THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your ordinary shares of RM0.50 each in EG Industries Berhad (222897-W) ("EGIB" or "our Company") ("EGIB Shares"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, AGRITEUM Share Registration Services Sdn. Bhd., 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 12 October 2015 ("Entitled Shareholders"). This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renouncee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, have also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 23 July 2015. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 3 June 2015 for the admission of the Warrants to the Official List of Bursa Securities and the listing of the Rights Shares (as defined herein) and new EGIB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and quotation of the Rights Shares, Warrants and new EGIB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Principal Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

EG INDUSTRIES BERHAD

(Company No. 222897-W)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 115,674,900 NEW ORDINARY SHARES OF RM0.50 EACH IN EGIB ("RIGHTS SHARES") TOGETHER WITH UP TO 57,837,450 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN EGIB AT 5.00 P.M. 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 PAYABLE IN FULL UPON ACCEPTANCE

Principal Adviser, Managing Underwriter and Co-Underwriter

M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Co-Underwriter

MIDF AMANAH INVESTMENT BANK BERHAD (23878-X)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	:	Monday, 12 October 2015, at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Tuesday, 20 October 2015, at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Friday, 23 October 2015, at 4.00 p.m.
Last date and time for acceptance and payment	:	Wednesday, 28 October 2015, at 5.00 p.m.*
Last date and time for excess application and payment	:	Wednesday, 28 October 2015, at 5.00 p.m.*

* or such later date and time as the Board of Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 12 October 2015

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

"Abridged Prospectus"	:	This Abridged Prospectus dated 12 October 2015 issued by our Company
"Act"	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
"Amendments"	:	Amendments to the Memorandum and Articles of Association of EGIB to facilitate the Par Value Reduction
"Board"	:	Board of Directors of EGIB
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositors.
"Code"	:	Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
"Court"	:	High Court of Malaya
"Deed Poll"	:	The deed poll governing the Warrants dated 29 September 2015
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting
"E&E"	:	Electrical and electronics
"EGIB" or "Company"	:	EG Industries Berhad
"EGIB Group" or "Group"	:	EGIB and our subsidiaries, collectively
"EGIB Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.50 each in EGIB
"Entitled Shareholders"	:	Shareholders of EGIB whose names appear in the Record of Depositors of our Company as at the Entitlement Date
"Entitlement Date"	:	The date as at the close of business on which the shareholders of EGIB must be registered in the Record of Depositors of our Company in order to participate in the Rights Issue with Warrants, being 12 October 2015 at 5.00 p.m.
"EMS"	:	Electronics manufacturing services

"EPS"	:	Earnings per share
"ESGS"	:	Employees' share grant scheme involving the establishment of ESGS of up to 15% of the issued and paid-up share capital of our Company (excluding treasury shares, if any) at any point in time during the existence of the ESGS
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended
"GDP"	:	Gross domestic product
"ICT"	:	Information & communications technology
"Jubilee"	:	Jubilee Industries Holdings Ltd, our major shareholder
"LPD"	:	30 September 2015, being the latest practicable date prior to the printing of this Abridged Prospectus
"M&A Securities" or "Principal Adviser"	:	M&A Securities Sdn Bhd
"Main Market LR"	:	The Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
"Market Day"	:	A day which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants
"Minimum Scenario"	:	Assuming only the Undertaking Directors subscribe for 18,000,000 Rights Shares in aggregate pursuant to the Undertakings and the Underwriting is in place such that RM50.0 million will be raised under the Rights Issue with Warrants
"Minimum Subscription Level"	:	The minimum subscription level of the Rights Issue with Warrants of 100,000,000 Rights Shares together with 50,000,000 Warrants
"MSC"	:	Multimedia Super Corridor
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
"Par Value Reduction"	:	The reduction in the par value of the ordinary shares of EGIB from RM1.00 to RM0.50 via the cancellation of RM0.50 from the par value pursuant to Section 64 of the Act which took effect on 25 August 2015
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation

"PCBA"	:	Printed circuit board assembly
"PCB"	:	Printed circuit board
"Placement Shares"	:	Up to 9,168,700 new EGIB Shares to be issued pursuant to the Private Placement
"PPIM"	:	Precision plastic injection moulding
"Proposals"	:	Par Value Reduction, Private Placement, Rights Issue with Warrants, ESGS and Amendments, collectively
"Private Placement"	:	Private placement of up to 9,168,700 Placement Shares at an issue price of RM0.75 per Placement Share after the Par Value Reduction to independent third party investor(s) to be identified, which has lapsed on 31 July 2015
"Protégé" or "IMR"	:	Protégé Associates Sdn Bhd, the independent market research consultant
"R&D"	:	Research and development
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository
"Rights Shares"	:	Up to 115,674,900 new EGIB Shares to be issued pursuant to the Rights Issue with Warrants
"Rights Issue with Warrants"	:	The renounceable rights issue of up to 115,674,900 Rights Shares together with up to 57,837,450 Warrants at an issue price of RM0.50 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing EGIB Shares held together with one (1) Warrant for every two (2) Rights Shares subscribed on the Entitlement Date
"RM and sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue with Warrants
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singapore Dollar
"SMT"	:	Surface-Mount technology
"sq m"	:	Square metres
"THB"	:	Thailand Baht
"Undertaking Directors"	:	Our directors namely, Terence Tea Yeok Kian and Kang Pang Kiang
"Undertakings"	:	Written undertakings by the Undertaking Directors to subscribe and/or procure the subscription for at least 18,000,000 Rights Shares in aggregate

"Underwriters"	:	Collectively, the Co-Underwriters as specified under the Corporate Directory of this Abridged Prospectus
"Underwriting"	:	82,000,000 Rights Shares to be underwritten pursuant to the Underwriting Agreement
"Underwriting Agreement"	:	Underwriting agreement dated 11 September 2015 entered into between our Company and the Underwriters in relation to the Underwriting
"USD"	:	United States Dollar
"Warrants"	:	Up to 57,837,450 new free detachable warrants to be issued pursuant to the Rights Issue with Warrants
"5D-WAMP"	:	Five (5)-day volume weighted average market price
"10D-WAMP"	:	Ten (10)-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Designation)	Age	Address	Nationality	Occupation
Terence Tea Yeok Kian *(Executive Chairman)*	47	4 Lucky Heights Singapore 467548	Singaporean	Director
Kang Pang Kiang *(Group Chief Executive Officer)*	43	90, Jalan Besi Island Park 11600 Georgetown Pulau Pinang	Malaysian	Director
Tai Yeong Sheng *(Non-Independent Non-Executive Director)*	38	G4 Taman Bersatu 08000 Sungai Petani Kedah	Malaysian	Director
Ang Seng Wong *(Senior Independent Non-Executive Director)*	53	No 70 Jalan 5/56 Gasing Indah 46000 Petaling Jaya Selangor	Malaysian	Director
Dr. Damien Lim Yat Seng *(Independent Non-Executive Director)*	43	38 Jalan Beremban Kepong Baru 52100 Kuala Lumpur W. Persekutuan (KL)	Malaysian	Director
Lim Sze Yan *(Independent Non-Executive Director)*	38	Lot 1301, Jalan Batu Lintang Tikam Batu 08600 Sungai Petani Kedah	Malaysian	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ang Seng Wong	Chairman	Senior Independent Non-Executive Director
Dr. Damien Lim Yat Seng	Member	Independent Non-Executive Director
Lim Sze Yan	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY	**Chai Churn Hwa (MAICSA 0811600)** Suite 18.01, 18th Floor, MWE Plaza No. 8 Lebuh Farquhar 10200 Penang Telephone number: 04-263 7762
REGISTERED OFFICE	Suite 18.01, 18th Floor, MWE Plaza No. 8 Lebuh Farquhar 10200 Penang Telephone number: 04-263 7762 Fax number: 04-263 5901
BUSINESS ADDRESS	Plot 102, Jalan 4 Bakar Arang Industrial Estate 08000 Sungai Petani Kedah Telephone number: 04-422 9881 E-mail: eg@eg.com.my Website: http://www.eg.com.my
PRINCIPAL BANKER	**OCBC Bank (Malaysia) Berhad** 36 Lebuh Pantai 10300 Pulau Pinang Telephone number: 04-258 1528
AUDITORS/ REPORTING ACCOUNTANTS	**KPMG (AF 0758)** Level 18, Hunza Tower 163E, Jalan Kelawai 10250 Penang Telephone number: 04-238 2288
SHARE REGISTRAR	**AGRITEUM Share Registration Services Sdn. Bhd.** 2nd Floor, Wisma Penang Garden 42 Jalan Sultan Ahmad Shah 10050 Penang Telephone number: 04-228 2321

CORPORATE DIRECTORY (CONT'D)

INDEPENDENT MARKET RESEARCH CONSULTANT	**Protégé Associates Sdn Bhd** Suite C-06-06, Plaza Mont' Kiara 2, Jalan Kiara Mont' Kiara 50480 Kuala Lumpur Telephone number: 03-6201 9301
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	**Bahari & Bahari** D4-U3-13, Solaris Dutamas Jalan Dutamas 1 50480 Kuala Lumpur Telephone number: 03-6205 4777
PRINCIPAL ADVISER, MANAGING UNDERWRITER AND CO-UNDERWRITER FOR THE RIGHTS ISSUE WITH WARRANTS	**M&A Securities Sdn Bhd** No. 45 & 47-11, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-2284 2911
CO-UNDERWRITER FOR THE RIGHTS ISSUE WITH WARRANTS	**MIDF Amanah Investment Bank Berhad** Level 21, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Telephone number: 03-2772 1681
STOCK EXCHANGE LISTING	Main Market of Bursa Securities

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Company No. 222897-W

EG INDUSTRIES BERHAD

(Company No. 222897-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

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

12 October 2015

Directors:
Terence Tea Yeok Kian *(Executive Chairman)*
Kang Pang Kiang *(Group Chief Executive Officer)*
Tai Yeong Sheng *(Non-Independent Non-Executive Director)*
Ang Seng Wong *(Senior Independent Non-Executive Director)*
Dr. Damien Lim Yat Seng *(Independent Non-Executive Director)*
Lim Sze Yan *(Independent Non-Executive Director)*

To: The Entitled Shareholders of EG Industries Berhad

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 115,674,900 RIGHTS SHARES TOGETHER WITH UP TO 57,837,450 WARRANTS ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN EGIB AT 5.00 P.M. 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 PAYABLE IN FULL UPON ACCEPTANCE

1. INTRODUCTION

On 23 July 2015, M&A Securities had, on behalf of our Board, announced that our shareholders had, at an EGM held on even date, approved *inter alia*, the Rights Issue with Warrants.

A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus. Bursa Securities had vide its letter dated 3 June 2015 approved the following:

(i) Listing of and quotation for:

(a) up to 9,168,700 Placement Shares;

(b) up to 151,283,482 Rights Shares;

(c) such number of EGIB Shares representing up to 15% of the issued and paid-up share capital of the Company to be issued pursuant to the ESGS; and

(d) up to 75,641,741 new EGIB Shares to be issued pursuant to the exercise of Warrants.

(ii) Admission to the Official List and the listing of and quotation for up to 75,641,741 Warrants.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:

	Conditions	Status of Compliance
(i)	EGIB and M&A Securities to fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the Proposals;	To be complied.
(ii)	EGIB and M&A Securities to inform Bursa Securities upon the completion of the Proposals;	To be complied.
(iii)	EGIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied.
(iv)	EGIB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied.
(v)	To incorporate the comments made in the draft circular to shareholders provided by Bursa Securities.	Complied.

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renouncees are ready for crediting and notices of allotment have been despatched to them.

On 31 July 2015, M&A Securities, on our behalf, announced that the exercise price of the Warrants have been fixed at RM0.50. Additionally, in relation to the Private Placement, pursuant to Paragraph 6.13 of the Main Market LR, payments for the Placement Shares must be made within 5 market days from the date of shareholders' approval (i.e. by 30 July 2015) ("Payment Condition"). As the Payment Condition has not been fulfilled, the Private Placement has effectively lapsed.

On 20 August 2015, the Court granted an order permitting our Company to reduce the par value of our EGIB shares from RM1.00 to RM0.50 each. The sealed order was lodged with the Companies Commission of Malaysia on 25 August 2015 and accordingly, the par value reduction of EGIB shares to RM0.50 each took effect on 25 August 2015.

On 11 September 2015, M&A Securities, on our behalf, announced that with the execution of the Underwriting Agreement and the Undertakings from the Undertaking Directors, our Company will be able to meet the Minimum Subscription Level. As such, the Board has released Jubilee's obligations to subscribe for 34,308,924 Rights Shares pursuant to its irrevocable undertaking given to EGIB as it is no longer required.

On 28 September 2015, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 12 October 2015.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants involves a renounceable rights issue of up to 115,674,900 Rights Shares together with up to 57,837,450 Warrants at an issue price of RM0.50 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing EGIB Shares held on the Entitlement Date together with one (1) Warrant for every two (2) Rights Shares subscribed. The Rights Shares with Warrants will be offered to the Entitled Shareholders.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis, more specified under Section 3.8 herein.

The Rights Issue with Warrants will be implemented on a minimum subscription level to raise minimum gross proceeds of at least RM50.0 million. The Minimum Scenario is based on the required funding of RM50.0 million determined by our Board after taking into consideration, the funding requirements of our Group, as set out in Section 5 of this Abridged Prospectus.

Shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the Warrants and shall be deemed to have also renounced their entitlements to the Warrants. Shareholders who accept only part of the Rights Shares shall only be entitled to the Warrants in the proportion to their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Securities.

The Warrants shall only be issued to those Entitled Shareholders who subscribe for the Rights Shares. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares and Warrants are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

Our Board had on 17 April 2015 fixed the issue price for the Rights Shares at RM0.50 each after taking into consideration the following:

(a) the historical share price movement of EGIB Shares;

(b) the 5D-WAMP and 10D-WAMP of EGIB Shares up to and including 16 April 2015 of RM0.8374 and RM0.8252 respectively, being the Market Day immediately preceding the date the issue price of the Rights Shares was fixed; and

(c) the par value of EGIB Shares of RM0.50 each.

The issue price of RM0.50 per Rights Share represents a discount of 17.19% and 16.68% from the theoretical ex-all price of EGIB Shares of approximately RM0.6038 and RM0.6001 per Share calculated based on the 5D-WAMP and 10D-WAMP of EGIB Shares up to 16 April 2015 of RM0.8374 and RM0.8252 respectively.

(ii) Warrants

Our Board had on 31 July 2015 fixed the exercise price for the Warrants at RM0.50 per EGIB Share after taking into consideration the following:

(a) the 5D-WAMP of EGIB Shares up to and including 30 July 2015 of RM0.71, being the Market Day immediately preceding the price-fixing date;

(b) the theoretical ex-rights price of EGIB Shares of RM0.58, calculated based on the 5D-WAMP up to and including 30 July 2015 of RM0.71; and

(c) the par value of EGIB Shares of RM0.50 each.

The exercise price of the Warrants of RM0.50 represents a premium of 29.58% and 13.79% to the 5D-WAMP of EGIB Shares up to 30 July 2015 of RM0.71 and the theoretical ex-rights price of EGIB Shares of RM0.58, respectively.

The Warrants are attached to the Rights Shares without any cost and will be issued only to those Entitled Shareholders who subscribe for the Rights Shares.

2.3 Ranking of the Rights Shares and new EGIB Shares to be issued pursuant to the exercise of the Warrants

The Rights Shares and new EGIB Shares to be issued pursuant to the exercise of the Warrants, if any, shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing EGIB Shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the Rights Shares and the new EGIB Shares to be issued pursuant to the exercise of the Warrants (as the case may be).

2.4 Salient terms of the Warrants

Please refer to **Appendix II** of this Abridged Prospectus for the salient terms of the Warrants.

2.5 Undertakings by Directors and underwriting arrangement

2.5.1 Undertakings by Directors

To meet the Minimum Subscription Level, 82,000,000 Rights Shares have been underwritten and our Company had received the Undertakings for the subscription of at least 18,000,000 Rights Shares from the Undertaking Directors (via their rights entitlements and/or excess applications) as follows:

	Direct shareholdings as at LPD[(a)]		To be subscribed pursuant to the Undertakings				After the subscription of the Rights Shares	
Directors	**No of EGIB Shares**	**%**	**No. of entitled Rights Shares**	**%**	**No of excess Rights Shares**	**% of the Rights Shares[(b)]**	**No of EGIB Shares**	**%**
Terence Tea Yeok Kian	90,900	0.12	136,350	0.14	9,863,650	9.86	10,090,900	5.70
Kang Pang Kiang	100,800	0.13	151,200	0.15	7,848,800	7.85	8,100,800	4.57

Notes:

(a) Assuming all 289,000 treasury shares have been resold.
(b) Based on the Minimum Scenario where 100,000,000 Rights Shares are issued.

