinary shares of RM0.50 each in issue after deducting treasury shares held is 211,269,992 (2015 : 76,832,600).

13.6 Capital reserve

Capital reserve arose from the capital reduction exercise during the year.

13.7 Other reserve

Other reserve arose from the allocation of proceeds from rights issue in respect of fair value of warrants.

14. TRADE AND OTHER PAYABLES

	Note	2016 RM'000	2015 RM'000 (Restated)
Group			
Trade payables			
Trade payables		**161,839**	107,744
Non-trade			
Other payables		**4,182**	553
Deposit		**23**	8
Accruals		**4,906**	3,464
		9,111	4,025
		170,950	111,769
Company			
Non-trade			
Amount due to subsidiaries	14.1	**10,432**	49,256
Other payables		**237**	108
Accruals		**239**	194
		10,908	49,558

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 2016 amounted to RM8,300 (2015 : RM 4,400).

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 :

	2016 RM'000	2015 RM'000 (Restated)
Present value of obligations - non current	**215**	154

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

	2016 RM'000	2015 RM'000 (Restated)
At 1 July 2015	**154**	94
Amount recognised in profit or loss		
- Current service cost	**50**	35
- Interest cost	**7**	4
- Foreign exchange differences	**4**	21
At 30 June 2016	**215**	154

The principal actuarial assumptions used are as follows :

	2016	2015
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 2016 RM'000	Warranties 2015 RM'000
At 1 July	**667**	–
Provision	**133**	667
At 30 June	**800**	667

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

	2016 RM'000	2015 RM'000 (Restated)
Non-current :		
Secured		
Term loans	**8,040**	13,160
Finance lease liabilities	**7,122**	9,847
	15,162	23,007
Current :		
Secured		
Bank overdrafts	**1,982**	76
Bankers' acceptances	**172,292**	164,864
Trust receipts	**12,912**	7,561
Term loans	**3,625**	4,309
Finance lease liabilities	**4,067**	4,367
Trade financing	**–**	11,383
	194,878	192,560

17.1 Security

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

i) legal charges over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries (Note 3.3) and investment properties of the Group (Note 4.2);

ii) fixed deposits held in lien of the Group and of the Company (Note 11); and

iii) 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. LOANS AND BORROWINGS – GROUP (CONT'D)

17.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2016			2015		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000 (Restated)	Interest RM'000 (Restated)	Present value of minimum lease payments RM'000 (Restated)
Group						
Less than 1 year	**4,660**	**593**	**4,067**	5,150	783	4,367
Between 1 and 5 years	**7,523**	**444**	**7,079**	10,685	846	9,839
More than 5 years	**45**	**2**	**43**	10	2	8
	12,228	**1,039**	**11,189**	15,845	1,631	14,214

18. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Invoiced value of goods sold less discounts and returns	**712,243**	636,003	**–**	–
Dividend income	**4**	1	**4**	1
Interest income	**442**	71	**442**	71
Management fee	**–**	–	**1,197**	–
	712,689	636,075	**1,643**	72

19. FINANCE COSTS – GROUP

	2016 RM'000	2015 RM'000
Interest expenses on :		
Bankers' acceptances/Trade financing	**6,938**	6,323
Finance lease liabilities	**858**	1,167
Revolving credit	**272**	38
Term loans	**2,060**	1,590
Bank overdrafts	**72**	85
Others	**16**	–
	10,216	9,203

20. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging :				
Auditors' remuneration				
- Statutory audit				
- UHY	**111**	–	**39**	–
- other auditors	**106**	213	**–**	40
- Other services				
- UHY	**20**	–	**20**	–
- Other auditors	**39**	162	**–**	30
Depreciation of property, plant and equipment (Note 3)	**24,711**	25,019	**11**	27
Depreciation of investment properties (Note 4)	**115**	97	**–**	–
Amortisation of intangible assets (Note 7)	**295**	68	**–**	–
Directors' remuneration :				
Directors of the Company				
- fees	**97**	127	**97**	127
- other emoluments	**868**	983	**868**	500
- contributions to Employees' Provident Fund	**87**	33	**87**	17
Other Directors				
- other emoluments	**879**	1,079	**–**	–
- contributions to Employees' Provident Fund	**104**	126	**–**	–
Past Directors				
- fees	**57**	–	**57**	–
- other emoluments	**90**	40	**–**	40
- contributions to Employees' Provident Fund	**11**	–	**–**	–
Inventories written down	**433**	–	**–**	–
Impairment loss on amount due from a subsidiary	**–**	–	**–**	2,431
Impairment loss on plant and equipment	**–**	1,291	**–**	–
Plant and equipment written off	**180**	–	**–**	–
Loss on foreign exchange, net				
- realised	**1,188**	1,106	**–**	–
Loss on disposal of plant and equipment	**362**	–	**–**	–
Rental of equipment	**25**	10	**–**	–
Rental of premises	**147**	123	**–**	–
Provision for warranties (Note 16)	**133**	667	**–**	–

20. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax is arrived at : (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
and after crediting :				
Dividend income from :				
- quoted shares	**4**	1	**4**	1
Gain on foreign exchange, net				
- unrealised	**2,493**	3,567	**46**	–
Gain on disposal of property, plant and equipment	**1,877**	174	**1,521**	–
Gain on disposal of investment properties	**3,233**	–	**–**	–
Interest income	**688**	55	**442**	71
Rental income from investment properties	**135**	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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and others	**35,254**	28,286	**–**	140

Included in staff costs of the Group and of the Company are RM2,786,449 (2015 : RM1,551,635) and RM Nil (2015 : RM13,632) respectively representing contributions to Employees' Provident Fund.