The Undertaking Directors had confirmed that they have sufficient financial resources to take up their respective subscription of Rights Shares pursuant to the Undertakings and such confirmations have been verified by M&A Securities. Notwithstanding the above, in the event the Minimum Subscription Level is not achieved, the implementation of the Rights Issue with Warrants will be terminated and all consideration received for the Rights Shares will be immediately returned to all subscribers of the Rights Shares.

The Undertaking Directors confirm that the Undertakings will not give rise to any consequences of mandatory offer obligation pursuant to the Code. However, should the Undertaking Directors and/or parties acting in concert with them exercise their Warrants, such that their combined or respective resulting shareholdings in EGIB increases above 33%, they will be obliged under the Code to undertake a mandatory offer for all the remaining EGIB Shares not already held by them respectively after the exercise of the Warrants. In such an event, they will seek the relevant exemptions under the Code if they do not intend to undertake such a mandatory offer.

Up to 82,000,000 Rights Shares (or 70.89% of the maximum Rights Shares) for which no undertaking is obtained, have been fully underwritten by the Underwriters.

2.5.2 Underwriting arrangement

On 11 September 2015, our Company entered into the Underwriting Agreement with the Underwriters to underwrite up to 82,000,000 Rights Shares ("Underwritten Rights Shares"), representing approximately 70.89% of the maximum Rights Shares to be issued pursuant to the Rights Issue with Warrants at an underwriting commission of 2% of the total value of the Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

	No. of Underwritten Rights Shares	RM
Underwriters		
M&A Securities	52,000,000	26,000,000
MIDF Amanah Investment Bank Berhad	30,000,000	15,000,000
Total	**82,000,000**	**41,000,000**

The underwriting commission and all relevant costs in relation to the underwriting arrangement will be borne by our Company.

2.6 Details of other corporate exercises

As at the LPD, save for items (iv) and (v) of Section 3 in Appendix VIII of this Prospectus, the Rights Issue with Warrants and the implementation of the ESGS, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which has been announced but pending completion.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository. Entitled Shareholders and/or their renouncees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

3.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is on 28 October 2015 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

3.4 Procedure for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares with Warrants are required to complete Part I(a) – Acceptance, Part I(b) – Excess and Part II – Declaration of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

AGRITEUM Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Telephone number: 04- 228 2321
Fax number: 04- 227 2391

so as to arrive not later than 5.00 p.m. on 28 October 2015, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renouncee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

You and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of one (1) Warrant for every two (2) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is two (2) Rights Shares which will be accompanied with one (1) Warrant. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants, if any, will be disregarded and will be dealt with by our Board as they may deem fit in the best interest of our Company.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) is not received by the Share Registrar on 28 October 2015 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renouncee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

If you or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (http://www.bursamalaysia.com), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "EGIB RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAIN THERIEN.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share However, should you wish to secure one (1) Warrant from the subscription of your entitlement, the minimum number of Rights Shares to be subscribed is two (2) Rights Shares.

You must complete both Part I(a) and Part II of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you and/or your renounce(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Account(s). To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants, you and/or your renounce(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository. If you have sold or transferred only part of the provisionally allotted Rights Shares with Warrants, you may still accept the balance of the provisionally allotted Rights Shares with Warrants by completing the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the more details on the acceptance and payment of the Rights Shares.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Account(s) that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

If you have sold or transferred only part of your entitlements to the Rights Shares with Warrants, you may still accept the balance of your entitlement to the Rights Shares with Warrants by completing and forwarding the RSF and full amount payable to our Share Registrar.

Entitled Shareholders who sell or transfer their provisionally allotted Rights Shares with Warrants will automatically be selling or transferring their entitlements to the Rights Shares with Warrants in the proportion of two (2) Rights Shares with one (1) Warrant. They cannot retain the provisionally allotted Rights Shares with Warrants while selling or transferring the Rights Shares with Warrants or vice versa, nor can they sell or transfer their entitlements in any proportion other than that stated above.

3.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (http://www.bursamalaysia.com) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renouncees who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

3.8 Procedure for excess application

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Right Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 28 October 2015, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner set out in Section 3.4 of this Abridged Prospectus, except that the Banker’s Draft(s), Cashier’s Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** should be made payable to **"EGIB EXCESS RIGHTS ISSUE ACCOUNT”** and endorsed on the reverse side with the name, address and CDS Account number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess Rights Shares with Warrants applied for under Part I(b) of this RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below is achieved. It is the intention of our Board to allot the excess Rights Shares with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots based on the quantum of their respective excess Rights Shares with Warrants application; and

(iv) finally, for allocation to transferee(s) and/or renouncee(s) who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots based on the quantum of their respective excess Rights Shares with Warrants application.

Subject always to (i), (ii), (iii) and (iv) above being achieved, our Board also reserves the right not to accept any application for excess Rights Shares with Warrants or to accept in part only the subscription of any excess Rights Shares with Warrants, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHTS NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

3.9 Form of issuance

Bursa Securities has already prescribed our EGIB Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renouncee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

Subscription of Rights Shares with Warrants by the Entitled Shareholders

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing EGIB Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the provisional allotment of the Rights Shares with Warrants shall mean that you consent to receive such Rights Shares and Warrants as prescribed or deposited securities credited directly into your CDS Account. Hence, the Rights Shares and Warrants will be credited directly into your CDS Account upon allotment and issuance.

Subscription of Rights Shares with Warrants by a renouncee

Any person who has purchased the provisional allotment of Rights Shares with Warrants or to whom the provisional allotment of Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his / her CDS Account number in the space provided in the RSF. The Rights Shares and Warrants will be credited directly as prescribed or deposited securities into his / her CDS Account upon allotment and issuance.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account. The allocation of the Excess Rights Shares with Warrants will on a fair and equitable basis.

3.10 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders or their renouncees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renouncees (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renouncees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renouncees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renouncees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renouncees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders or their renouncees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees (if applicable) are or may be subject to;

(ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and

(vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renouncees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS OR ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND / OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND / OR ITS

ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS OF SUCH TERRITORY.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable us to achieve the following:

(i) To raise the necessary funds required for further growth without incurring additional interest cost associated with conventional bank borrowings;

(ii) To provide an opportunity for our shareholders to further participate in our equity and our future prospects and growth. The Undertakings allow the Undertaking Directors to extend their support for the Rights Issue with Warrants which will facilitate us to raise the minimum necessary funds for the purposes as mentioned in Section 5 of this Abridged Prospectus;

(iii) To deleverage our balance sheet and improve our financial position with enhanced shareholders' funds and lower gearing. These factors are expected to facilitate our continuous business expansion plans;

(iv) The Rights Issue with Warrants will involve the issuance of new EGIB Shares without diluting our shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements;

(v) The Warrants are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with an option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof; and

(vi) The Warrants will also provide us with additional capital when they are exercised in the future. This allows us to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

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5. UTILISATION OF PROCEEDS

5.1 Utilisation of proceeds from the Rights Shares

Based on the issue price of RM0.50 per Rights Share, our Company is expected to raise the following gross proceeds:

Details	Notes	Minimum Scenario RM '000	Maximum Scenario RM '000	Timeframe of Utilisation (from the listing date)
Repayment of bank borrowings	(i)	1,123	2,960	Within 6 months
Purchase and upgrade of machinery	(ii)	12,000	16,000	Within 24 months
Expansion and upgrade of factory	(iii)	20,000	20,000	Within 12 months
Purchase of inventory such as electronic component, printed circuit board and plastic resin	(iv)	3,000	5,000	Within 12 months
Acquisition of new businesses or assets	(v)	8,000	8,000	Within 24 months
Working capital	(vi)	3,877	3,877	Within 12 months
Expenses relating to the Proposals	(vii)	2,000	2,000	Immediately
		50,000	**57,837**	

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purpose, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the Group.

(i) Repayment of bank borrowings

Our Group shall utilise between RM1.12 million to RM2.96 million of the total gross proceeds from the Rights Issue with Warrants for the repayment of the principal portion of its bank borrowings which will save between RM0.06 million (based on a repayment of RM1.12 million) to RM0.15 million (based on a repayment of RM2.96 million) in annual interest based on an average interest rate of 5% per annum. The total borrowings of our Group as at the LPD are RM205.5 million, none of which are in default. The breakdown of our Group's borrowings is as follows:

Type of bank borrowings	Outstanding as at LPD (RM'000)	Purpose of the bank borrowings	Minimum Scenario Repayment amount (RM'000)	Maximum Scenario Repayment amount (RM'000)
Term loan	48,185	Plant and machinery	-	-
Trade financing	143,288	Working capital	1,120	2,960
Hire purchase	14,097	Motor vehicle and machinery	-	-
	205,540		**1,120**	**2,960**

(ii) Purchase and upgrade of machinery

Our Group shall utilise RM12.0 million under the Minimum Scenario and RM16.0 million under the Maximum Scenario to upgrade the machinery located at our Group's production facility in Sungai Petani, Kedah. The total amount required for the upgrades is RM16 million. The shortfall, if any of up to RM4 million under the Minimum Scenario shall be funded via bank borrowings.

These upgrades are required to cater for new products and increased orders. The following details the latest negotiations with our customers:

(i) As at the LPD, our Group is in the midst of negotiation with two (2) multinational customers to enter into manufacturing agreements for new product models for a minimum period of two (2) years.

(ii) Our Group had also in May 2015 launched two (2) new consumer electronics products which are complete box build products for our overseas customers which have begun selling in small volumes.

(iii) In June 2015, one of our existing customers dealing with consumer electronics has increased orders. Our Group expects to fulfill these confirmed orders after completion of purchase and upgrades of new machineries.

Based on existing purchase orders as at the LPD, our Company expects to generate additional sales of approximately RM70 million in the next six (6) months.

Our Group currently has an average production capacity of 3,000,000 units PCBA per month and maximum production capacity of 3,500,000 from our existing SMT assembly lines. Our production lines are currently running at close to maximum capacity at approximately 85% catering for our existing customer demands.

Details of the machinery to be purchased and upgraded are set out below:

Minimum Scenario

Type of machinery	As at the LPD Production capacity (Average units/month)	Addition (Units/line)	Addition Production capacity (Average units/month)	Amount allocated (RM'000)
SMT assembly lines#	3,000,000	1 line	200,000	7,000
Plastic injection moulding machines*	-	5 units	1,000,000	3,000
R&D equipment^	N/A	N/A	N/A	2,000
Total				**12,000**

Maximum Scenario

Type of machinery	As at the LPD Production capacity (Average units/month)	Addition (Units/line)	Addition Production capacity (Average units/month)	Amount allocated (RM'000)
SMT assembly lines#	3,000,000	1 line	200,000	7,000
Plastic injection moulding machines*	-	10 units	2,000,000	7,000
R&D equipment^	N/A	N/A	N/A	2,000
Total				**16,000**

Notes:

 # Used for PCBA in which components are mounted onto the PCB. The total amount allocated is including machine cost and set up cost.

** Used for manufacturing plastic products by the injection moulding process. The total amount allocated is including machine cost and set up cost. The cost of setting up additional plastic injection moulding machines is incremental due to larger models of machinery that are more expensive for the expansion of our complete box build business of which two (2) new products were launched in May 2015. Prior to the purchase of these new machines, we had been outsourcing our plastic injection moulding requirements to third parties.*

^ R&D equipment including 3-Dimensional printer and R&D software which are used to provide value added design and development services to our customers.

(iii) Expansion and upgrade of factory

In line with the anticipated increase in sales as described in Section 5.1 above, our Group's manufacturing facilities need to be expanded and upgraded. The expansion and upgrade of factory consist of construction of new factory building and warehouse, addition of tools and equipment, as well as purchase of furniture and fittings and facilities such as computer equipment, software and air conditioning.

The factory will be located at Sungai Petani which is next to our Group's existing factory. It will comprise of a double storey office cum factory cum single storey warehouse with a total build-up of 7,082 sq m for the new building. The construction of the new factory had commenced in March 2015. It is expected to cost RM16.0 million and is expected to be completed in second half of 2016. The construction cost of the factory is expected to be fully funded via the proceeds from the Rights Issue with Warrants.

The breakdown of the utilisation of proceeds from the Rights Issue with Warrants for the expansion of the factory is as follows:

Details	**RM'000**	**%**
Purchase of furniture and fittings	1,000	5.0
Computers, software and office equipment	2,000	10.0
Electrical appliances and air conditioning	1,000	5.0
Payment to contractors for construction works	16,000	80.0
Total	**20,000**	**100.0**

(iv) Purchase of inventory such as electronic component, PCB and plastic resin

In view of incoming confirmed orders for complete box build products launched in May 2015 for our foreign customers, the allocation of up to RM5.0 million is earmarked for the purchase of inventory such as electronic components, PCB and plastic resin for our Group's newly set up subsidiary, EG Operations Sdn Bhd which is involved in the business of plastic injection moulding, using the additional plastic injection moulding equipment as disclosed in (ii) above. Any shortfall of the allocated RM5.0 million will be funded via bank borrowings.

(v) Acquisition of new businesses or assets

Our Board believes that the proposed allocation of proceeds for the expansion in manufacturing facilities, purchase of additional inventory and working capital will be able to support the increasing orders from EGIB's customers. To further expand our business, an additional amount of up to RM8.0 million is allocated for the acquisition of new businesses or assets within the EMS sector or other businesses complementary to our Group's existing EMS business which involve the provision of PCB, PCBA and PPIM products and/or services. This may also include diversifying into other countries or locations such as Singapore, Thailand and China, or the acquisition of assets with ready capacities.

The amount of RM8.0 million was arrived at after taking into consideration amongst others the costs of set up a new small to medium sized EMS company.

As at the LPD, we have yet to finalise any negotiations for such acquisitions. The relevant information on the new businesses or assets will be announced on Bursa Securities as and when they are identified and where applicable, the relevant agreements are entered into.

In the event that the aforementioned acquisitions do not materialise within the timeframe disclosed above, the amount will be utilised towards our working capital .

(vi) Working capital

The breakdown of the utilisation of working capital for our Group is as follows:

Details	RM'000	%
General operating expenses	1,100	28.4
Staff salaries	2,776	71.6
Total	**3,877**	**100.0**

(vii) Expenses relating to the Proposals

The following summarises the estimated expenses incidental to the Proposals to be borne by our Group as follows:

Details	RM'000	%
Professional fees	642	32.1
Fees payable to the authorities	93	4.6
Printing and advertising fees	30	1.5
Contingencies	235	11.8
Underwriting fees	1,000	50.0
Total	**2,000**	**100.0**

In the event that the amount allocated to defray the expenses relating to the Proposals is more than budgeted, the deficit will be funded out of the amount allocated for working capital, and vice versa.

5.2 Utilisation of proceeds from the exercise of Warrants

Based on the exercise price of RM0.50 per Warrant, our Company is expected to raise further gross proceeds of approximately RM25.0 million (under the Minimum Scenario) and RM28.9 million (under the Maximum Scenario) from the full exercise of these Warrants. Any proceeds arising from the exercise of the Warrants shall be utilised for capital expenditure, investment opportunities and/or working capital of our Group. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined.

6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to our Group's business

We are exposed to certain risks in the E&E industry. These risks include, without limitation, the following:

(i) Competition

Our Group is committed to manufacturing and developing products of high quality and would endeavor to maintain and expand our existing market share or position in the future. However, our Group faces competition from various quarters, including sourcing of our raw materials, new technologies and marketing of our products. The introduction of lower priced competition or significant price reductions by our competitors could result in price reductions that would adversely affect our business, financial condition and our operating results. The introduction of new technologies which would render our Group's manufacturing process technology less competitive or obsolete could have a similar adverse effect on our Group. Our Group also faces competition from potential new entrants to the EMS industry. The competition from potential new entrants are however, mitigated by the relatively high barriers of entry into the EMS industry. This is mainly predicated by the relatively high capital cost required for setting up the facility for EMS and the long lead-time and effort required to convince and prove to potential customers of their abilities to produce quality products before they can break into the market as new entrants.

Despite the competition, our Board believes that our Group will be able to maintain our existing competitive edge and market share in the future due to our proven track record, good business relationships with our suppliers and customers, our high quality and precision products coupled with our technical expertise. Furthermore, our Group's increasing automation in the production processes will also increase our competitiveness in terms of pricing and quality.

(ii) Business risks

Our Group is not insulated from general business risk as well as risks inherent in the manufacturing industry and those specific to the EMS industry. For example, our Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian and Thailand economy, entry of new players, constraints in labour supply, changes in law and tax legislations affecting the industry, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and threat of substitute products.

Although our Group seeks to limit these risks through, *inter alia,* maintaining good business relationships with our customers and suppliers, increasing automation to reduce dependency on labour, efficient cost control, increasing product range and maintaining a large and diversified customer base involved in various industries such as consumer electronics, ICT, medical, automotive, consumer electronics and telecommunications, no assurance can be given that a change in any of these factors will not have a material adverse effect on our Group's business.