21.2 Key management personnel compensation

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' fees	**154**	127	**154**	127
Short-term employee benefits	**1,982**	2,520	**868**	540
Contributions to Employees' Provident Fund	**218**	215	**87**	17
	2,354	2,862	**1,109**	684

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/(INCOME)

Recognised in profit or loss

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current tax expense				
Malaysian				
- current year	**900**	858	**–**	–
- prior year	**111**	(67)	**–**	–
Total current tax recognised in profit or loss	**1,011**	791	**–**	–
Deferred tax expense/(income)				
Origination/(Reversal) of temporary differences	**3,183**	(3,326)	**–**	–
Prior year	**–**	(191)	**–**	–
Total deferred tax recognised in profit or loss	**3,183**	(3,517)	**–**	–
Total tax expense/(income)	**4,194**	(2,726)	**–**	–

Reconciliation of tax expense/(income)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit/(Loss) for the year	**17,030**	26,355	**(2,466)**	11,325
Total income tax expense/(income)	**4,194**	(2,726)	**–**	–
Profit/(Loss) excluding tax	**21,224**	23,629	**(2,466)**	11,325
Income tax calculated using Malaysian tax rate at 24% (2015 : 25%)	**5,093**	5,907	**(617)**	2,831
Effect of lower tax rate in foreign jurisdiction	**–**	(200)	**–**	–
Capital gain not subject to tax	**(304)**	–	**(304)**	–
Effect of tax incentives	**(2,000)**	(2,827)	**–**	–
Non-deductible expenses	**2,549**	1,264	**875**	1,017
Non-taxable income	**(13)**	(3,847)	**(12)**	(3,847)
Tax exempt income	**–**	(22)	**–**	–
Reversal of deferred tax assets recognised	**–**	–	**58**	–
Recognition of previously unrecognised deferred tax assets	**(18)**	(2,798)	**–**	–
Effect of changes in tax rate	**–**	75	**–**	–
Others	**(1,227)**	(20)	**–**	(1)

22. TAX EXPENSE/(INCOME) (CONT'D)

Reconciliation of tax expense/(income) (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Under/(Over) provision of taxation in prior years	**111**	(258)	**–**	–
Current tax losses not recognised	**3**	–	**–**	–
	4,194	(2,726)	**–**	–

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.

A local subsidiary of the Company has been granted pioneer status for research, design and development for electrical, electronic, telecommunication, car navigator, wireless technology base, microcontroller unit (MCU) base and Light Emitted Diode (LED) base products and provision of relevant implementation, technical service and maintenance which exempts its statutory income derived from these activities from taxation for a period of 5 years beginning on 31 August 2014.

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 2016 was based on the profit attributable to ordinary shareholders of RM17,030,928 (2015 : RM26,479,663) and on the weighted average number of ordinary shares outstanding during the year of 161,126,170 (2015 : 74,821,063).

Diluted earnings per ordinary share

The fully diluted earning per share has been computed based on adjusted profit attributable to ordinary shareholders of RM17,030,928 (2015 : RM26,479,663) divided by the adjusted weighted average number of ordinary shares, assuming the full exercise of warrants in issue during the year into potential ordinary shares of 218,746,866 (2015 : Nil).

	2016 '000	2015 '000
Issued ordinary shares at 1 July	**76,833**	74,911
Effect of :		
- warrants exercised	**–**	(124)
- treasury shares held	**–**	34
- treasury shares repurchased	**(6)**	–
- rights issue with warrants	**73,249**	–
- private placement	**11,050**	–
Weighted average number of ordinary shares	**161,126**	74,821
Adjustment for assumed full exercise of warrants	**57,620**	N/A
Adjusted weighted average number of ordinary shares	**218,747**	N/A

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 30.6.2016	30.6.2015
Warrants 2015/2020	RM0.50	3.11.2020	57,620,696	–

Warrants 2015/2020 were issued on 4 November 2015 in conjunction with the issuance of 115,241,392 rights shares of RM0.50 each together with 57,620,696 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every two (2) rights shares subscribed. The warrant held at an exercise price of RM0.50 per ordinary share within 5 years from the date of the issue of the warrants.

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, Jubilee Manufacturing Sdn Bhd, WE Components Pte. Ltd., Singyasin Holdings Pte. Ltd. and Jupax 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

Related party transactions have been entered into the normal course of business under normal trade terms. 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 :

	2016 RM'000	2015 RM'000
(a) Transactions with companies in which certain Directors have a substantial financial interest		
Group		
Disposal of land	**–**	4,500
Deposit paid for acquisition of a company	**–**	1,272
Purchase of raw materials	**808**	–
Purchase of toolings	**188**	–
Shares issued pursuant to exercise of warrants	**–**	2,100
Company		
Deposit paid for acquisition of a company	**–**	1,272
Shares issued pursuant to exercise of warrants	**–**	2,100

25. RELATED PARTIES (CONT'D)

25.2 Significant related party transactions (Cont'd)

	2016 RM'000	2015 RM'000
(b) Transaction with a subsidiary		
Company		
Advances given	**(3,485)**	–
Advances received	**–**	318
Management fee received	**1,197**	–

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 10 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 RM229,334,922 (2015 : 221,198,828) of which, RM194,571,338 (2015 : RM195,833,789) 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
Financial assets			
2016			
Group			
Other investments	**5,024**	**–**	**5,024**
Trade and other receivables (exclude prepayments and non-refundable deposits)	**241,225**	**241,225**	**–**
Fixed deposits with licensed banks	**9,812**	**9,812**	**–**
Cash and bank balances	**39,334**	**39,334**	**–**
	295,395	**290,371**	**5,024**

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
2016			
Company			
Other investments	**5,024**	**–**	**5,024**
Trade and other receivables (exclude prepayments and non-refundable deposits)	**71,504**	**71,504**	**–**
Fixed deposits with licensed banks	**6,603**	**6,603**	**–**
Cash and bank balances	**705**	**705**	**–**
	83,836	**78,812**	**5,024**
2015			
Group (Restated)			
Other investments	5,524	–	5,524
Trade and other receivables (exclude prepayments and non-refundable deposits)	147,827	147,827	–
Fixed deposits with licensed banks	8,557	8,557	–
Cash and bank balances	40,914	40,914	–
	202,822	197,298	5,524
Company			
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	–
	50,311	44,787	5,524

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	FL RM'000
Financial liabilities		
2016		
Group		
Loans and borrowings	**210,040**	**210,040**
Trade and other payables	**170,950**	**170,950**
	380,990	**380,990**
Company		
Trade and other payables	**10,908**	**10,908**
2015		
Group (Restated)		
Loans and borrowings	215,567	215,567
Trade and other payables	111,769	111,769
	327,336	327,336
Company		
Trade and other payables	49,558	49,558

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 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)	**(499)**	(1,422)	**(499)**	(1,422)
- recognised in profit or loss	**–**	15,389	**–**	15,389
Loans and receivables	**708**	125	**442**	(2,360)
Financial liabilities measured at amortised cost	**(10,216)**	(9,203)	**–**	–
	(10,007)	(8,319)	**(57)**	(1,601)

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 :

Group	2016 RM RM'000	2015 RM RM'000 (Restated)
Domestic	**129,213**	83,451
Asia Pacific (other than Malaysia)	**83,793**	58,035
Others	**10,052**	2,911
	223,058	144,397

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
Group				
2016				
Not past due	**75,292**	**–**	**–**	**75,292**
Past due 1 - 30 days	**62,742**	**–**	**–**	**62,742**
Past due 31 - 60 days	**81,898**	**–**	**–**	**81,898**
Past due 61 - 90 days	**1,560**	**–**	**–**	**1,560**
Past due more than 90 days	**1,566**	**–**	**–**	**1,566**
	223,058	**–**	**–**	**223,058**
2015 (Restated)				
Not past due 1-30 days	106,136	–	–	106,136
Past due 1 - 30 days	27,595	–	–	27,595
Past due 31 - 60 days	10,589	–	–	10,589
Past due 61 - 90 days	4	–	–	4
Past due more than 90 days	73	–	–	73
	144,397	–	–	144,397

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 6 (2015 : 4) customers who collectively contributed 95% (2015 : 96%) of the Group's trade receivables at 30 June.

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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

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 RM194,571,338 (2015 : RM195,833,789) 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.

27.5 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.

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

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

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
2016							
Group							
Non-derivative financial liabilities							
Bank overdrafts	1,982	7.50	1,982	1,982	–	–	–
Bankers' acceptances	172,292	2.25 - 7.85	172,292	172,292	–	–	–
Trust receipts	12,912	3.72 - 3.82	12,912	12,912	–	–	–
Term loans	11,665	5.25 - 8.60	17,329	10,596	2,958	2,800	975
Finance lease liabilities	11,189	2.84 - 8.02	11,549	4,658	4,253	2,604	34
Trade and other payables	170,950	–	170,950	170,950	–	–	–
	380,990		387,014	373,390	7,211	5,404	1,009
Company							
Non-derivative financial liabilities							
Trade and other payables	10,908	–	10,908	10,908	–	–	–
Financial guarantees	–		229,335	229,335	–	–	–
	10,908		240,243	240,243	–	–	–