(iii) Foreign exchange risks

The business transactions of our Group such as purchases of raw materials sourced from China, Singapore and Europe and sales of our products to Malaysia, Singapore as well as Europe are transacted mainly in USD. However, our operating expenses are mainly paid in the local currencies of RM or THB. Accordingly, any significant fluctuation in foreign currencies in relation to the USD against the RM and THB may have an effect on our Group's financial results.

In addition, financial statements of our principal subsidiary in Thailand are denominated in THB. As such, any future depreciation in THB against RM may have a material negative impact on our Group's reported operating profits.

Our management will continue to monitor our foreign exchange exposure by keeping abreast with current political and economic conditions in those countries which we have dealing with and Malaysia. If necessary, we will hedge our currency exposure. Notwithstanding the above, there can be no assurance that this risk would not have an adverse impact on our financial performance.

(iv) Dependence on key personnel

Our Group believes that our continued success will depend significantly on the abilities and continued efforts of our Board and senior management. The loss of key members of our Board and senior management could adversely affect our Group's ability to compete in our industry. However, with our Group's human resources strategies to retain competent personnel such as by encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programs to upgrade their knowledge and capabilities, our Group's management has expanded and strengthened over the years. Thus, our Group is confident that it would not face difficulties when the younger members of our management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group.

(v) Environmental liability

Our Group's operations are regulated under a number of federal, state, provincial, local and foreign environmental laws and regulations which govern, among other things, the discharge of hazardous materials into the air, soil, water and sewage systems as well as the handling, transport, storage and disposal of such materials. Compliance with these environmental laws is major consideration in the EMS because metals, solvents and other hazardous materials are used in the manufacturing process.

Various federal, state, provincial, local and foreign laws and regulations impose liability on current or previous real property owners, operations or any person having charge, management or control over a hazardous or toxic substance for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. In addition, because our Group is a generator of hazardous wastes, it, along with any other person who arranges for the disposal of such wastes, may be subject to potential financial exposure for costs associated with the investigation and remediation of sites at which it has arranged for the disposal of hazardous wastes, if such sites become contaminated. Such liability may be imposed without regard to legality of the original actions and without regard to whether our Group knew of, or was responsible for, the presence of such hazardous or toxic substances, and such liability may be joint and several with other parties. If the liability is joint and several, our Group could be responsible for payment of the full amount of the liability, whether or not any other responsible party is also liable.

In addition, it is possible that in the future new or more stringent laws and regulations could be imposed, which may have a material effect on our Group's operations. To date, our Group has disposal procedures in line with standards prescribed by the relevant authorities at both our Sungai Petani and Thailand plants. However, no assurance can be given that any liability arising from non-compliance with any of the applicable environmental laws will not have any adverse effect on the operations of our Group.

(vi) Political, economic and regulatory considerations

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia, Thailand and elsewhere could materially and adversely affect the financial and business prospects of our Group and the markets of our end products. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

At present, we have a subsidiary which is operating outside of Malaysia, namely SMT Industries Co., Ltd. (Thailand). By expanding our operations in Thailand, our future growth and level of profitability will be subjected to risks arising from the economic, political, legal, administrative and social conditions of Thailand. During October 2013 till May 2014, there were occurrences of social unrest in Thailand. However, our operations were not affected by the events during those periods. Nevertheless, any unfavorable changes in the abovementioned foreign operation risks in future could, potentially, have an adverse effect on our Group's operations and financial performance.

6.2 Risks relating to the Rights Issue with Warrants

(i) No prior market for Warrants

There can be no assurance that there will be an active market for the R Warrants upon or subsequent to their listing on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the Warrants.

(ii) Market price of the Rights Shares and exercise price of the Warrants

The market price of the Rights Shares and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, *inter-alia*, trades in substantial amount of the Rights Shares and Warrants on the Main Market of Bursa Securities in the future, the market price and volatility of EGIB Shares, announcements relating to the business of our Group, the financial performance of our Group, and exercise period of the Warrants.

In addition to the fundamentals of EGIB, the future price performance of the Rights Shares and Warrants will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

On the other hand, the market price of EGIB Shares will be influenced by, *inter-alia*, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates.

As each Rights Share will be issued at RM0.50, there can be no assurance that the market price of the Rights Shares, upon or subsequent to their listing, will remain at or above the issue price.

In addition, there can be no assurance that the exercise price of the Warrants will be in-the-money during the tenure of the Warrants.

(iii) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(a) *force majeure* events or events/circumstances, which are beyond the control of our Company and Principal Adviser (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc), arising prior to the implementation of the Rights Issue with Warrants; or

(b) the Underwriters have the rights to withdraw from its obligation under the Underwriting Agreement in the event of any breach of the warranties, representations or undertakings given by our Company or the occurrence of any unforeseen circumstances beyond the reasonable control of the contracting parties.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within fourteen (14) days to the relevant Entitled Shareholders in the event the Rights Issue with Warrants is aborted. Monies not repaid within fourteen (14) days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC. Notwithstanding the above, our Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

(iv) Potential dilution

Entitled Shareholders who do not accept their provisional offer of the Rights Shares will have their proportional ownership and voting interest in EGIB reduced. Entitled Shareholders who do not exercise the Warrants may also have their ownership and voting interest in EGIB reduced in the event of exercise of Warrants by other warrant holders.

(v) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

The reports on the outlook of the Malaysia and Thailand economic overview, overview of the E&E industry in Malaysia and Thailand, as well as the EMS industry in Malaysia and Thailand were prepared by Protégé.

Protégé is a regional boutique consulting company focusing on brand, finance and market. It is among only a handful of local players in the financial banking sector that provide customised independent market assessment and consulting of the industries that the companies are in; covering their respective market dynamics such as market size, growth, trends, key players, barriers to entry, technology trends, revenue forecasts and finally outlook of the industry for the companies' corporate exercises or bank loans specific purposes. With headquarters in Malaysia and sub-office in Hong Kong, Protégé has completed more than 200 successful independent market research assessments in the region with successful listings over the years in Malaysia, United Kingdom, Frankfurt, Singapore and Australia.

7.1 Malaysia economic review

The Malaysian economy registered a strong finish in 2014. It expanded at a faster pace of 6.0 percent in 2014 on the back of continued expansion in domestic demand and an improvement in external trade.

The Malaysian economy is expected to grow by between 4.5 to 5.5 percent in 2015. The services sector is expected to remain the largest contributor to the economy by accounting for more than half of Malaysia's real GDP in 2015. In terms of pace of growth, the construction sector is expected to register the fastest pace among all the key economic sectors in 2015.

(Source: Protégé)

7.2 Thailand economic review

Thailand's economy continued to expand in 2014 albeit at a slower pace of 0.7 percent growth as compared to 2.9 percent in 2013. The slowdown is attributed to the political turmoil that was only resolved in late 2014.

Thailand's economy is anticipated to undergo growth of 3.7 percent and 4.0 percent in 2015 and 2016 respectively. The growth is attributed to the expected improvements in her trading partners' economies, which will likely translate into higher export demand from Thailand. The receding political tensions in the country, improved terms of trade in the region and favourable growth prospects of the country are also expected to encourage investor's confidence in the country, facilitating more foreign direct investments into the country. However, Thailand's economy may likely slow down should global economic recovery stall due to the Euro Area and Japan slipping into stagnation or the United States ("US") experiencing a slower economic recovery rate. Should these events occur, Thailand's economy will also experience the corresponding impact transmitted through the trade and investment channels in the region.

(Source: Protégé)

7.3 Introduction to the EMS market

Overview

The EMS market has been playing an integral role in the development and growth of manufacturing industries worldwide. It provides them with a full range of services from contract design and manufacturing to post-manufacturing services. EMS market players act as strategic outsourcing partners for various manufacturing concerns particularly the original equipment manufacturers ("OEMs") by assisting them in their manufacturing related activities.

As the EMS market players are typically involved in more than one of the activities, it is not surprising that they are resourceful in terms of supply and manpower, and generally well equipped with the latest equipment and machineries. In addition, they typically possess sound knowledge and expertise on electronics related manufacturing and process technologies.

End-user Markets for EMS

In this technological era where electronics are used in the manufacturing of a wide spectrum of products, EMS' end user markets are wide and spans across various industries within the manufacturing sector. The support provided by the EMS market to the manufacturing sector is crucial as the manufacturing sector is reliant on EMS market players for their ability to design, test and build E&E products, as well as to provide supply chain and logistics management as well as aftermarket requirements such as service, maintenance and repairs to the end user markets. As these end-user markets typically manufacture a relatively wide range of electronics related products, EMS market players also stand to tap from a larger pool of potential demand.

(Source: Protégé)

7.4 Overview of the E&E industry in Malaysia

The EMS market in Malaysia provides key manufacturing support to the local E&E industry. The growth of the EMS market is tied to the development of the local E&E industry. The growth of the EMS market in Malaysia has over the past decades accelerated in tandem with the overall growth of the local E&E industry which is catalysed by numerous multinational corporations as they choose Malaysia as their production hub in the region. Through government efforts and continuous R&D activities, local market players have also continued to move up the production value chain to produce higher technology and value added products. The E&E industry is now one of the leading industries, contributing 24.5 percent to the manufacturing sector in the country in 2014.

Under the local context, the Malaysian E&E industry can be divided into four sub-sectors which are electronic components, industrial electronics, consumer electronics and electrical products.

In terms of performance, the E&E products cluster in Malaysia registered a set of mixed results in 2014. For example, the production of room air-conditioners as well as electronic transistors increased while the production of semiconductors, television sets, insulated wires and cables, integrated circuits and radios decreased in 2014 as seen in the following figure.

Production of Selected E&E Products in Malaysia, 2011-June 2015

Product	2011	2012	2013	2014	January-June 2015
Room Air-Conditioners (units)	2,846,511	2,665,326	2,633,717	2,910,427	1,454,447
Semiconductors (million units)	16,281	19,765	19,281	15,016	5,867
Electronic transistors (million units)	34,189	36,119	35,362	36,577	18,192
ICs (million units)	33,380	39,391	35,686	24,613	12,099
Insulated wires and cables (tonne)	72,328	69,610	86,382	79,012	37,668
Television sets (units)	13,966,508	13,054,444	17,072,420	12,498,477	3,392,168
Radios ('000 units)	47,889	28,365	18,954	13,242	3,622

Source: Department of Statistics Malaysia

In terms of external trade, Malaysia registered an increase in exports and imports of E&E products in 2014. Total exports of E&E products increased from RM236.98 billion in 2013 to RM256.15 billion in 2014. Major export destinations include China, the United States of America ("USA"), Singapore, Hong Kong and Japan. Meanwhile, total imports of E&E products increased from RM179.62 billion in 2013 to RM190.76 billion in 2014, with top import sources from China, Singapore, USA, Japan and Taiwan.

Malaysia's Exports and Imports of E&E Products, 2011-June 2015

Year	Exports (RM million)	Imports (RM million)
2011	237,261	178,147
2012	231,279	175,008
2013	236,982	179,617
2014	256,145	190,756
January-June 2015	129,481	94,515

Source: Department of Statistics Malaysia

The E&E industry in Malaysia has undergone structural changes over the years. The industry has moved up the industry value chain and it is also becoming increasingly capital-intensive rather than labour-intensive, reflecting the move towards higher value-added activities incorporating R&D, design & development, after sales support and marketing, instead of purely mass assembly and production.

The local E&E industry has been receiving favourable attention from investors. In 2014, a total of 96 E&E projects with investments of RM11.1 billion were approved by the Malaysian Government, of which 29 projects were new projects while the remaining 67 projects were expansion or diversification projects. Foreign investments accounted for around 93.7 percent of the total investment amount.

(Source: Protégé)

7.5 Overview of the E&E industry in Thailand

The size of the E&E industry in Thailand is estimated to be around USD 100 billion in 2015. The industry has played an important role in Thailand's economy as a major export earner and has helped to position the nation as the regional leader for E&E products in the Southeast Asian region. In 2014, Thailand's exports of E&E products stood at USD55 billion, accounting for 24 percent of Thailand's export revenue.

On a global level, Thailand is the world's second largest producer of air conditioning units and fourth largest producer of refrigerators. Thailand is also the largest electrical production base in ASEAN for the electrical appliances sector. Manufacturing production for E&E products has also picked up due to increasing global and domestic demand. In 2014, a total foreign investment of USD4.4 billion was registered in Thailand's E&E industry as compared to USD 3.0 billion registered in 2013.

The electronics sector in Thailand is one of the most notable industries within the manufacturing sector in Thailand. Production of hard disk drives ("HDDs") also accelerated due to high demand. HDDs and ICs are the main electronics produced in Thailand. Thailand is currently the world's number one production base for HDDs. Growth in data creation is expected to be 44 times by 2021 while storage capacity for the creation of data is expected to only increase by about 30 times. The significant gap in this demand and supply indicates a bright future for the HDD industry.

The E&E industry in Thailand is expected to register a growth rate of 1.2 percent in 2015.

(Source: Protégé)

7.6 Overview of the EMS market in Malaysia and Thailand

<u>Demand and Supply Conditions Affecting the EMS Market in Malaysia and Thailand</u>

Demand Conditions

Demand Conditions Affecting the EMS Market in Malaysia and Thailand, 2015-2019

Impact	Demand Conditions	Applicability (✔)		Short-term	Medium-term	Long-term
		Malaysia	Thailand	2015-2016	2017-2018	2019
+	Rising Trend towards Outsourcing	✔	✔	High	High	High
+	Technology Advancement	✔	✔	High	High	High
+	The Presence of an Established Electronics Cluster in Malaysia	✔		High	High	High
+	Existing E&E Cluster Providing Ready Market		✔	Medium	Medium	Medium
+	Expanding Local and Global Economies Spurring Customer Demand for Electronic Products Offered by End-user Markets	✔	✔	Medium	Medium	Medium
+	Growing Global Population	✔	✔	Medium	Medium	Medium

Notes:
- *✔ in the Malaysia column denotes that the demand condition is applicable to the EMS market in Malaysia;*
- *✔ in the Thailand column denotes that the demand condition is applicable to the EMS market in Thailand.*

(Source: Protégé)

Rising Trend towards Outsourcing

Today's competitive business environment has pushed many OEMs to look at outsourcing as a way to streamline time-to-market, minimise cost-to-manufacture and deliver greater flexibility – leading OEMs to outsource work to EMS companies. As consumers are being pressured to keep up with the rapid development in technological trends, the electronic industry has consequently been facing pricing pressure as customers of electronic products expects for electronic products of higher capabilities to be priced at a lower price as compared to their predecessors. Cost reduction, shorter lead times, delivery reliability and efficiency has become the main areas of attention as OEMs strive to improve operation competitiveness. Once OEMs have decided on their core activities, they prefer owning as few fabrication units as possible. Hence, OEMs usually decide to outsource their work partially, or wholly, to the EMS companies due to the pressure on prices, capital costs, the uncertainty in product demand and the related logistical and inventory problems. OEMs companies that outsource their product manufacturing at a higher level are also becoming a trend. Outsourcing at a higher level implies greater product complexity and longer lead time. Sub-processes such as development and engineering of these electronic components and systems are also increasingly being outsourced to EMS companies.

Technological Advancement

Technological advancement has facilitated an increasing use of electronics and related devices in both traditional and non-traditional end-user markets. Due to the rapid technological advancement in the electronics sector, new content in manufactured products are being produced as consumers demand for more products which are portable, powerful, and with more functionalities. Rising technological trends such as the Internet of Things haves also created demand for connectivity, convergence and efficiency in the technologies used in everyday lives. This has become a demand driver for the EMS market in Malaysia and Thailand as OEMs turn to the EMS market to manufacture their products as a more cost effective and efficient alternative. The increasing electronics content has expanded the range of end-user markets for the EMS market in Malaysia and Thailand. In addition, shorter product life cycles and increasing complexity and sophistication of electronic products as a result of advancement in technologies are expected to encourage further demand for EMS.

The Presence of an Established Electronics Cluster in Malaysia

Malaysia's market oriented economy combined with its skilled workforce and excellent infrastructure has attracted both local and foreign investors to heavily invest into its electronics industry. The business-friendly environment and local government incentives have encouraged investors to set up their production base in the country. The influx of investments since 1970 has led to a marked transformation in the stature of the local electronics industry. The presence of an established electronics cluster in Malaysia augurs well for the growth in the local EMS market. The electronics cluster provides the local EMS market with a potential sizeable ready market and also helps to spawn the rapid build-up of EMS capacities in Malaysia with major multinational and local companies joining the bandwagon to become closer to their customers. Despite the slight drop in year 2011, the overall outlook for the electronics industry in Malaysia is looking bright with further National Key Economic Area efforts in the country. The electronics cluster in Malaysia is seen to be growing albeit at a slower pace as the E&E product cluster grew by 4.7 percent in the second quarter of 2015 as compared to 10.7 percent in the previous quarter. In 2014, the manufacturing production index (2010 = 100) for the electronics cluster in Malaysia increase to 141.8 as compared to 128.3 in 2013. The growth is the result of the growth in the semiconductor sector due to the continuing global demand from the usage of mobile devices, storage devices, optoelectronics, and embedded technology.