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2015 (Restated)							
Group							
Non-derivative financial liabilities							
Bank overdrafts	76	7.50	76	76	–	–	–
Bankers' acceptances	164,864	1.25 - 7.85	164,864	164,864	–	–	–
Trust receipts	7,561	3.72 - 3.82	7,561	7,561	–	–	–
Term loans	17,469	5.25 - 8.60	18,052	4,539	3,830	6,208	3,475
Finance lease liabilities	14,214	2.45 - 4.00	15,759	5,129	4,282	6,338	10
Trade financing	11,383	3.72 - 7.60	11,383	11,383	–	–	–
Trade and other payables	111,769	–	111,769	111,769	–	–	–
	327,336		329,464	305,321	8,112	12,546	3,485
Company							
Non-derivative financial liabilities							
Trade and other payables	49,558	–	49,558	49,558	–	–	–
Financial guarantees	–	–	221,199	221,199	–	–	–
	49,558		270,757	270,757	–	–	–

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 United States 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
Group	
2016	
Trade and other receivables	**221,662**
Trade and other payables	**(160,236)**
Cash and bank balances	**25,041**
Fixed deposits with licensed banks	**2,298**
Loans and borrowings	**(102,158)**
Net exposure	**(13,393)**
2015	
Trade and other receivables	131,171
Trade and other payables	(100,560)
Cash and bank balances	17,287
Fixed deposits with licensed banks	6,421
Loans and borrowings	(83,916)
Net exposure	(29,597)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

27.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 5% (2015 : 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.

	Profit or loss increase RM'000	Profit or loss decrease RM'000
Group		
2016		
USD	**(670)**	**670**
2015		
USD	(885)	885

A 5% (2015 : 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	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Fixed rate instruments				
Financial assets	**9,812**	8,557	**6,603**	6,403
Financial liabilities	**(196,393)**	(198,022)	**–**	–
	(186,581)	(189,465)	**6,603**	6,403
Floating rate instruments				
Financial liabilities	**(13,647)**	(17,545)	**–**	–

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
Group		
2016		
Floating rate instruments	**(104)**	**104**
2015		
Floating rate instruments	(119)	119

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 are 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	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2016										
Group										
Financial asset										
Quoted shares	5,024	–	–	5,024	–	–	–	–	5,024	5,024
Financial liabilities										
Term loans – variable rate	–	–	–	–	–	–	(11,665)	(11,665)	(11,665)	(11,665)
Finance lease liabilities	–	–	–	–	–	–	(11,549)	(11,549)	(11,549)	(11,189)
	–	–	–	–	–	–	(23,214)	(23,214)	(23,214)	(22,854)
Company										
Financial asset										
Quoted shares	5,024	–	–	5,024	–	–	–	–	5,024	5,024

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	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015 (Restated)										
Group										
Financial asset										
Quoted shares	5,524	–	–	5,524	–	–	–	–	5,524	5,524
Financial liabilities										
Term loans – variable rate	–	–	–	–	–	–	(17,469)	(17,469)	(17,469)	(17,469)
Finance lease liabilities	–	–	–	–	–	–	(15,046)	(15,046)	(15,046)	(14,214)
	–	–	–	–	–	–	(32,515)	(32,515)	(32,515)	(31,683)
Company										
Financial asset										
Quoted shares	5,524	–	–	5,524	–	–	–	–	5,524	5,524

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. (2015 : 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 :

	2016 %	2015 %
Finance lease liabilities	**3.50**	3.48

28. OPERATING SEGMENT

The Group has 1 segment, as described below, which is the Group's strategic business units. The strategic business unit offers different products and services, and is managed separately because they requires 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 segment :

- Provision of electronic manufacturing services ("EMS") and Original Equipment Manufacturer (OEM)/Original Design Manufacturer (ODM) for electronic & electrical products.

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 for electronic & electrical products RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
2016			
External revenue	712,243	446	712,689
Inter-segment revenue	–	–	–
Total revenue	712,243	446	712,689
Segment profit/(loss)	23,684	(2,460)	21,224
Included in the measure of segment profit/(loss) are :			
Gain on disposal of investment properties	3,233	–	3,233
Gain on disposal of property, plant and equipment	354	1,523	1,877
Property, plant and equipment written off	180	–	180
Depreciation of property, plant and equipment	24,645	66	24,711
Amortisation of intangible assets	295	–	295
Depreciation of investment properties	97	18	115
Finance costs	10,157	59	10,216
Segment assets	591,368	26,372	617,740
Included in the measure of segment assets are :			
Additions to property, plant and equipment	32,463	509	32,972

28. OPERATING SEGMENT (CONT'D)

Segment liabilities (Cont'd)

	EMS and OEM/ODM for electronic & electrical 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
2015					
External revenue	635,940	–	635,940	135	636,075
Inter-segment revenue	–	–	–	–	–
Total revenue	635,940	–	635,940	135	636,075
Segment profit/(loss)	11,521	(1,310)	10,211	13,418	23,629
Included in the measure of segment profit/(loss) are :					
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
Segment assets	412,189	71	412,260	29,668	441,928
Included in the measure of segment assets are :					
Additions to property, plant and equipment	20,508	–	20,508	513	21,021