Existing E&E Cluster Providing Ready Market

The E&E cluster in Thailand, particularly the HDDs and integrated circuits ("IC") cluster, has provided the manufacturers with a ready market for their goods as HDDs and ICs are used in the manufacturing of computers, tablets and other devices. The presence of an established electronics cluster in Thailand augurs well for the growth in the local EMS market there. The electrical cluster provides the local EMS market with a potential sizeable ready market and also helps to spawn the rapid build-up of EMS capacities in Thailand with major multinational and local companies joining the bandwagon to become closer to their customers.

Expanding Local and Global Economies Spurring Customer Demand for Electronic Products Offered by End-user Markets

The EMS market is sensitive to the economic cycles that are affected by the local and global economies. Any unfavourable local and global economic conditions may lead to the deterioration of its end-user market businesses – leading to the delay or cancellation of plans to withhold the manufacture of electronic products. The world's economy grew by 3.4 percent in 2014 and is expected to expand by 3.3 percent in 2015 due to the projected economic growth in advanced countries as well as emerging markets and developing countries. Locally, the GDP of Malaysia and Thailand is expected to expand by between 4.5 to 5.5 percent and 3.7 percent respectively in 2015. Overall, the local and global economies are on the rise and this can help to boost consumer sentiment and fuel the consumption of products offered by the end-user markets for the EMS market in Malaysia and Thailand.

Growing Global Population

Following the growth in the world's population, there is likely to be a corresponding increase in demand for electronic products, improving the need of OEM in the region. This in turn, is expected to fuel more demand for the production of PCBs and other electronic components.

As the population matures, the demand for E&E products such as mobile phones, computers, tablets and other electronics that have become a necessity in this technological era is expected to be more prevalent. The huge demand for these devices and customer's expectation of more affordable electronic devices spurs the growth of the EMS market in the region including the EMS market in Malaysia and Thailand.

Supply Conditions

Supply Conditions Affecting the EMS Market in Malaysia and Thailand, 2015-2019

Impact	Supply Conditions	Applicability (✔)		Short-term	Medium-term	Long-term
		Malaysia	Thailand	2015-2016	2017-2018	2019
+	Encouraging Government Support	✔	✔	High	High	High
-	Heightened Risk of Terrorism Attacks Derailing the Economy		✔	High	Medium	Medium
-	Tough Environment for the Hiring of Workers	✔	✔	Medium	Medium	Medium
-	Insufficient Design Engineers	✔		Medium	Medium	Low

Notes:

✔ in the Malaysia column denotes that the supply condition is applicable to the EMS market in Malaysia;
✔ in the Thailand column denotes that the supply condition is applicable to the EMS market in Thailand.

(Source: Protégé)

Encouraging Government Support

The Malaysian Government has played a crucial role in the development of the E&E industry and thus supporting the EMS market. In order to continue to build on the vibrant economy in Malaysia, the government has set in place various policies that directly or indirectly affect the industry in terms of research funding, taxes, education, and rules and regulations The E&E industry is one of the leading industries in Malaysia, contributing up to 24.5 percent of the national GDP in 2014. The Economic Transformation Programme which was initiated by the Malaysian Government has also included the E&E industry as one of the NKEAs that contributes to country's economy.

Furthermore, the Eleventh Malaysia Plan ("11MP") that is to be implemented from 2016 to 2020 is targeting to expand the country's GDP between 5 to 6 percent per annum, with the manufacturing and services sector contributing more than 75 percent of GDP. The 11MP plan is also expected to boost the Gross National Income per capita to RM54,100, making Malaysia a high income economy. The plan aims to move the country's manufacturing sector towards more complex and diverse products, with the E&E industry playing a crucial role, as it is one of the sectors with high potential for growth. In this regard, the Malaysian government will assuredly continue to support the E&E industry in the country. The country's participation in the ASEAN Economic Community ("AEC") is expected to boost trades and investments in the E&E industry as over 600 million people in the region joins to form a single market and production base, resulting in a highly competitive economic region.

In Thailand, Government of Thailand as well as other organisations such as the E&E institute, Hard Drive Disk Programme, and Thailand International Park have been supporting the growth and competitiveness of the E&E industry. Among the efforts to facilitate the growth of the E&E industry in Thailand include the tax and duty exemptions granted to E&E investments by the Board of Investment of Thailand ("BOI"). As a participant in the AEC, Thailand is expected to see a boost in trades and investments.

With government support, the E&E industries in both Malaysia and Thailand are expected to continue on their development paths. As the key supporting market to the E&E industry, the EMS market will be able to tap on this development to make further inroads into the local market in Malaysia and Thailand.

Heightened Risk of Terrorism Attacks Derailing the Economy

The bombing in Thailand that occurred on 17 August 2015 at the heart of the tourism district is expected to impact the country's economy as the market expects investor and consumer sentiment to be affected following the incident. In addition, the country is now expecting to see a decline in tourism as travellers usually opt out of travelling to countries with perceived risk. The occurrence of the bombing bodes ill for the Thailand EMS sector as investors are expected to be wary of making new capital investments and may even move their business operations to other more stable countries in the region due to fear of repeated events of terrorism in the country. Thailand's currency that has been weakening in the first half of 2015 is also expected to further decline following these events, putting pressure on the local EMS sector due to increased cost for importing machinery and equipment for business operations.

Tough Environment for the Hiring of Workers

In order to minimise operational cost, it is vital for EMS market players to hire relatively low-skilled workers to ensure continuity of their operations. However, the attrition rate involving relatively low-skilled workers in this market is considered to be relatively high particularly among the local workers. Additionally, the younger population of Malaysia and Thailand views jobs that require low-skilled workers at low esteem due to reasons such as low wages, long hours, shift duties, limited career progression and/or less glamorous. As such, market players in the local EMS market face an uphill task in recruiting relatively low-skilled workers. In addition, market players in the EMS market in Malaysia and Thailand also need to grapple with continuing upward pressure on the cost of employing workers.

Insufficient Design Engineers

The establishment of design centres is prevalent among the multinational companies in states such as Penang. These centres are mainly integrated with the R&D organisations in the corporations. The main focus of these design centres includes IC design, validation and characterisation, as well as significant responsibilities for package and process developments. As a result of these activities, each individual company has been establishing sophisticated laboratories and demanding for more design engineers to conduct the R&D activities. However, there is still a lack of design engineering graduates coming out from the education system in Malaysia despite on-going efforts to build a sizeable talented workforce to meet the industry's demand. Furthermore, most fresh engineers seem to prefer overseeing production activities rather than design works. Given the lack of talent in the country's labour market, these corporations need to hire and train the potential employees which required considerable time and resources. This development may hinder the competitiveness of electronic products as a result of potentially slower progress in the creation and innovation of new electronic products, which would not augur well for the growth in the local EMS market.

Prospects and Outlook of the EMS Market in Malaysia and Thailand

Malaysia

Moving forward, the EMS market in Malaysia is expected to grow throughout the 2015-2019 period in line with the expected growth in the local E&E industry. In 2014, investments amounting to RM11.1 billion have been approved in the E&E industry with 93.7 percent of it being foreign investments. Manufacturers are likely to turn to the EMS market as the demand for production of E&E products increases. However, the weakening RM against major currencies including the USD since the second half of 2015 has also posed a challenge to the local EMS industry. This is due to the rising inflationary pressure on the costs of imported machinery and equipment.

The positive outlook on the demand for EMS in Malaysia stems mainly from the rising trend towards outsourcing, technological advancement, the presence of an established E&E cluster in Malaysia, expanding local and global economies that spur consumer demand for electronic products offered by end-user markets and growing global population. On the supply side, positive impact is expected from the encouraging government support. Nonetheless, market players need to be mindful of the tough environment for the hiring of workers and the insufficiency of design engineers. EMS market players in Malaysia such as the Company stand to benefit from the growth prospects of the Malaysian EMS market.

Thailand

The outlook for the EMS market in Thailand is expected to remain positive, with E&E exports expected to increase by approximately 10 percent in 2015. The positive outlook on the demand for EMS in Thailand stems mainly from the rising trend towards outsourcing, technology advancement, existence of E&E cluster in Thailand providing a ready market, expansion of local and global economies that spur consumer demand for electronic products offered by end-user markets and growing global population. However, the EMS industry in Thailand is expected to face some challenges due to the rising inflationary pressure on the costs of imported machinery and equipment as the THB weakens against foreign currencies including the USD in the second half of 2015.

On the supply side, positive impact is expected from the encouraging government support. However, market players need to grapple with the heightened risk of terrorism attacks derailing the economy as well as the tough environment for the hiring of workers.

(Source: Protégé)

7.7 Prospects of the EGIB Group

Despite the global economic uncertainties, the prospects for EGIB looks promising in view of increasing demand for electrical and electronic products from our global clientele and positive outlook for EMS market in Malaysia and Thailand.

In order to seize these opportunities and maintain its growth momentum, we will embark on a number of strategies going forward.

Firstly, we will broaden our customer base within the computing, consumer electronics, wireless telecommunications, medical, and automobile industries. This would enable us to effectively diversify our earnings base and mitigate business risk by reducing over-dependency on any sector and/or customers. To this end, we have been aggressively participating in exhibitions abroad, appointing foreign agents through references from our customers and we are in negotiation with their vendors and their related companies to collaborate and promote cross selling through the sharing of customer database.

Secondly, in order to support the objective stated above, we intend to expand our production capacity and scope of EMS capabilities. To this end, we have established a business strategy together with Jubilee, a listed entity on the Singapore Exchange Catalist Board which had acquired 26% shareholding in EGIB in 2014. The strategy involves the pooling of resources between us and Jubilee such as technical expertise, production facilities and customer database.

We intend to provide our technical expertise in PCBA and EMS related technologies whilst Jubilee would provide design, fabrication and sale of PPIM, PPIM services and other PPIM-related value added services not currently available to us, which are complementary to our PCBA and complete box build manufacturing products.

Furthermore, the pooling of resources with Jubilee would enable our Group to have access to Jubilee's PPIM manufacturing plants in Johor, Malaysia and Kunshan, China. This represents a timely increase in the capacity our Group's production facilities as our existing operations in Kedah, Malaysia and Thailand are currently running close to maximum capacity. Additionally, as PPIM products and services tend to involve bulky components, having facilities in several locations widens our geographical reach and allows us to better support to our customers around these locations. In addition, we are setting up a new plastic injection molding plant in Northern Malaysia to serve the customers and EMS business in northern region.

Overall, by building a more comprehensive EMS value chain supported by a regional manufacturing and distribution network together with Jubilee, we would enjoy economies of scale, harness a diverse talent pool and position ourselves favorably to cater to existing and potential customers. We will undertake further expansion via merger and acquisition within the EMS sectors as and when opportunities arise.

Thirdly, we will continue to invest in our design & development capabilities to sharpen its competitive edge and forge a closer relationship with our customers. Our R&D arm, EG R&D Sdn Bhd was awarded MSC Status in July 2014 and is currently operating at Penang Cybercity. By moving into original design manufacturing from original equipment manufacturing, the Group has added competitive advantages and profit margins. These enhancements have resulted in new overseas customers engaging us for projects with design and box build manufacturing. We had on May 2015 commenced original design manufacturing for two (2) new consumer electronics products for our overseas clients. In June 2015, one of our existing customers in the consumer electronics industry increased its orders substantially by three (3) times higher than in FYE 2014 which deliveries are expected to commence during the first quarter of 2016.

Our Group will also maintain a lean operating structure and vigorously implement cost containment measures to improve our overall business performance. Our Board is confident that once these strategies are in place, we will continue to maintain our position as one of the major EMS players in the EMS industry.

(Source: Management)

8. FINANCIAL EFFECTS

The financial effects of the Rights Issue with Warrants are set out in the ensuing subsections.

8.1 Share capital

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		**Maximum Scenario**	
	No. of EGIB shares	**RM**	**No. of EGIB shares**	**RM**
Existing as at the LPD*	77,116,600	38,558,300	77,116,600	38,558,300
To be issued pursuant to the Rights Issue with Warrants	100,000,000	50,000,000	115,674,900	57,837,450
Enlarged share capital after the Rights Issue with Warrants	177,116,600	88,558,300	192,791,500	96,395,750
Full exercise of Warrants	50,000,000	25,000,000	57,837,450	28,918,725
Total enlarged share capital	**227,116,600**	**113,558,300**	**250,628,950**	**125,314,475**

Note:

* *Including 289,000 treasury shares.*

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8.2 NA and gearing

Based on the audited consolidated balance sheet of our Group as at 30 June 2014, an issue price of RM0.50 per Rights Share and an exercise price of RM0.50 per Warrant, the pro forma effect of the Proposals (excluding the Private Placement which has lapsed) on the NA and gearing of the EGIB Group are set out below:

Minimum Scenario

	Audited as at 30 June 2014 RM'000	(I) Adjusted for the exercise and expiry of Existing Warrants RM'000	(II) After (I) and the Par Value Reduction^ RM'000	(III) After (II) and the Rights Issue with Warrants RM'000	(IV) After (III) and assuming full exercise of all Warrants RM'000
Share capital	75,017	77,117	38,559	88,559	113,559
Discount on share capital	-	-	-	[1](18,500)	-
Translation reserve	40	40	40	40	40
Warrants reserve	3,700	-	-	18,500	-
Share premium	15,170	15,170	15,170	15,170	15,170
Treasury shares	(29)	(29)	(29)	(29)	(29)
Fair value reserve	13,257	13,257	13,257	13,257	13,257
Capital reserve	-	-	17,541	17,541	17,541
Retained earnings	16,465	20,165	41,182	[2]39,182	39,182
Shareholders' equity	123,620	125,720	125,720	173,720	198,720
No. of EGIB Shares ('000)	75,017	77,117	77,117	177,117	227,117
NA per EGIB Share (RM)	1.65	1.63	1.63	0.98	0.87
Interest bearing borrowings (RM'000)	178,576	178,576	178,576	177,453	177,453
Gearing	1.44	1.42	1.42	1.03	0.90

Notes:

\# *Adjusted for the exercise of 2,100,000 existing warrants 2005/2015 at an exercise price of RM1.00 each and the expiry of the remainder on 16 June 2015.*
^ *The Par Value Reduction was completed on 25 August 2015.*
(1) *Based on the estimated fair value of the Warrants of RM0.37 each calculated using the Black-Scholes option valuation model.*
(2) *After deducting estimated expenses in relation to the Proposals of RM2,000,000.*

Maximum Scenario

	Audited as at 30 June 2014 RM'000	(I) Adjusted for the exercise and expiry of Existing Warrants RM'000	(II) After (I) and the Par Value Reduction^ RM'000	(III) After (II) and the Rights Issue with Warrants RM'000	(IV) After (III) and assuming full exercise of all Warrants RM'000
Share capital	75,017	77,117	38,559	96,396	125,315
Discount on share capital	-	-	-	(1) (21,400)	-
Translation reserve	40	40	40	40	40
Warrants reserve	3,700	-	-	21,400	-
Share premium	15,170	15,170	15,170	15,170	15,170
Treasury shares	(29)	(29)	(29)	(29)	(29)
Fair value reserve	13,257	13,257	13,257	13,257	13,257
Capital reserve	-	-	17,541	17,541	17,541
Retained earnings	16,465	20,165	41,182	(2)39,182	39,182
Shareholders' equity	123,620	125,720	125,720	181,557	210,476
No. of EGIB Shares ('000)	75,017	77,117	77,117	177,117	227,117
NA per EGIB Share (RM)	1.65	1.63	1.63	0.98	0.87
Interest bearing borrowings (RM'000)	178,576	178,576	178,576	175,616	175,616
Gearing	1.44	1.42	1.42	0.97	0.84

Notes:

* *Adjusted for the exercise of 2,100,000 existing warrants 2005/2015 at an exercise price of RM1.00 each and the expiry of the remainder on 16 June 2015.*
^ *The Par Value Reduction was completed on 25 August 2015.*
(1) *Based on the estimated fair value of the Warrants of RM0.37 each calculated using the Black-Scholes option valuation model.*
(2) *After deducting estimated expenses in relation to the Proposals of RM2,000,000.*

8.3 Earnings and EPS

Our Board is of view that the Rights Issue with Warrants, is expected to be earnings accretive and will contribute positively to the future earnings of our Group and consequently the EPS when the benefits of the utilisation of proceeds is realised.

Although the exercise of the Warrants is expected to dilute the consolidated EPS of our Company as a result of the increase in the number of EGIB Shares in issue, the proceeds derived from the exercise of the Warrants are expected to contribute positively to the future earnings of our Company.