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
2016						
Revenue from external customers	**229,338**	**164,855**	**53,671**	**196,506**	**68,319**	**712,689**
Non-current assets	**111,205**	**–**	**–**	**54,145**	**–**	**165,350**
2015						
Revenue from external customers	321,113	108,853	21,878	184,199	32	636,075
Non-current assets (Restated)	100,077	–	–	60,263	–	160,340

28. OPERATING SEGMENT (CONT'D)

Major customers

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

	Revenue 2016 RM'000	Revenue 2015 RM'000	Segment
Customer A	**195,177**	303,542	EMS and OEM/ODM for electronic and electrical products
Customer B	**195,586**	181,189	
Customer C	**164,854**	122,784	

29. CAPITAL COMMITMENTS – GROUP

	2016 RM'000	2015 RM'000
Contracted but not provided for		
- Acquisition of subsidiary	**–**	11,444
- Buildings	**3,388**	–
- Plant and equipment	**4,132**	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.

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.

31. SIGNIFICANT EVENT

Disposal of investment property and property, plant and equipment

On 9 December 2015, the Group disposed of the unexpired leases relating six (6) parcels of industrial land measuring approximately 62,809 square metres in the aggregate held by the Company and a wholly-owned subsidiary, SMT Technologies Sdn Bhd for a total disposal consideration of RM8,500,000.

32. RESTATEMENT OF COMPARATIVE

The Board has noted and determined that there was an misstatement in foreign exchange rate used for translation to consolidate the statement of financial position of the wholly-owned subsidiary, SMT Industries Co., Ltd in prior year resulting in the understatement of the assets and liabilities of the Group as at 30 June 2015.

As such, the Group's assets and liabilities as at 30 June 2015 have been restated to comply with MFRS 121, *The Effects of Changes in Foreign Exchange Rates.*

	2015	
	As previously reported RM'000	As Restated RM'000
Consolidated statement of financial position		
Property, plant and equipment	133,047	144,818
Intangible assets	2,602	2,710
Deferred tax assets	2,119	2,125
Inventories	82,591	91,818
Trade and other receivables	155,562	162,653
Deposits with licensed bank	8,554	8,557
Cash and bank balances	39,118	40,914
Trade and other payables	(105,981)	(111,769)
Loan and borrowings	(205,762)	(215,567)
Reserves	(52,952)	(67,330)
Consolidated statement of cash flows		
Effect of exchange rate fluctuations on cash held	622	2,404
Cash and bank balances	39,118	40,914
Bank overdrafts	(62)	(76)
Cash and cash equivalents	39,056	40,838

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

33. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries :				
- realised	**76,983**	48,960	**(2,062)**	(9,692)
- unrealised	**(3,680)**	(1,233)	**–**	–
	73,303	47,727	**(2,062)**	(9,692)
Add : Consolidation adjustments	**469**	(1,083)	**–**	–
Total retained earnings/ (accumulated losses)	**73,772**	46,644	**(2,062)**	(9,692)

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 39 to 107 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 2016 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 33 on page 108 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 2016

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 39 to 108 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 2016.

Kang Pang Kiang

Before me :

Mok Cheng Yoon
No. : P140
Commissioner for Oaths

INDEPENDENT
AUDITORS' REPORT

to the members of EG Industries Berhad (Company No.: 222897-W) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of EG Industries Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 107.

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 Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group'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 Group'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 2016 and of their financial performance and cash flows for the financial 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 have been properly kept in accordance with the provisions of the Act.

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

(c) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on in Note 33 on page 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of 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.

The financial statements of the preceding year were audited by another firm of auditors whose report dated 27 October 2015, expressed an unqualified opinion on those statements.

UHY
Firm Number: AF1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 2239/07/18(J)
Chartered Accountant

PENANG

27 October 2016

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 30/06/16 (RM)
H.S.(M) 343/89 P.T. No. 8543 Mukim Sg. Pasir Daerah Kuala Muda Kedah	23	02/04/12	174,240	Factory, Office Building & Warehouse	Sub-leasehold (08/10/2088)	10,614,500
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi, Thailand	8	05/04/11	172,223	Factory, Office Building & Warehouse	Freehold	6,568,776
H.S.(M) 17427 PT8544 Bandar Sungai Petani Daerah Kuala Muda Kedah	3	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	3	01/06/14	1,132	Office	Leasehold	763,008
1-12A-16 SunTech@Penang Cybercity Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	2	30/06/15	459	Office	Leasehold	320,938
1-12A-17 SunTech@Penang Cybercity Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	2	30/06/15	459	Office	Leasehold	320,938

STATISTICS OF SHAREHOLDINGS

as at 21 October 2016

AUTHORISED SHARE CAPITAL	:	RM200,000,000.00
PAID-UP CAPITAL	:	RM105,781,996.00
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	22	0.52	748	0.00
100 – 1,000	570	13.50	517,997	0.24
1,001 – 10,000	2,136	50.60	11,993,609	5.67
10,001 – 100,000	1,278	30.28	41,321,845	19.53
100,001 – 10,578,198 (*)	213	5.05	126,748,477	59.91
10,578,199 and above (**)	2	0.05	30,981,316	14.64
TOTAL	**4,221**	**100.00**	**211,563,992**	**100.00**

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	4.77	24,972,616 [a]	11.80
Kang Pang Kiang	8,252,000	3.90	–	–
Ang Seng Wong	–	–	–	–
Lim Sze Yan	–	–	–	–
Lee Kean Teong	–	–	–	–

[a] 24,972,616 shares held through Jubilee Industries Holdings Ltd.

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	**No. of Ordinary Shares Held**			
	Direct Interest	**%**	**Indirect Interest**	**%**
Jubilee Industries Holdings Ltd.	24,972,616	11.80	–	–
Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	12,108,700	5.72	–	–
Terence Tea Yeok Kian	10,090,900	4.77	24,972,616 [a]	11.80
WE Holdings Ltd			24,972,616 [a]	11.80

[a] 24,972,616 shares held through Jubilee Industries Holdings Ltd.

30 LARGEST SHAREHOLDERS AS AT 21 OCTOBER 2016

No.	Names	No. of Shares	%
1.	KENANGA NOMINEES (ASING) SDN BHD JUBILEE INDUSTRIES HOLDINGS LTD (023)	18,872,616	8.9331
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	12,108,700	5.7315
3.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE TEA YEOK KIAN	10,000,000	4.7334
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (6000059)	8,000,000	3.7867
5.	LEE PAK HOONG	4,793,537	2.2690
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	4,592,700	2.1739
7.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	4,336,500	2.0526
8.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUBILEE INDUSTRIES HOLDINGS LTD	4,000,000	1.8934
9.	TAN PHAIK IMM	3,775,800	1.7872
10.	GIAP SENG AUTO SUPPLY SDN. BERHAD	3,732,714	1.7668
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHAIFUL HAMIDI BIN BASIRDIN	2,789,800	1.3205
12.	KHOE BOON HUAT	2,605,500	1.2333
13.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND	2,300,000	1.0887
14.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG PENNY STOCKFUND	2,300,000	1.0887
15.	JUBILEE INDUSTRIES HOLDINGS LTD	2,100,000	0.9940
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	2,000,000	0.9467
17.	LOW SUAN KONG	1,880,000	0.8899
18.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF DANA ADIB	1,764,000	0.8350
19.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC RECOVERY FUND	1,734,700	0.8211
20.	TAN HAN CHUAN	1,538,400	0.7282
21.	AMANAHRAYA TRUSTEES BERHAD PUBLIC EHSAN MIXED ASSET GROWTH FUND	1,366,900	0.6470
22.	LIM HOOI PHENG	1,295,600	0.6133
23.	AMANAHRAYA TRUSTEES BERHAD AMTOTAL RETURN	1,258,000	0.5955
24.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING MING	1,200,000	0.5680
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MYBK AM SC E)	1,185,000	0.5609
26.	LOW SOOK MENG	1,173,100	0.5553
27.	CIMSEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOBLE PLAN SDN BHD	1,050,000	0.4970
28.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (NPF)	1,000,000	0.4733
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	990,500	0.4688
30.	LOW CHOON YEN	985,600	0.4665
	TOTAL:	106,729,667	50.5193

STATISTICS OF
WARRANT 2015/2020 HOLDINGS

as at 21 October 2016

NO. OF WARRANTS	:	57,620,696
VOTING RIGHTS	:	ONE VOTE PER WARRANT

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	47	3.78	2,353	0.00
100 – 1,000	97	7.81	76,275	0.13
1,001 – 10,000	507	40.82	3,095,943	5.37
10,001 – 100,000	493	39.69	17,533,750	30.43
100,001 – 2,881,033 (*)	96	7.73	27,912,375	48.44
2,881,034 and above (**)	2	0.16	9,000,000	15.62
TOTAL	**1,242**	**100.00**	**57,620,696**	**100.00**

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	–	–
Ang Seng Wong	–	–	–	–
Lim Sze Yan	–	–	–	–
Lee Kean Teong	–	–	–	–

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 21 OCTOBER 2016

No.	Names	No. of Warrants	%
1.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE TEA YEOK KIAN	5,000,000	8.6774
2.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (6000059)	4,000,000	6.9420
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	2,500,000	4.3387
4.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR IAM TRADITIONAL ASIAN GROWTH FUND	920,100	1.5968
5.	TEY YEE YEE	822,000	1.4266
6.	KHOE BOON HUAT	771,300	1.3386
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIAN WOON SENG (020)	758,000	1.3155
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH YEW PENG	750,000	1.3016
9.	TOH YEW PENG	750,000	1.3016
10.	SIM MUI KHEE	710,000	1.2322
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY MOI NIN (SEGAMAT-CL)	627,400	1.0888
12.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR CHAN WAI FOONG	623,000	1.0812
13.	LOW WEE KIAT	603,000	1.0465
14.	LOW SOOK MENG	553,550	0.9607
15.	LOW CHOON YEN	500,050	0.8678
16.	SU MING YAW	480,000	0.8330
17.	TEY YEE YEE	474,100	0.8228
18.	LOW SUAN KONG	462,900	0.8034
19.	LEE MEI LENG	400,000	0.6942
20.	PHUAN WE PING	387,600	0.6727
21.	BEH BEE BEE	380,000	0.6595
22.	LIM HUN GUAN	379,200	0.6581
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD WONG PAK KONG	350,000	0.6074
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHOE HAI CHUAN	348,000	0.6039
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD OW TONG KIAW	347,200	0.6026
26.	KOAY WEI YEH	322,200	0.5592
27.	TAN CHOON KIAK	310,000	0.5380
28.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIAN WOON SENG	306,600	0.5321
29.	TAN SOCK LENG	300,050	0.5207
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SEW NGO (B TINGGI-CL)	300,000	0.5206
	TOTAL:	25,436,250	44.1443