For illustrative purposes only, the pro forma effects of the Rights Issue with Warrants to our earnings and EPS is as follows:

	Minimum Scenario		**Maximum Scenario**	
	Audited as at 30 June 2014	**After the Rights Issue with Warrants**	**Audited as at 30 June 2014**	**After the Rights Issue with Warrants**
Earnings (RM'000)	2,030	2,030	2,030	2,030
No. of outstanding EGIB Shares ('000)	75,017	177,117	75,017	192,792
No. of Warrants ('000)	-	50,000	-	57,837
Basic EPS (sen)	2.71	1.15	2.71	1.05
Diluted EPS* (sen)	-	0.89	-	0.81

Note:
* *Assuming full exercise of all Warrants*

8.4 Dividend

As at the LPD, our Company does not have any fixed dividend policy. Dividends to be declared by our Company in the future will depend on inter-alia, the availability of distributed reserves and cash taking into consideration the business requirements of our Group.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and available banking facilities, our Group will have adequate working capital to meet our business requirements within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding bank borrowings, all of which are interest bearing, as follows:

	Foreign		Domestic	Total
	THB('000)	RM'000 equivalent	RM'000	RM'000
Short-term borrowings	361,990	32,402	155,000	187,402
Long-term borrowings	78,508	7,027	11,111	18,138
Total	**440,498**	**39,429**	**166,111**	**205,540**

Our Board confirms that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2014 and for the subsequent financial period up to the LPD.

9.3 Material commitments

As at the LPD, save for the expected purchase and upgrade of machinery as well as the expansion and upgrade of the factory disclosed in Section 5 of this Abridged Prospectus, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group.

9.4 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in our ability to meet our obligations as and when they fall due.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
EG INDUSTRIES BERHAD

TERENCE TEA YEOK KIAN
EXECUTIVE CHAIRMAN

CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 23 JULY 2015
(Prepared for inclusion in this Abridged Prospectus)

EG INDUSTRIES BERHAD (222897-W)

TRUE EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING DULY HELD ON 23 DAY OF JULY, 2015

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 129,427,950 NEW EGIB SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 64,713,975 NEW FREE DETACHABLE WARRANTS ("WARRANTS") AFTER THE PROPOSED PAR VALUE REDUCTION ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING EGIB SHARES HELD AND ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

It was unanimously RESOLVED:-

"THAT subject to the passing of Special Resolutions 1 and 2, and the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for EGIB to undertake the Proposed Rights Issue with Warrants as follows:

(a) To provisionally issue and allot by way of renounceable rights issue of up to 129,427,950 Rights Shares together with up to 64,713,975 Warrants on the basis of three (3) Rights Shares for every two (2) existing EGIB Shares held and one (1) Warrant for every two (2) Rights Shares subscribed at an issue price of RM0.50 per Rights Share to the entitled shareholders of the Company whose name appear in the Record of Depositors on the Entitlement Date;

(b) To issue the Warrants based on the principal terms of which are set out in Section 2.3.6 of the Circular to Shareholders dated 23 June 2015 and upon the terms and conditions of a deed poll to be executed by EGIB ("Deed Poll");

(c) To issue and allot such number of new EGIB Shares arising from the exercise of the Warrants during the tenure of the Warrants; and

(d) To allot and issue such other additional Warrants as maybe required or permitted to be issued as a result of any adjustment under the provision of the Deed Poll;

THAT the Directors be and are hereby authorised to allocate the excess Rights Shares and Warrants in a fair and equitable manner on a basis to be determined by the Directors in their absolute discretion;

THAT the Directors be and are hereby entitled to deal with all or any of the fractional entitlement of the Rights Shares and Warrants arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Directors may in their absolute discretion deems fit and in the best interest of the Company;

THAT the Rights Shares and the new EGIB Shares to be issued pursuant to the exercise of the Warrants, shall upon allotment and issue, rank *pari passu* in all respects with the then existing EGIB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the Rights Shares and the new EGIB Shares to be issued pursuant to the exercise of the Warrants (as the case may be);

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EG INDUSTRIES BERHAD (222897-W) (Page 2)

Con't *TRUE EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING DULY HELD ON 23 DAY OF JULY, 2015*

- *PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 129,427,950 NEW EGIB SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 64,713,975 NEW FREE DETACHABLE WARRANTS ("WARRANTS") AFTER THE PROPOSED PAR VALUE REDUCTION ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING EGIB SHARES HELD AND ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")*

THAT the proceeds from the Proposed Rights Issue with Warrants will be utilised for such purposes as set out in Section 2.6 of the Circular to Shareholders dated 23 June 2015 and the Directors be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;

AND THAT the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deemed fit and expedient in order to implement, finalise and give effect to the aforesaid Deed Poll and that the Common Seal of the Company be affixed to the Deed Poll in accordance with the Articles of Association of the Company;

AND FURTHER THAT the Directors be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority/authorities to give effect to the Proposed Rights Issue with Warrants, and to take all such steps as they may deem necessary or expedient in the best interests of the Company to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

CERTIFIED TRUE COPY

DIRECTOR KANG PANG KIANG	SECRETARY CHAI CHURN HWA MAICSA 0811600

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SALIENT TERMS OF THE WARRANTS

Terms		**Details**
Number of Warrants	:	Up to 57,837,450 Warrants to subscribe for up to 57,837,450 new EGIB Shares, to be issued for free to the Entitled Shareholders who subscribe for the Rights Shares
Detachability	:	The Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately
Exercise Price	:	The exercise price of the Warrants is RM0.50 per EGIB Share
Exercise Period	:	The Warrants may be exercised any time during the tenure of five (5) years including and commencing from the issue date of the Warrants. Warrants not exercised during the Exercise Period will thereafter become lapse and void
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new EGIB Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll
Deed Poll	:	The Warrants will be constituted by a Deed Poll to be executed by EGIB
Board Lot	:	The Warrants are tradable upon listing in board lots of 100 units carrying rights to subscribe for 100 new EGIB Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities
Status of new EGIB Shares	:	All the new EGIB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing EGIB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the said new EGIB Shares
Rights in the Event of Winding Up, Liquidation, Compromise and/or Arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and (ii) in any other case, every Warrant holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrant to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such exercise and the liquidator of the

Terms		Details
		Company will give effect to such election accordingly
Listing	:	Approval-in-principle has been obtained from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as for the listing of and quotation for the Warrants and new EGIB Shares to be issued arising from the exercise of the Warrants
Adjustment in the Exercise Price and/or the number of Warrants	:	Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors of EGIB, in the event of alteration to the share capital of the Company
Rights of Warrants	:	The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new EGIB Shares
Governing Law	:	Laws of Malaysia

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INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 14 August 1991 under the Act under the name Dailywin Sdn Bhd. Subsequently, on 16 October 1992, we converted into a public limited Company under the name Dai-Ichi Industries Berhad. On 30 June 2000, our Company changed our name to EG.COM Berhad and subsequently adopted our present name on 5 January 2004.

Our Group provides EMS ranging from original equipment manufacturing to original design manufacturing with full turnkey solutions for completed final products assembly (box build), printed circuit board assembly and modular components assembly for several industries including consumer electronics, information & communications technology, medical, automotive and telecommunications.

Through our manufacturing facilities located in Malaysia and Thailand, our Group provides electronic manufacturing services to customers in Malaysia, Singapore, Thailand and Europe.

Our Group's key customers include the following:

Customer	Country of Origin	Length of Relationship (years)
Western Digital Group	United States of America	More than 20
Dyson Group	United Kingdom	More than 5
OJ Electronics A/S	Denmark	3
Oxylane Group	France	2

We are an investment holding company. The principal activities of our subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised	400,000,000	0.50	200,000,000
Issued and fully paid-up	77,116,600	0.50	38,558,300

Changes in Issued and Paid-Up Share Capital

The changes in our Company's issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares issued	Par value (RM)	Consideration	Cumulative Total (RM)
14 August 1991	2	1.00	Cash	2.00
13 July 1993	17,288,705	1.00	Otherwise	17,288,707
26 August 1993 & 3 September 1993	2,694,000	1.00	Cash	19,982,707
23 September 1996	1,000	1.00	Cash	19,983,707
2 December 1996	333	1.00	Cash	19,984,040
21 October 2002	27,027,027	1.00	Otherwise	47,011,067
21 August 2003	1,000,000	1.00	Cash	48,011,067
15 October 2003	1,000,000	1.00	Cash	49,011,067
10 November 2003	1,000,000	1.00	Cash	50,011,067
6 July 2005	200,000	1.00	Cash	50,211,067
26 July 2005	200,000	1.00	Cash	50,411,067
29 July 2005	300,000	1.00	Cash	50,711,067
19 January 2006	200,000	1.00	Cash	50,911,067
14 February 2006	274,746	1.00	Cash	51,185,813
20 February 2006	500,000	1.00	Cash	51,685,813
24 June 2010	23,330,787	1.00	Cash	75,016,600
17 June 2015	2,100,000	1.00	Cash	77,116,600
25 August 2015	-	0.50	Pursuant to the Par Value Reduction	38,558,300

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3. SUBSTANTIAL SHAREHOLDERS

Based on our Record of Depositors as at the LPD, the pro forma effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are as follows:

Minimum Scenario

	As at the LPD and assuming all treasury shares are fully resold				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of all Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Jubilee	24,972,616	32.38	-	-	24,972,616	14.10	-	-	24,972,616	11.00	-	-
WE Holdings Ltd	-	-	#24,972,616	32.38	-	-	#24,972,616	14.10	-	-	#24,972,616	11.00
Terence Tea Yeok Kian	90,900	0.12	#24,972,616	32.38	10,090,900	5.70	#24,972,616	14.10	15,090,900	6.64	#24,972,616	11.00

Maximum Scenario

	As at the LPD and assuming all treasury shares are fully resold				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of all Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Jubilee	24,972,616	32.38	-	-	62,431,540	32.38	-	-	81,161,002	32.38	-	-
WE Holdings Ltd	-	-	#24,972,616	32.38	-	-	#62,431,540	32.38	-	-	#81,161,002	32.38
Terence Tea Yeok Kian	90,900	0.12	#24,972,616	32.38	227,250	0.12	#62,431,540	32.38	295,425	0.12	#81,161,002	32.38

Note:

\# *Deemed interested by virtue of its shareholdings in Jubilee pursuant to Section 6A of the Act.*

4. BOARD OF DIRECTORS

The age, designation, nationalities and addresses of our Board are set out under the Corporate Directory on page (vi) of this Abridged Prospectus. The pro forma effects of the Rights Issue with Warrants on the shareholding of our Directors, assuming all Directors subscribe for their respective entitlements under the Rights Issue with Warrants (under the Maximum Scenario), are set out below:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of all Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Terence Tea Yeok Kian	90,900	0.12	#24,972,616	32.38	10,090,900	5.70	#24,972,616	14.10	15,090,900	6.64	#24,972,616	11.00
Kang Pang Kiang	100,800	0.13	-	-	8,100,800	4.57	-	-	12,100,800	5.33	-	-
Tai Yeong Sheng	87	0.00	*3,812,714	4.94	87	0.00	*3,812,714	2.15	87	0.00	*3,812,714	1.68
Ang Seng Wong	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-	-	-	-	-	-	-	-	-
Lim Sze Yan	-	-	-	-	-	-	-	-	-	-	-	-

Maximum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of all Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Terence Tea Yeok Kian	90,900	0.12	#24,972,616	32.38	227,250	0.12	#62,431,540	32.39	295,425	0.12	#81,161,002	32.38
Kang Pang Kiang	100,800	0.13	-	-	252,000	0.13	-	-	327,600	0.13	-	-
Tai Yeong Sheng	87	0.00	*3,812,714	4.94	218	0.00	*9,531,785	4.94	283	0.00	*12,391,321	4.94
Ang Seng Wong	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Damien Lim Yat Seng	-	-	-	-	-	-	-	-	-	-	-	-
Lim Sze Yan	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

\# *Deemed interested by virtue of its shareholdings in Jubilee pursuant to Section 6A of the Act.*
* *Deemed interested by virtue of his shareholdings in Giap Seng Auto Supply Sdn Bhd pursuant to Section 6A of the Act.*

5. SUBSIDIARY AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:

Subsidiaries	Date / Country of incorporation	Issued and paid-up share capital	Effective ownership (%)	Principal activities
SMT Technologies Sdn Bhd	25 October 1993/ Malaysia	20,000,000 ordinary shares of RM1.00 each	100.0	Provision of electronic manufacturing services for computer peripherals and consumer electronic/ electrical products industries
SMT Industries Co., Ltd	7 April 2006/ Thailand	25,676,500 ordinary shares of THB10 each	100.0	Provision of electronic manufacturing services for computer peripherals, consumer electronic/ electrical and automotive industrial products industries
EG R&D Sdn Bhd	19 December 2013/ Malaysia	400,000 ordinary shares of RM1.00 each	100.0	To undertake the Research and Development in electronic, electrical, telecommunication and technology products and other related business which can be carried on in connection with the EGIB Group's business activities
EG Operations Sdn Bhd	26 December 2013/ Malaysia	400,000 ordinary shares of RM1.00 each	100.0	To manufacture the plastic moulded parts and components, and assembly of plastic moulded parts, components and related box built products
EG Electronic Sdn Bhd	9 September 2014/ Malaysia	1,000,000 ordinary shares of RM1.00 each	100.0	Original equipment manufacturer/ original design manufacturer in complete box built

Subsidiaries	Date / Country of incorporation	Issued and paid-up share capital	Effective ownership (%)	Principal activities
				products
EG Global Sdn Bhd	8 September 2014/ Malaysia	2 ordinary shares of RM1.00 each	100.0	Procurement, sales, marketing and distribution of electronics and electrical products and related components
Mastimber Industries Sdn Bhd	24 January 1997/ Malaysia	10,000,000 ordinary shares of RM1.00 each	90.5	Investment holding
Glisten Knight Sdn Bhd*	8 August 1995/ Malaysia	500,000 ordinary shares of RM1.00 each	100.0	Investment holding

Note:
* *subsidiary of SMT Technologies Sdn Bhd*

We do not have any associated company as at LPD.

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6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYEs 30 June 2012 to 2014 and the unaudited consolidated financial statements for the FYE 30 June 2015 are as follows:

	Audited			Unaudited
	FYE 30.06.2012 RM'000	**FYE 30.06.2013 RM'000**	**FYE 30.06.2014 RM'000**	**FYE 30.06.2015 RM'000**
Revenue	850,227	800,248	993,376	841,940
Gross profit	**19,509**	**23,111**	**31,783**	**33,186**
Administrative expenses	(9,752)	(10,229)	(11,326)	(13,431)
Distribution expenses	(1,542)	(1,809)	(2,401)	(2,761)
Other expenses	(978)	(1,774)	(3,136)	(1,292)
Other income	4,031	2,638	184	17,233
Finance costs	(7,579)	(8,188)	(8,988)	(9,816)
PBT	**3,688**	**3,750**	**6,116**	**23,119**
Tax (expenses)/ income	(2,299)	(2,330)	(3,832)	2,517
PAT	**1,389**	**1,420**	**2,284**	**25,636**
Minority interest	(558)	407	(254)	124
PAT after minority interest	**1,388**	**1,827**	**2,030**	**25,760**
EBITDA	27,369	25,303	29,387	58,640
Gross profit margin (%)	2.29	2.89	3.20	3.94
Net profit/ (loss) margin (%)	0.43	0.47	0.23	3.04
Number of ordinary shares in issue net of treasury shares ('000)	75,017	75,017	75,017	77,117
Number of outstanding warrants	16,670	16,670	16,670	-
Net EPS (sen)	1.85	1.89	3.04	34.46
Diluted EPS (sen)	1.51	1.55	2.49	34.46
Dividend per share (sen)	-	-	-	-

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Financial commentary for FYE 30 June 2012

For the FYE 30 June 2012, our Group recorded revenue of RM850.22 million, an increase of approximately 0.07% compared to RM849.66 million reported in preceding financial year. The increase in revenue was mainly contributed by our subsidiary, SMT Technologies Sdn Bhd which experienced increase in sales volume in FYE 30 June 2012 as compared to the preceding year. This increase was softened by the revenue drop from our Company's wholly owned subsidiary SMT Industries Co., Ltd. Thailand due to the impact from one of the worst floods in 50 years in Thailand.

The PBT improved from RM1.56 million in the preceding year to RM3.69 million, an increase of approximately 136.11%. This is due to foreign exchange gain of approximately RM1.96 million.

Financial commentary for FYE 30 June 2013

For the FYE 30 June 2013, the Group recorded revenue of RM800.25 million which was 5.88% lower than the preceding year. This was largely due to the winding down of our flooring business resulting in a decline in revenue of the said business from RM7.5 million to RM0.5 million, coupled with the softened demand from the data storage industry despite the strong demand from the consumer electronics and industrial products industries.