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWENTY FIFTH ANNUAL GENERAL MEETING ("AGM") of the Company will be held at EG INDUSTRIES BERHAD, Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah on Friday, 9 December 2016 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 2016 and the Reports of the Directors and the Auditors thereon. Resolution 1

2. To approve the payment of Directors' Fees of RM154,000.00 for the year ended 30 June 2016. Resolution 2

3. To re-elect the following Director retiring in accordance with Article 98(1) of the Company's Articles of Association:-

   (a) MR. KANG PANG KIANG Resolution 3

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

   (a) MR. LEE KEAN TEONG Resolution 4

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

As Special Business:-

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

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

   "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 AGM of the Company."

7. Ordinary Resolution – Proposed Renewal of Authority for the Purchase by the Company of its own ordinary shares of up to 10% of the issued and paid-up share capital ("Share Buy-Back") Resolution 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 31 October 2016. 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 211,563,992 ordinary shares of RM0.50 each as at 21 October 2016 and an amount not exceeding the share premium reserve of RM20,932,113 based on the latest audited financial statements as at 30 June 2016 of the Company.

As Special Business:- (Cont'd)

7. Ordinary Resolution – Proposed Renewal of Authority for the Purchase by the Company of its own ordinary shares of up to 10% of the issued and paid-up share capital ("Share Buy-Back") (Cont'd)

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

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

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution of the Company's shareholders in a general meeting,

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

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

8. Ordinary Resolution – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Resolution 8

"THAT, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, the authority be and is hereby given for SMT Technologies Sdn Bhd to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations as set out in Section 2.4 of the Company's Circular to Shareholders dated 31 October 2016 ("Circular") on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following the AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT, the Directors of the Company be and are hereby authorized to complete and do all such acts including executing any documents as may be required to give full effect to such transactions authorized by this resolution.

As Special Business:- (Cont'd)

9. Special Resolution – Proposed Amendments to the Articles of Association of the Company — Resolution 9

"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix A of the Notice of AGM be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company."

10. 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

31 October 2016

NOTES:

1. Only members of the Company whose names appear in the Record of Depositors as at 2 December 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 25th AGM of the Company or to appoint proxy(ies) to attend and vote on the member's behalf.

2. To be valid, the original signed and/or sealed Proxy Form must be deposited at the registered office of the Company at Suite 18.01, 18th Floor, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding the AGM or any adjournment thereof.

3. A member of the Company is entitled to appoint not more than two (2) proxies to attend, vote and speak on such member's behalf.

4. Where a member appoints more than one (1) proxy to attend and vote at the AGM, the appointment shall be invalid unless the member specifies in the Proxy Form the proportion of the shareholdings to be represented by each proxy.

5. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney duly authorised in writing.

6. A proxy may, but need not, be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

7. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies it may appoint in respect of each Omnibus Account it holds.

NOTES: (Cont'd)

8. 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. 6, is a renewal of the previous year mandate and if passed, will authorize the Directors of the Company to issue shares up to a maximum ten per cent (10%) of the issue share capital of the company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

The Company had on 3 December 2015 made an announcement to Bursa Malaysia Securities Berhad that the Private Placement deemed completed following the listing of and quotation for 19,206,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad with effect from 3 December 2015. 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 utilize its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy-Back is also expected to stabilize the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value. Please refer to the Statement to Shareholders dated 31 October 2016.

Resolution 8

- Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution No. 8 is in relation to the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, if passed will give the power to the Group to transact with the parties related to the Group. Please refer to Section 2.4 of the Circular to Shareholders dated 31 October 2016.

Special Resolution

Resolution 9

- Proposed Amendments to the Articles of Association of the Company

The Special Resolution, if passed, will allow the Chairman to prerogative to promote orderly conduct of general meetings and render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

APPENDIX A

Proposed Amendments to the Articles of Association of the Company

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
To add Article 73 (A)	*(New provision)*	**Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Rules of the Exchange, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature.**
To amend Article 77 (1)	At any general meeting a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person, by proxy, by attorney or a representative, unless a poll is demanded (before or upon the declaration of the result of a show of hands) either :- (a) by the Chairman of the meeting; (b) by at least two (2) members present in person or by proxy, by attorney or a representative; (c) by any member or members present in person or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or (d) by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right. Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.	**Subject to the Rules of the Exchange, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Subject to the Act, a poll may be demanded:** (a) by the Chairman of the meeting; (b) by at least two (2) members present in person or by proxy, by attorney or a representative; (c) by any member or members present in person or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or (d) by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right. Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.