However, despite the decrease in revenue, PBT registered a slight improvement of 1.68% from RM3.69 million to RM3.75 million as compared to the preceding year. The increase was mainly due to increase in product margins for new product models launched during the year and savings in labour costs as a result of automation of manufacturing processes.

Financial commentary for FYE 30 June 2014

For the FYE 30 June 2014, our Group achieved revenue of RM993.38 million, an increase of 24.13% from RM800.25 million recorded in the preceding year. This was mainly contributed by the EMS segment, particularly PCBA for ICT products and orders received from new Europe customers for original design manufacturing of new consumer electronic product models.

In tandem with the increase in revenue, the Group managed to improve its PBT by 63.09% to RM6.12 million as compared to the preceding year's PBT of RM3.75. Similar to the year prior, the growth in our revenue translated to a higher profitability.

Financial commentary for unaudited FYE 30 June 2015

For the unaudited FYE 30 June 2015, our Group's revenue decreased by 15.0% to RM841.90 million compared to RM993.4 million rewarded in the preceding year. The decrease was mainly due to change of product sales mix to focus on high margin products and reduced sales of low margin products.

Despite the decrease in revenue, our Group managed to improve its PBT by 278.0% to RM23.12 million as compared to RM6.10 million in the preceding year. This improvement was mainly due to higher margin generated resulted from change of product mix, fair value gain on the realisation of available-for-sale financial assets being investment in quoted shares totalling RM15.5 million and foreign exchange gain of RM0.8 million.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of EGIB's Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	High (RM)	Low (RM)
2014		
October	0.705	0.475
November	0.625	0.545
December	0.700	0.455
2015		
January	0.670	0.565
February	0.835	0.570
March	0.880	0.780
April	0.870	0.745
May	0.790	0.710
June	0.750	0.610
July	0.760	0.600
August	0.700	0.490
September	0.680	0.570

The last transacted price of EGIB Shares on 27 November 2014 being the date immediately prior to the announcement of the Rights Issue with Warrants was RM0.55 per Share.

The last transacted price of EGIB Shares as at LPD was RM0.61 per Share.

The last transacted price of EGIB Shares on 7 October 2015, being the Market Day prior to the ex-date of the Rights Issue with Warrants was RM0.645 per Share.

(Source: Bursa Securities)

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON
(Prepared for inclusion in this Abridged Prospectus)

KPMG

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei,
10250 Penang.

Telephone +604-238 2288
Fax +604-238 2222
Internet www.kpmg.com.my

Assurance report on the compilation of pro forma consolidated statements of financial position to be included in the Abridged Prospectus

The Board of Directors
EG Industries Berhad
Plot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah Darul Aman
Malaysia

EG Industries Berhad ("EGIB" or "the Company")
Report on the compilation of pro forma consolidated statements of financial position as at 30 June 2014

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") by the Board of Directors. The pro forma consolidated statements of financial position as at 30 June 2014, and related notes as attached to this report have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma consolidated statements of financial position are described in the notes to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position have been compiled by the Board of Directors of the Company to illustrate the impact of the following based on the Group's statement of financial position as at 30 June 2014 as if the Proposals had taken place at the date.

(i) **Par Value Reduction**

EGIB will undertake to reduce its existing issued and paid-up share capital via the cancellation of RM0.50 from the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965 ("Act"). As at 30 June 2014, the issued and paid up share capital of EGIB is RM75,016,600 comprising of 75,016,600 ordinary shares of RM1.00 each.

In June 2015, 2,100,000 of the existing 2005/2015 Warrants were exercised on the basis of one (1) new ordinary share for every warrant exercised at an exercise price of RM1.00 per warrant. Consequent to the above, the issued and paid-up share capital of the Company was increased from RM75,016,600 comprising 75,016,600 ordinary shares of RM1.00 each to RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each.

(i) Par Value Reduction (continued)

Upon the completion of the Par Value Reduction, the issued and paid-up share capital of the Company will be reduced 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. The credit of RM38,558,300 will be credited to the following accounts as follows:

(a) RM21,017,000 to retained earnings being the amount equivalent to the Company level accumulated losses of RM24,717,000 as at 30 June 2014 and after the transfer of the existing warrants reserve of RM3,699,893 upon the exercise and expiration of the 2005/2015 Warrants; and

(b) RM17,541,300 to capital reserve.

(ii) Private Placement

After the implementation of the Par Value Reduction, EGIB intended to undertake a Private Placement of up to 9,168,700 new ordinary shares of RM0.50 each at an issue price of RM0.75 per share to independent third party investor(s). The Private Placement has lapsed as at the date of this report.

(iii) Rights Issue with Warrants

EGIB will undertake a renounceable rights issue of 115,674,900 ordinary shares of RM0.50 each ("Rights Shares") together with 57,837,450 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of three (3) Rights Shares for every two (2) shares held in EGIB together with one (1) free Warrant for every two (2) Rights Shares subscribed.

The Par Value Reduction, Private Placement and Rights Issue with Warrants are collectively defined as "Corporate Exercises".

The estimated expenses to be incurred for the Corporate Exercises will be RM2,000,000 and these expenses will be set off against retained earnings.

As part of this process, information about the Group' statement of financial position have been extracted by the Board of Directors from the Group's audited financial statements for the year ended 30 June 2014.

Board of Directors' Responsibilities for the Pro forma Consolidated Statements of Financial Position

The Board of Directors of the Company is responsible for the compilation of pro forma consolidated statements of financial position on the basis as set out in the notes.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Board of Directors on the basis as set out in the notes.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the Malaysian Institute of Accountants ("MIA"). This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis as set out in the notes.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions made by us on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the pro forma consolidated statements of financial position.

Our Responsibilities (continued)

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

Opinion

In our opinion, the pro forma consolidated statements of financial position have been properly compiled, in all material respects, on the basis stated in the notes to the pro forma consolidated statements of financial position.

Other Matters

This letter is prepared at your request for the purpose of inclusion in the Abridged Prospectus in relation to the Rights Issue with Warrants of the Company. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm No: AF 0758
Chartered Accountants
Penang

Date :05 OCT 2015

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

The pro forma consolidated statements of financial position of EGIB Group as at 30 June 2014 as set out below are provided for illustrative purposes, only to show the effects on the audited consolidated statement of financial position of EGIB as at 30 June 2014 had the transactions referred to in the notes been affected and completed on that date, and should be read in conjunction with the accompanying notes.

Minimum Scenario

	Note	As at 30 June 2014 [a] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
ASSETS						
Property, plant and equipment		151,255	151,255	151,255	183,255	183,255
Investment property		2,760	2,760	2,760	2,760	2,760
Other investments		13,357	13,357	13,357	13,357	13,357
Intangible asset		10,148	10,148	10,148	10,148	10,148
TOTAL NON-CURRENT ASSETS		177,520	177,520	177,520	209,520	209,520
Inventories		90,054	90,054	90,054	90,054	90,054
Current tax assets		167	167	167	167	167
Trade and other receivables		148,230	148,230	148,230	148,230	148,230
Cash and cash equivalents	2a	36,247	38,347	38,347	53,224	78,224
TOTAL CURRENT ASSETS		274,698	276,798	276,798	291,675	316,675
TOTAL ASSETS		452,218	454,318	454,318	501,195	526,195

[a] Extracted from the audited financial statements as at 30 June 2014

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

Minimum Scenario (continued)

	Note	As at 30 June 2014 [a] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
EQUITY						
Share capital	2b	75,017	77,117	38,559	88,559	113,559
Discount on share capital	2c	-	-	-	(18,500)	-
Translation reserve		40	40	40	40	40
Warrants reserve	2d	3,700	-	-	18,500	-
Share premium		15,170	15,170	15,170	15,170	15,170
Treasury shares		(29)	(29)	(29)	(29)	(29)
Fair value reserve		13,257	13,257	13,257	13,257	13,257
Capital reserve	2e	-	-	17,541	17,541	17,541
Retained earnings	2f	16,465	20,165	41,182	39,182	39,182
SHAREHOLDERS' FUNDS		123,620	125,720	125,720	173,720	198,720
Non-controlling interests		(636)	(636)	(636)	(636)	(636)
TOTAL EQUITY		122,984	125,084	125,084	173,084	198,084

[a] Extracted from the audited financial statements as at 30 June 2014

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

Minimum Scenario (continued)

	As at 30 June 2014 [(a)] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
LIABILITIES					
Other payables	10,383	10,383	10,383	10,383	10,383
Provision for retirement benefits	94	94	94	94	94
Loans and borrowings	25,039	25,039	25,039	25,039	25,039
Deferred tax liabilities	1,396	1,396	1,396	1,396	1,396
TOTAL NON-CURRENT LIABILITIES	36,912	36,912	36,912	36,912	36,912
Trade and other payables	138,736	138,736	138,736	138,736	138,736
Current tax payables	49	49	49	49	49
Loans and borrowings	153,537	153,537	153,537	152,114	152,114
TOTAL CURRENT LIABILITIES	292,322	292,322	292,322	291,199	291,199
TOTAL LIABILITIES	329,234	329,234	329,234	328,111	328,111
TOTAL EQUITY AND LIABILITIES	452,218	454,318	454,318	501,195	526,195

(a) Extracted from the audited financial statements as at 30 June 2014

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

Minimum Scenario (continued)	**As at 30 June 2014 [a]**	**(I) Adjusted for the exercise/expiry of Existing Warrants**	**(II) After (I) and Par Value Reduction**	**(III) After (II) and Rights Issue With Warrants**	**(IV) After (III) and full exercise of free Warrants**
Number of ordinary shares in issue ('000)	75,017	77,117	77,117	177,117	227,117
Total borrowings (RM'000)	178,576	178,576	178,576	177,453	177,453
Net assets per ordinary share (sen)	1.65	1.63	1.63	0.98	0.87
Gearing (times)	1.44	1.42	1.42	1.02	0.89

[a] Extracted from the audited financial statements as at 30 June 2014

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

The pro forma consolidated statements of financial position of EGIB Group as at 30 June 2014 as set out below are provided for illustrative purposes, only to show the effects on the audited consolidated statement of financial position of EGIB Group as at 30 June2014 had the transactions referred to in the notes been affected and completed on that date, and should be read in conjunction with the accompanying notes.

Maximum Scenario	Note	As at 30 June 2014 [a] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
ASSETS						
Property, plant and equipment		151,255	151,255	151,255	187,255	187,255
Investment property		2,760	2,760	2,760	2,760	2,760
Other investments		13,357	13,357	13,357	13,357	13,357
Intangible asset		10,148	10,148	10,148	10,148	10,148
TOTAL NON-CURRENT ASSETS		177,520	177,520	177,520	213,520	213,520
Inventories		90,054	90,054	90,054	90,054	90,054
Current tax assets		167	167	167	167	167
Trade and other receivables		148,230	148,230	148,230	148,230	148,230
Cash and cash equivalents	2a	36,247	38,347	38,347	55,224	84,143
TOTAL CURRENT ASSETS		274,698	276,798	276,798	293,675	322,594
TOTAL ASSETS		452,218	454,318	454,318	507,195	536,114

[a] Extracted from the audited financial statements as at 30 June 2014

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

Maximum Scenario (continued)

	Note	As at 30 June 2014 [a] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
EQUITY						
Share capital	2b	75,017	77,117	38,559	96,396	125,315
Discount on share capital	2c	-	-	-	(21,400)	-
Translation reserve		40	40	40	40	40
Warrants reserve	2d	3,700	-	-	21,400	-
Share premium		15,170	15,170	15,170	15,170	15,170
Treasury shares		(29)	(29)	(29)	(29)	(29)
Fair value reserve		13,257	13,257	13,257	13,257	13,257
Capital reserve	2e	-	-	17,541	17,541	17,541
Retained earnings	2f	16,465	20,165	41,182	39,182	39,182
SHAREHOLDERS' FUNDS		123,620	125,720	125,720	181,557	210,476
Non-controlling interests		(636)	(636)	(636)	(636)	(636)
TOTAL EQUITY		122,984	125,084	125,084	180,921	209,840

[a] Extracted from the audited financial statements as at 30 June 2014

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

Maximum Scenario (continued)

	As at 30 June 2014 [(a)] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
LIABILITIES					
Other payables	10,383	10,383	10,383	10,383	10,383
Provision for retirement benefits	94	94	94	94	94
Loans and borrowings	25,039	25,039	25,039	25,039	25,039
Deferred tax liabilities	1,396	1,396	1,396	1,396	1,396
TOTAL NON-CURRENT LIABILITIES	36,912	36,912	36,912	36,912	36,912
Trade and other payables	138,736	138,736	138,736	138,736	138,736
Current tax payables	49	49	49	49	49
Loans and borrowings	153,537	153,537	153,537	150,577	150,577
TOTAL CURRENT LIABILITIES	292,322	292,322	292,322	289,362	289,362
TOTAL LIABILITIES	329,234	329,234	329,234	326,274	326,274
TOTAL EQUITY AND LIABILITIES	452,218	454,318	454,318	507,195	536,114

[(a)] Extracted from the audited financial statements as at 30 June 2014

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

Maximum Scenario (continued)

	As at 30 June 2014 [a] RM'000	(I) Adjusted for the exercise/expiry of Existing Warrants RM'000	(II) After (I) and Par Value Reduction RM'000	(III) After (II) and Rights Issue With Warrants RM'000	(IV) After (III) and full exercise of free Warrants RM'000
Number of ordinary shares in issue ('000)	75,017	77,117	77,117	192,791	250,629
Total borrowings (RM'000)	178,576	178,576	178,576	175,616	175,616
Net assets per ordinary share (sen)	1.65	1.63	1.63	0.94	0.84
Gearing (times)	1.44	1.42	1.42	0.97	0.83

[a] Extracted from the audited financial statements as at 30 June 2014

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")**

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

1. Basis of preparation

The pro forma consolidated statements of financial position have been properly prepared in accordance with the basis stated below using financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of EGIB Group as disclosed in its audited financial statements for the financial year ended 30 June 2014.

The pro forma consolidated statements of financial position do not include the effects of the adoption of Malaysian Financial Reporting Standards and International Financial Reporting Standards which are effective for the annual period beginning on or after 1 July 2014.

The pro forma consolidated statements of financial position of EGIB as at 30 June 2014, together with the notes thereon, incorporate the following transactions as though they were effected on 30 June 2014:

Minimum Scenario

Proforma I – Adjusted for the exercise/expiry of 2005/2015 Warrants

Proforma I is to adjust for the exercise of 2,100,000 2005/2015 Warrants on the basis of one (1) new ordinary share for every warrant exercised at an exercise price of RM1.00 per warrant. Consequent to the above, the issued and paid-up share capital of the Company was increased from RM75,016,600 comprising 75,016,600 ordinary shares of RM1.00 each to RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each.

The remaining 14,570,355 2005/2015 Warrants expired on 16 June 2015. Upon the exercise of the 2,100,00 2005/2015 Warrants and expiry of the 14,570,355 2005/2015 Warrants, EGIB's existing warrants reserve of RM3,699,893 will be transferred to retained earnings within equity.

Proforma II - Par Value Reduction

The Par Value Reduction will entail the reduction of EGIB's existing issued and paid-up share capital via the cancellation of RM0.50 from the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965.

Upon the completion of the Par Value Reduction, the issued and paid-up share capital of the Company will be reduced 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. The credit of RM38,558,300 will be credited to the following accounts as follows:

(a) RM21,017,000 to retained earnings being the amount equivalent to the Company level accumulated losses of RM24,717,000 as at 30 June 2014 and after the transfer of the existing warrants reserve of RM3,699,893 upon the exercise and expiration of the 2005/2015 Warrants; and

(b) RM17,541,300 to capital reserve.

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")**

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

Minimum Scenario (continued)

Proforma III - Rights Issue with Warrants

The Rights Issue with Warrants will entail the issuance of 100,000,000 ordinary shares of RM0.50 each ("Rights Shares") at an issue price of RM0.50 per Rights Share together with 50,000,000 free detachable warrants ("Warrants") on the basis of one (1) free Warrant for every two (2) Rights Shares subscribed.

For the purpose of the pro forma consolidated statements of financial position, the fair value of the free Warrants is determined by the Directors to be RM0.37 per Warrant derived using the Black-Scholes option pricing model as at 16 June 2015. The fair value of the Warrants determined by the Directors was not independently verified.

For presentation purposes, the fair value of the Warrants of RM18,500,000 (based on 50,000,000 free Warrants issued) is recognised as a discount on share capital with a corresponding credit to warrants reserve.

The estimated expenses to be incurred for the above Proposals will be RM2,000,000 and these expenses will be set off against retained earnings.

Proforma IV – Assumed full exercise of free Warrants

The 50,000,000 free Warrants issued pursuant to the Rights Issue with Warrants are assumed to be fully exercised on the basis of one (1) new ordinary share for every Warrant exercised at an exercise price of RM0.50 per Warrant.

Upon the occurrence of the above events relating to the Company's warrants, the entire warrants reserve of RM18,500,000 will be transferred to retained earnings within equity.

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

Maximum Scenario

Proforma I – Adjusted for the exercise / expiry of 2005/2015 Warrants

Proforma I is to adjust for the exercise of 2,100,000 2005/2015 Warrants on the basis of one (1) new ordinary share for every warrant exercised at an exercise price of RM1.00 per warrant. Consequent to the above, the issued and paid-up share capital of the Company was increased from RM75,016,600 comprising 75,016,600 ordinary shares of RM1.00 each to RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each.

The remaining 14,570,355 2005/2015 Warrants expired on 16 June 2015. Upon the exercise of the 2,100,00 2005/2015 Warrants and expiry of the 14,570,355 2005/2015 Warrants, EGIB's existing warrants reserve of RM3,699,893 will be transferred to retained earnings within equity.

Proforma II - Par Value Reduction

The Par Value Reduction will entail the reduction of EGIB's existing issued and paid-up share capital via the cancellation of RM0.50 from the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965.

Upon the completion of the Par Value Reduction, the issued and paid-up share capital of the Company will be reduced 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. The credit of RM38,558,300 will be credited to the following accounts as follows:

(c) RM21,017,000 to retained earnings being the amount equivalent to the Company level accumulated losses of RM24,717,000 as at 30 June 2014 and after the transfer of the existing warrants reserve of RM3,699,893 upon the exercise and expiration of the 2005/2015 Warrants; and

(d) RM17,541,300 to capital reserve.

Proforma III - Rights Issue with Warrants

The Rights Issue with Warrants will entail the issuance of 115,674,900 ordinary shares of RM0.50 each ("Rights Shares") at an issue price of RM0.50 per Rights Share on the basis of three (3) Rights Shares for every two (2) shares held in EGIB together with 57,837,450 free detachable warrants ("Warrants") on the basis of one (1) free Warrant for every two (2) Rights Shares subscribed.

For the purpose of the pro forma consolidated statements of financial position, the fair value of the free Warrants is determined by the Directors to be RM0.37 per Warrant derived using the Black-Scholes option pricing model as at 16 June 2015. The fair value of the Warrants determined by the Directors was not independently verified.

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

Maximum Scenario (continued)

Proforma III - Rights Issue with Warrants (continued)

For presentation purposes, the fair value of the Warrants of RM21,399,865 (based on 57,837,450 free Warrants issued) is recognised as a discount on share capital with a corresponding credit to warrants reserve.

The estimated expenses to be incurred for the above Proposals will be RM2,000,000 and these expenses will be set off against retained earnings.

Proforma IV – Assumed full exercise of free Warrants

The 57,837,450 free Warrants issued pursuant to the Rights Issue with Warrants is assumed to be fully exercised on the basis of one (1) new ordinary share for every Warrant exercised at an exercise price of RM0.50 per Warrant.

Upon the occurrence of the above events relating to the Company's warrants, the warrants reserve of RM21,399,865 will be transferred to retained earnings within equity.

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")**

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

2. Effects on the pro forma consolidated statements of financial position

a. Movements in cash and cash equivalents

	Minimum Scenario RM'000
Balance as at 30 June 2014	36,247
Proceeds from the exercise of 2,100,000 2005/2015 Warrants	2,100
After adjustment for the exercise/expiry of 2005/2015 warrants (I) and Par Value Reduction (II)	38,347
Proceeds from Rights Issue with Warrants	50,000
Utilisation of proceeds	
- Repayment of borrowings	(1,123)
- Purchase of machinery and upgrade of factory	(32,000)
Payment of estimated expenses	(2,000)
After the Rights Issue with Warrants (III)	53,224
Proceeds from the assumed full exercise of free Warrants	25,000
After assumed full exercise of free Warrants (IV)	78,224

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")**

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

2. Effects on the pro forma consolidated statements of financial position

a. Movements in cash and cash equivalents (continued)

	Maximum Scenario RM'000
Balance as at 30 June 2014	36,247
Proceeds from the exercise of 2,100,000 2005/2015 Warrants	2,100
After adjustment for the exercise/expiry of 2005/2015 warrants (I) and Par Value Reduction (II)	38,347
Proceeds from Rights Issue with Warrants	57,837
Utilisation of proceeds	
- Repayment of borrowings	(2,960)
- Purchase of machinery and upgrade of factory	(36,000)
Payment of estimated expenses	(2,000)
After Rights Issue with Warrants (III)	55,224
Proceeds from the assumed full exercise of free Warrants	28,919
After assumed full exercise of free Warrants (IV)	84,143

EG INDUSTRIES BERHAD ("EGIB") AND ITS SUBSIDIARIES ("EGIB GROUP")

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

2. Effects on the pro forma consolidated statements of financial position (continued)

b. Movements in share capital

	Minimum Scenario	
	Amount RM'000	Number of shares '000
Balance as at 30 June 2014	75,017	75,017
Adjusted for the exercise of 2,100,000 2005/2015 Warrants	2,100	2,100
After adjustment for the exercise/expiry of 2005/2015 warrants (I)	77,117	77,117
Par Value Reduction	(38,558)	-
After Par Value Reduction (II)	38,559	77,117
Rights Issue with Warrants	50,000	100,000
After Rights Issue with Warrants (III)	88,559	177,117
Assumed the full exercise of free Warrants	25,000	50,000
After assumed full exercise of free Warrants (IV)	113,559	227,117

	Maximum Scenario	
	Amount RM'000	Number of shares '000
Balance as at 30 June 2014	75,017	75,017
Adjusted for the exercise 2,100,000 2005/2015 Warrants	2,100	2,100
After adjustment for the exercise/expiry of 2005/2015 warrants (I)	77,117	77,117
Par Value Reduction	(38,558)	-
After Par Value Reduction (II)	38,559	77,117
Rights Issue with Warrants	57,837	115,674
After Rights Issue with Warrants (III)	96,396	192,791
Assumed the full exercise of free Warrants	28,919	57,838
After assumed full exercise of free Warrants (IV)	125,315	250,629

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")**

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

2. Effects on the pro forma consolidated statements of financial position (continued)

c. Movements in discount on share capital

	Minimum Scenario RM'000
Balance as at 30 June 2014 and after (I) and (II)	-
Rights Issue with Warrants	(18,500)
After Rights Issue with Warrants (III)	(18,500)
Assumed the full exercise of free Warrants	18,500
After assumed full exercise of free Warrants (IV)	-

	Maximum Scenario RM'000
Balance as at 30 June 2014 and after (I) and (II)	-
Rights Issue with Warrants	(21,400)
After Rights Issue with Warrants (III)	(21,400)
Assumed the full exercise of free Warrants	21,400
After assumed full exercise of free Warrants (IV)	-

d. Movements in warrants reserve

	Minimum Scenario RM'000
Balance as at 30 June 2014	3,700
Adjusted for the exercise/expiry on 2005/2015 Warrants	(3,700)
After adjustment for the exercise/expiry of 2005/2015 warrants (I) and (II)	-
Rights Issue with Warrants	18,500
After Rights Issue with Warrants (III)	18,500
Assumed the full exercise of free Warrants	(18,500)
After assumed full exercise of free Warrants (IV)	-

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

2. Effects on the pro forma consolidated statements of financial position (continued)

d. Movements in warrants reserve (continued)

	Maximum Scenario RM'000
Balance as at 30 June 2014	3,700
Adjusted for the exercise/expiry on 2005/2015 Warrants	(3,700)
After adjustment for the exercise/expiry of 2005/2015 warrants (I) and (II)	-
Rights Issue with Warrants	21,400
After Rights Issue with Warrants (III)	21,400
Assumed the full exercise of free Warrants	(21,400)
After assumed full exercise of free Warrants (IV)	-

e. Movements in capital reserve

	Minimum Scenario RM'000
Balance as at 30 June 2014 and after (I)	-
Par Value Reduction	17,541
After Par Value Reduction (II), (III) and (IV)	17,541

	Maximum Scenario RM'000
Balance as at 30 June 2014 and after (I)	-
Par Value Reduction	17,541
After Par Value Reduction (II), (III) and (IV)	17,541

EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

2. Effects on the pro forma consolidated statements of financial position (continued)

f. Movements in retained earnings

	Minimum Scenario RM'000
Balance as at 30 June 2014	16,465
Adjusted for the exercise/expiry on 2005/2015 Warrants	3,700
After adjustment for the exercise/expiry of 2005/2015 warrants (I)	20,165
Par Value Reduction	21,017
After Par Value Reduction (II)	41,182
Rights Issue with Warrants	-
Estimated expenses	(2,000)
After Rights Issue with Warrants (III) and (IV)	39,182

	Maximum Scenario RM'000
Balance as at 30 June 2014	16,465
Adjusted for the exercise/expiry on 2005/2015 Warrants	3,700
After adjustment for the exercise/expiry of 2005/2015 warrants (I)	20,165
Par Value Reduction	21,017
After Par Value Reduction (II)	41,182
Rights Issue with Warrants	-
Estimated expenses	(2,000)
After Rights Issue with Warrants (III) and (IV)	39,182

**EG INDUSTRIES BERHAD ("EGIB")
AND ITS SUBSIDIARIES ("EGIB GROUP")**

Notes to the pro forma consolidated statements of financial position as at 30 June 2014

3. Proposed utilisation of proceeds

The details of the proposed utilisation of proceeds are as follows:

Details	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**	**Timeframe of Utilisation** (from the listing of the Rights Shares)
Repayment of bank borrowings	1,123	2,960	Within 6 months
Purchase and upgrade of machinery	12,000	16,000	Within 24 months
Expansion and upgrade of factory	20,000	20,000	Within 24 months
Purchase of inventory such as electronic component, printed circuit board and plastic resin	3,000	5,000	Within 12 months
Acquisition of new businesses or assets	8,000	8,000	Within 24 months
Working capital	3,877	3,877	Within 12 months
Expenses relating to the Proposals	2,000	2,000	Immediately
	50,000	57,837	

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON
(Prepared for inclusion in this Abridged Prospectus)

EG Industries Berhad

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

and its subsidiaries

Financial statements for the year ended 30 June 2014

CERTIFIED TRUE COPY
OOI KOK SENG
(PARTNER)

EG Industries Berhad
(Company No. 222897 - W)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 30 June 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

Principal activities

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

There has been no significant change in the nature of these activities during the financial year, other than as disclosed in Note 5 to the financial statements.

Results

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

Reserves and provisions

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

Dividend

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

Directors of the Company

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

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

Directors' interests in shares

The interests and deemed interests in the ordinary shares and warrants over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
The Company	**At 1.7.2013**	**Bought**	**(Sold)**	**At 30.6.2014**
Direct interest				
Tai Keik Hock				
- own	25,015	-	-	25,015
- others *	1,969,027	-	-	1,969,027
Tai Yeong Sheng				
- own	8,036,153	1,290,500	-	9,326,653
Tai Lee Keow				
- own	79	-	-	79
Kang Pang Kiang				
- own	100,800	-	-	100,800

Directors' interests in shares (continued)

The Company	Number of ordinary shares of RM1 each At 1.7.2013	Bought	(Sold)	At 30.6.2014
Indirect interest				
Tai Keik Hock				
- others *	3,812,714	-	-	3,812,714
Tai Yeong Sheng				
- own	15,202,264	-	-	15,202,264
- others *	745,000	-	-	745,000
Tai Lee Keow				
- own	11,389,550	-	-	11,389,550

The Company	Number of warrants 2005/2015 At 1.7.2013	Bought	(Sold)	At 30.6.2014
Tai Keik Hock				
- others *	42,000	-	-	42,000
Tai Yeong Sheng				
- own	2,063,334	-	-	2,063,334
Indirect interest				
Tai Yeong Sheng				
- own	3,226,668	-	-	3,226,668
Tai Lee Keow				
- own	3,226,668	-	-	3,226,668

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

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

None of the other Directors holding office at 30 June 2014 had any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

Warrants

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

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 30.6.2014
Warrants 2005/2015	RM1.00	16.6.2015	16,670,355

Warrants 2005/2015 were issued on 17 June 2005 in conjunction with the issuance of RM25,005,533 nominal value of 5-year 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2005/2013. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one new ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.00 per ordinary share within 10 years from the date of the issue of the warrants. The exercise price of the warrants is subject to adjustment from time to time in accordance with the conditions stipulated in the Deed Poll created on 12 April 2005.

Directors' benefits

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

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

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

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

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

Auditors

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

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

....

Terence Tea Yeok Kian

....

Kang Pang Kiang

Penang,

Date : 28 October 2014

EG Industries Berhad
(Company No. 222897 - W)
(Incorporated in Malaysia)
and its subsidiaries

Statements of financial position as at 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Assets					
Property, plant and equipment	3	151,255	126,010	1,218	1,245
Investment property	4	2,760	-	-	-
Investments in subsidiaries	5	-	-	77,485	72,485
Other investments	6	13,357	6,826	13,357	6,826
Intangible asset	7	10,148	10,148	-	-
Deferred tax assets	8	-	2,207	-	-
Trade and other receivables	9	-	-	2,431	4,700
Total non-current assets		177,520	145,191	94,491	85,256
Inventories	10	90,054	69,071	-	-
Current tax assets		167	247	-	18
Trade and other receivables	9	148,230	137,454	30,925	21,137
Cash and cash equivalents	11	36,247	26,491	6,430	11,431
Total current assets		274,698	233,263	37,355	32,586
Total assets		452,218	378,454	131,846	117,842

Statements of financial position as at 30 June 2014 (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Equity					
Share capital	12	75,017	75,017	75,017	75,017
Reserves	13	48,603	40,830	7,381	1,627
Total equity attributable to owners of the Company		123,620	115,847	82,398	76,644
Non-controlling interests		(636)	(890)	-	-
Total equity		122,984	114,957	82,398	76,644
Liabilities					
Other payables	14	10,383	-	-	-
Provision for retirement benefits	19	94	62	-	-
Loans and borrowings	15	25,039	7,965	-	-
Deferred tax liabilities	8	1,396	-	-	-
Total non-current liabilities		36,912	8,027	-	-
Trade and other payables	14	138,736	102,583	49,448	41,198
Current tax payables		49	51	-	-
Loans and borrowings	15	153,537	152,836	-	-
Total current liabilities		292,322	255,470	49,448	41,198
Total liabilities		329,234	263,497	49,448	41,198
Total equity and liabilities		452,218	378,454	131,846	117,842

The notes on pages 20 to 92 are an integral part of these financial statements.

EG Industries Berhad
(Company No. 222897 - W)
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Statements of profit or loss and comprehensive income for the year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Revenue	16	993,376	800,248	353	374
Cost of sales		(961,593)	(777,137)	-	-
Gross profit		31,783	23,111	353	374
Administrative expenses		(11,326)	(10,229)	(1,126)	(1,062)
Distribution expenses		(2,401)	(1,809)	-	-
Other expenses		(3,136)	(1,774)	-	(2,300)
Other income		184	2,638	-	-
Operating profit		15,104	11,937	(773)	(2,988)
Finance costs	17	(8,988)	(8,187)	-	-
Profit/(Loss) before tax	18	6,116	3,750	(773)	(2,988)
Tax expense	20	(3,832)	(2,330)	-	(4)
Profit/(Loss) for the year		2,284	1,420	(773)	(2,992)

Statements of profit or loss and comprehensive income for the year ended 30 June 2014 (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		6,531	4,254	6,531	4,254
Foreign currency translation differences for foreign operations		(784)	471	-	-
Total other comprehensive income for the year, net of tax		5,747	4,725	6,531	4,254
Total comprehensive income for the year		8,031	6,145	5,758	1,262
Profit/(Loss) for the year attributable to :					
Owners of the Company		2,030	1,827	(773)	(2,992)
Non-controlling interests		254	(407)	-	-
		2,284	1,420	(773)	(2,992)

Statements of profit or loss and comprehensive income for the year ended 30 June 2014 (continued)

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

The notes on pages 20 to 92 are an integral part of these financial statements.

EG Industries Berhad
(Company No. 222897 - W)
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Consolidated statement of changes in equity for the year ended 30 June 2014

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

Consolidated statement of changes in equity for the year ended 30 June 2014 (continued)

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

Statement of changes in equity for the year ended 30 June 2014

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

Statement of changes in equity for the year ended 30 June 2014 (continued)

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

The notes on pages 20 to 92 are an integral part of these financial statements.