Article No.	Existing Articles	Amended Articles
To amend Article 77 (2)	Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has been carried or lost or has not been carried by any particular majority, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number, proportion or validity of the votes, recorded in favour of or against such resolution.	Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has been carried or lost or has not been carried by any particular majority, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number, proportion or validity of the votes, recorded in favour of or against such resolution. **A poll shall be taken in such manner as the Chairman of the meeting directs and at least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. The Chairman of the meeting may fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.** **The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.**
To amend Article 165	The Directors shall from time to time in accordance with Section 169 of the Act and the Listing Requirements cause to be prepared and laid before the Company in general meeting such audited accounts, the directors' and auditors' reports. The interval between the close of a financial year of the Company and the issue of annual audited accounts, directors' and auditors' reports relating to it shall not exceed four (4) months. A copy of each such documents shall not be more than six months after the close of the financial year and not less than twenty-one (21) days before the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	The interval between the close of a financial year of the Company and the issue of annual audited financial statements, the Directors' and Auditors' Report shall not exceed four (4) months or such period, which may be prescribed by the Rules of the Exchange. A copy of each such documents shall not less than twenty-one (21) days before the date of the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. Such documents may be in printed form or in compact disc read-only memory ("CD-ROM") or digital video disc read-only memory ("DVD-ROM") format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office.

PROXY FORM

EG INDUSTRIES BERHAD (222897-W)

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

*I/We (full name and in block letters) ____

*NRIC No. (new) / Company No. : ______________________ of (full address) ______________________

____

being a member of **EG INDUSTRIES BERHAD**, hereby appoint:

First Proxy

Full Name (in block letters)		**Proportion of Shareholdings**	
NRIC No.		**No. of Shares**	**%**
Address			

*and/or **Second Proxy** (as the case may be)

Full Name (in block letters)		**Proportion of Shareholdings**	
NRIC No.		**No. of Shares**	**%**
Address			

or failing *him/her/them, the Chairman of the meeting, as my/our proxy(ies) to vote for *me/us on *my/our behalf at the Twenty Fifth Annual General Meeting ("AGM") of the Company to be held at EG INDUSTRIES BERHAD, Lot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah on Friday, 9 December 2016 at 11:30 a.m. or at any adjournment thereof in the manner as indicated below and, if no voting instruction is given, in the manner as my proxy(ies) may think fit:

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

	Ordinary Resolutions	**For**	**Against**
1.	Adoption of Reports and Audited Financial Statements		
2.	Payment of Directors' Fees		
3.	Re-election of Director, KANG PANG KIANG		
4.	Re-election of Director, LEE KEAN TEONG		
5.	Re-appointment of Auditors, UHY		
6.	To authorize 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		
8.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
	Special Resolution		
9.	Proposed Amendments to the Articles of Association of the Company		

*Delete if inapplicable

Dated this ______ day of ______________, 2016.

____
Signature / Common Seal of Shareholder

NOTES:

1. Only members of the Company whose names appear in the Record of Depositors as at 2 December 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 25th AGM of the Company or to appoint proxy(ies) to attend and vote on the member's behalf.
2. To be valid, the original signed and/or sealed Proxy Form must be deposited at the registered office of the Company at Suite 18.01, 18th Floor, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding the AGM or any adjournment thereof.
3. A member of the Company is entitled to appoint not more than two (2) proxies to attend, vote and speak on such member's behalf.
4. Where a member appoints more than one (1) proxy to attend and vote at the AGM, the appointment shall be invalid unless the member specifies in the Proxy Form the proportion of the shareholdings to be represented by each proxy.
5. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney duly authorised in writing.
6. A proxy may, but need not, be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
7. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies it may appoint in respect of each Omnibus Account it holds.
8. 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. 6, is a renewal of the previous year mandate and if passed, will authorize the Directors of the Company to issue shares up to a maximum ten per cent (10%) of the issue share capital of the company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

   The Company had on 3 December 2015 made an announcement to Bursa Malaysia Securities Berhad that the Private Placement deemed completed following the listing of and quotation for 19,206,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad with effect from 3 December 2015. 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 utilize its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy-Back is also expected to stabilize the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value. Please refer to the Statement to Shareholders dated 31 October 2016.

NOTES: (Cont'd)

8. Explanatory notes on Special Business (Cont'd)

   Ordinary Resolutions (Cont'd)

   Resolution 8

   • Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed Resolution No. 8 is in relation to the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, if passed will give the power to the Group to transact with the parties related to the Group. Please refer to Section 2.4 of the Circular to Shareholders dated 31 October 2016.

   Special Resolution

   Resolution 9

   • Proposed Amendments to the Articles of Association of the Company

   The Special Resolution, if passed, will allow the Chairman to prerogative to promote orderly conduct of general meetings and render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Personal Data Privacy:

By submitting on instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2016.

Please fold across the line and close

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.

Please fold across the line and close

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