EG Industries Berhad
(Company No. 222897 - W)
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Statements of cash flows for the year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		6,116	3,750	(773)	(2,988)
Adjustments for :					
Depreciation of property, plant and equipment	3	21,947	18,026	27	28
Depreciation of investment properties	4	28	-	-	-
Interest expense	17	8,988	8,187	-	-
Dividend income		(80)	(64)	(80)	(64)
Gain on disposal of plant and equipment		(50)	(8)	-	-
Interest income		(303)	(451)	(273)	(310)
Impairment loss of investment in a subsidiary		-	-	-	2,300
Plant and equipment written off		235	-	-	-
Impairment loss of plant and equipment		1,163	-	-	-
Operating profit/(loss) before changes in working capital		38,044	29,440	(1,099)	(1,034)

Statements of cash flows for the year ended 30 June 2014 (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Change in inventories		(20,409)	(6,013)	-	-
Change in trade and other receivables	A	(9,585)	10,821	(7,519)	(11,814)
Change in trade and other payables		46,662	(8,101)	8,251	12,792
Cash generated from/(used in) operations		54,712	26,147	(367)	(56)
Tax (paid)/refunded		(143)	(506)	18	-
Dividend received		80	64	80	64
Net cash from/(used in) operating activities		54,649	25,705	(269)	8
Cash flows from investing activities					
Investment in subsidiaries		-	-	(5,000)	-
Acquisition of plant and equipment	B	(39,534)	(33,832)	-	-
Interest received		303	451	273	310
Proceeds from disposal of plant and equipment		286	324	-	-
Acquisition of treasury shares		(4)	(4)	(4)	(4)
Net cash (used in)/ from investing activities		(38,949)	(33,061)	(4,731)	306

Statements of cash flows for the year ended 30 June 2014 (continued)

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

Statements of cash flows for the year ended 30 June 2014 (continued)

Notes

A. Trade and other receivables

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

B. Acquisition of property, plant and equipment

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

C. Cash and cash equivalents

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

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

The notes on pages 20 to 92 are an integral part of these financial statements.

EG Industries Berhad
(Company No. 222897 - W)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

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

Registered office

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

Principal place of business

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

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2014 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activities of other Group entities are disclosed in Note 5 to the financial statements.

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

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

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

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

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

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

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

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

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

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

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS 9, *Financial Instruments*

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

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

(b) Basis of measurement

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

As at 30 June 2014, the current liabilities of the Group and of the Company exceeded the current assets by RM17,624,000 and RM12,093,000 respectively. The current liabilities of the Group consist mainly of short term borrowings which are used for working capital purposes.

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 7.1 - Impairment testing for goodwill.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

(ii) Business combinations

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transitions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Non-controlling interests

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

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

(vi) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2012 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

(b) Available-for-sale financial assets

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

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

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

(v) Derecognition

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition (continued)

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

(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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

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

(e) Leased assets

(i) Finance lease

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

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

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

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

(ii) Operating leases

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

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

(f) Investment property

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

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

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

2. Significant accounting policies (continued)

(f) Investment property (continued)

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

(g) Intangible assets

Goodwill

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

(h) Impairment

(i) Financial assets

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

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

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.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

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

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

(ii) Other assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the unit (groups of cash-generating units) on a *pro rata* basis.

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

(i) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

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

2. Significant accounting policies (continued)

(i) Equity instruments (continued)

(iii) Repurchase of share capital (continued)

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity and the resulting surplus or deficit on the transaction is presented in share premium.

(j) Inventories

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

The cost of inventories is measured based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

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

(l) Provisions

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

2. Significant accounting policies (continued)

(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 (continued)

(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.

2. Significant accounting policies (continued)

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

(q) Borrowing costs

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

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

2. Significant accounting policies (continued)

(q) Borrowing costs (continued)

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

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

(r) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

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

(s) Operating segments

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

(t) Warrants reserve

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

2. Significant accounting policies (continued)

(u) Fair value measurement

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

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

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

3. Property, plant and equipment

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

3. Property, plant and equipment (continued)

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

3. Property, plant and equipment (continued)

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

3. Property, plant and equipment (continued)

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

3.1 Assets under finance lease - Group

Included in the carrying amount of plant and machinery and motor vehicle are assets acquired under finance lease amounting to RM32,037,316 (2013 : RM24,904,421).

3.2 Assets held in trust - Group

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

3. Property, plant and equipment (continued)

3.3 Security - Group

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 15.2 to the financial statements :

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

4. Investment property - Group

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

4. Investment property - Group (continued)

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

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

4.1 Fair value information

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

Estimation uncertainty and key assumptions:

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

- Comparison of the Group's investment property with similar properties that were listed for sales within the same locality or other comparable localities;

- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

5. Investments in subsidiaries - Company

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

5. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest 2014 %	Effective ownership interest 2013 %	Principal activities
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of Electronic Manufacturing Services for computer peripherals and consumer electronic/electrical products industries
Mastimber Industries Sdn. Bhd.*	Malaysia	90.5	90.5	Ceased operation as manufacture and sale of 2-layer solid wood parquet flooring
EG Electronic Sdn. Bhd.*	Malaysia	100	100	Original Equipment Manufacturer/Original Design Manufacturer in complete box built products
EG R&D Sdn. Bhd.	Malaysia	100	-	Dormant
EG Operations Sdn. Bhd.	Malaysia	100	-	Dormant
SMT Industries Co., Ltd *	Thailand	100	100	Provision of Electronic Manufacturing Services for computer peripherals, consumer electronic/electrical and automotive industrial products industries
Subsidiary of SMT Technologies Sdn. Bhd.				
Glisten Knight Sdn. Bhd. *	Malaysia	100	100	Investment holding and oil palm plantation

* Not audited by KPMG

5. Investments in subsidiaries - Company (continued)

Non-controlling interest in a subsidiary

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

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

6. Other investments - Group/Company

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

7. Intangible asset - Group

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

7.1 Impairment testing for goodwill

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

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

The Group has determined the recoverable amount of the goodwill relating to the above CGUs based on value in use calculations. Value in use was determined by discounting the cash flow projections from the three-year business plan developed based on management's assessment of future trends and market developments in the hard disk drive industry.

7. Intangible asset - Group (continued)

7.1 Impairment testing for goodwill (continued)

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 4% (2013: 4%)

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

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

8. Deferred tax liabilities/(assets)

Recognised deferred tax assets and liabilities

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

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

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group can utilise.

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

Movements in temporary differences during the year are as follows :

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

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

Unrecognised deferred tax assets

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

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

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

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

9. Trade and other receivables

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

9. Trade and other receivables (continued)

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

9.1 Amount due from a subsidiary - non current

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

9.2 Amount due from subsidiaries - current

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

10. Inventories - Group

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

10. Inventories - Group (continued)

10.1 Security

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

10.2 Estimate

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

Inventories amounting to Nil (2013 : RM500,000) are considered to be slow moving. No write down has been made as the Directors are of the opinion that these inventories can be realised at above cost.

11. Cash and cash equivalents

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

11.1 Deposits with licensed banks

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

12. Share capital - Group/Company

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

13. Reserves

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

13. Reserves (continued)

	Note	2014 RM'000	2013 RM'000
Company			
Non-distributable :			
Warrants reserve	13.2	3,700	3,700
Share premium		15,170	15,170
Accumulated losses		(24,717)	(23,944)
Treasury shares	13.3	(29)	(25)
Fair value reserve	13.4	13,257	6,726
		7,381	1,627

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

13.1 Translation reserve

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

13.2 Warrants reserve

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

13.3 Treasury shares

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

For the financial year ended 30 June 2014, the Company repurchased 10,000 (2013 : 16,000) of its issued share capital from the open market. The average price paid for the shares repurchase was RM0.355 (2013 : RM0.239) per share. The total consideration paid was RM3,636 (2013 : RM3,915) including transaction costs of RM86 (2013 : RM86). The repurchase was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

No treasury shares were re-issued during the current financial year. At 30 June 2014, the Company held 106,000 (2013 : 96,000) of its shares. The number of outstanding ordinary shares of RM1 each in issue after the set-off is 74,910,600 (2013 : 74,920,600).

13. Reserves (continued)

13.4 Fair value reserve

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

14. Trade and other payables

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

14. Trade and other payables

14.1 Amount due to subsidiaries and Directors

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

15. Loans and borrowings - Group

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

15.1 Covenants - Group

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

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

15. Loans and borrowings - Group (continued)

15.2 Securities

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

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

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

iii) deposits held in lien of the Group and the Company (Note 11.1);

iv) jointly and severally guaranteed by certain Directors; and

v) collateralised by corporate guarantee by the Company.

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

15.3 Finance lease liabilities

Finance lease liabilities are payable as follows :

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

16. Revenue

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

17. Finance costs - Group

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

18. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
After charging :				
Auditors' remuneration				
- Statutory audit				
- KPMG	107	105	39	39
- other auditors	96	72	-	-

18. Profit/(Loss) before tax (continued)

Profit/(Loss) before tax is arrived at (continued) :

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- Other services				
- KPMG	21	21	21	18
- Affiliates of KPMG Malaysia	4	12	4	4
Depreciation of property, plant and equipment (Note 3)	21,947	18,026	27	28
Depreciation of investment property (Note 4)	28	-	-	-
Directors' remuneration :				
Directors of the Company				
- fees	104	104	104	104
- other emoluments	1,231	1,204	480	480
Other Directors				
- other emoluments	480	119	-	-
Inventories written down (Note 10.2)	250	3,910	-	-
Impairment loss on trade receivables	-	245	-	-
Impairment of investment in a subsidiary	-	-	-	2,300
Impairment loss on plant and equipment	1,163	-	-	-
Plant and equipment written off	235	-	-	-
Loss on foreign exchange, net			-	-
- realised	806	1,338	-	-
- unrealised	610	-	-	-
Rental of equipment	23	621	-	-
Rental of premises	158	163	-	-

18. Profit/(Loss) before tax (continued)

Profit/(Loss) before tax is arrived at (continued) :

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
and after crediting :				
Dividend income from :				
- shares quoted in Malaysia	80	64	80	64
Gain on foreign exchange, net				
- unrealised	-	1,279	-	-
Gain on disposal of plant of equipment	50	8	-	-
Interest income	303	451	273	310
Reversal of impairment of trade receivables	-	11	-	-

19. Employee benefits

19.1 Staff costs

Staff costs (excluding Executive Directors) are as follows :

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

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

19. Employee benefits (continued)

19.2 Key management personnel compensation

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

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

19.3 Provision for retirement benefit - Group

Provident fund

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

The Group's contributions for the year ended 30 June 2014 amounted to Nil (2013 : RM3,297).

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

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

19. Employee benefits (continued)

19.3 Provision for retirement benefit (continued)

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

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

The amount recognised in profit or loss are as follows :

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

The principal actuarial assumptions used are as follows :

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

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

20. Tax expense

Recognised in profit or loss

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

Reconciliation of tax expense

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) for the year	2,284	1,420	(773)	(2,992)
Total income tax expense	3,832	2,330	-	4
Profit/(Loss) excluding tax	6,116	3,750	(773)	(2,988)

20. Tax expense (continued)

Reconciliation of tax expense (continued)

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

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

21. Earnings per ordinary share - Group

Basic earnings per ordinary share

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

Diluted earnings per ordinary share

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

22. Warrants

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

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 30.6.2014
Warrants 2005/2015	RM1.00	16.6.2015	16,670,355

Warrants 2005/2015 were issued on 17 June 2005 in conjunction with the issuance of RM25,005,533 nominal value of 5-year 5% ICULS 2005/2012. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one new ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.00 per ordinary share within 10 years from the date of the issue of the warrants. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll created on 12 April 2005.

23. Related parties

23.1 Identity of related parties

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

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

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

23. Related parties (continued)

23.1 Identity of related parties (continued)

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

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

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

24. Contingent liabilities, unsecured - Company

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

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

25. Financial instruments

25.1 Categories of financial instruments

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

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

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

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

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
2013			
Company			
Other investments	6,826	-	6,826
Trade and other receivables (exclude prepayments and deposits)	25,835	25,835	-
Cash and cash equivalents	11,431	11,431	-
	44,092	37,266	6,826

	Carrying amount RM'000	FL RM'000
Financial liabilities		
2014		
Group		
Loans and borrowings	178,576	178,576
Trade and other payables	138,736	138,736
	317,312	317,312
Company		
Trade and other payables	49,448	49,448

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

	Carrying amount RM'000	FL RM'000
Financial liabilities		
2013		
Group		
Loans and borrowings	160,801	160,801
Trade and other payables	102,583	102,583
	263,384	263,384
Company		
Trade and other payables	41,198	41,198

25.2 Net gains and losses arising from financial instruments

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

25. Financial instruments (continued)

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantee given by banks, shareholders or directors of customers are obtained and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

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

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

25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

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

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

Impairment losses

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

	Gross RM'000	**Collective impairment RM'000**	**Individual impairment RM'000**	**Net RM'000**
Group				
2014				
Not past due	136,616	-	-	136,616
Past due 1 - 30 days	7,096	-	-	7,096
Past due 31 - 60 days	238	-	-	238
Past due 61 - 90 days	1,864	-	-	1,864
Past due more than 90 days	64	-	-	64
	145,878	-	-	145,878

25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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

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

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to 4 customers who collectively contributed 96% (2013 : 94%) of the Group's trade receivables at 30 June.

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

25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM152,582,796 (2013 : RM145,985,969) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

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

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

25. Financial instruments (continued)

25.4 Credit risk (continued)

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

25.5 Liquidity risk

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

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

As at 30 June 2014, the current liabilities of the Group and of the Company exceeded the current assets by RM17,624,000 and RM12,093,000 respectively. The current liabilities of the Group consist mainly of short term borrowings which are used for working capital purposes.

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

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

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

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

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

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

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

25. Financial instruments (continued)

25.6 Market risk

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

25.6.1 Currency risk

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

Exposure to foreign currency risk

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

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

25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2013 : 5%) strengthening of the RM against USD at the end of the reporting year would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting year. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

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

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

25.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

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

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

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

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
Group		
2014		
Floating rate instruments	(175)	175
2013		
Floating rate instruments	(45)	45

25.6.3 Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

Equity price risk sensitivity analysis

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

25.7 Fair value informations

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

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

25. Financial instruments (continued)

25.7 Fair value informations (continued)

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

25. Financial instruments (continued)

25.7 Fair value informations (continued)

	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	Total RM'000	RM'000	RM'000
2013							
Group							
Financial assets							
Quoted shares in Malaysia	6,826	-	-	6,826	-	6,826	6,826
Financial liabilities							
Term loans	-	-	-	-	(4,961)	(4,961)	(4,621)
Finance lease liabilities	-	-	-	-	(11,743)	(11,743)	(11,219)
	-	-	-	-	(16,704)	(16,704)	(15,840)
Company							
Financial asset							
Quoted shares in Malaysia	6,826	-	-	6,826	-	6,826	6,826

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

25. Financial instruments (continued)

25.7 Fair value informations (continued)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Derivatives

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

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

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

Level 3 fair value

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

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

26. Operating segment

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

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

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

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

Segment assets

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

Segment liabilities

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

26. Operating segment (continued)

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

26. Operating segment (continued)

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

26. Operating segment (continued)

Geographical segments

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

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

26. Operating segment (continued)

Major customers

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

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

27. Commitments - Group

Capital commitment

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

28. Capital management

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

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

29. Significant events

Incorporation of new subsidiaries:

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

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

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

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

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

EG Industries Berhad

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

and its subsidiaries

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 7 to 91 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 92 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

…………………………………………

Terence Tea Yeok Kian

…………………………………………

Kang Pang Kiang

Penang,

Date : 28 October 2014

EG Industries Berhad
(Company No. 222897 - W)
(Incorporated in Malaysia)
and its subsidiaries

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 7 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 28 October 2014.

....
Kang Pang Kiang

Before me :

PESURUHJAYA SUMPAH
No: P 120
Nama: CHAN KAM CHEE
MALAYSIA

92-B Lebuh Gereja
10200 Pulau Pinang

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei,
10250 Penang.

Telephone +604-238 2288
Fax +604-238 2222
Internet www.kpmg.com.my

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 2014 of the Group and of the Company, and the statements of profit or loss and comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 91.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 92 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG

KPMG
Firm Number : AF 0758
Chartered Accountants

Wee Beng Chuan
2677/12/16 (J)
Chartered Accountant

Date : 28 October 2014

Penang

Company No. 222897-W

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015

(Prepared for inclusion in this Abridged Prospectus)

EG INDUSTRIES BERHAD (222897-W)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 JUNE 2015
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Unaudited	Audited	Unaudited	Audited
	Current year quarter (3 months) 30.06.2015	Preceding year corresponding quarter 30.06.2014	Current year to date (12 months) 30.06.2015	Preceding year corresponding period 30.06.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	199,344	233,389	841,940	993,376
Operating profit	12,234	9,936	58,640	36,776
Interest income	53	131	125	303
Interest expense	(2,483)	(1,905)	(9,816)	(8,988)
Depreciation & amortisation	(6,223)	(5,716)	(25,830)	(21,975)
Profit before taxation	3,581	2,446	23,119	6,116
Taxation	2,868	(3,482)	2,517	(3,832)
Profit for the year	6,449	(1,036)	25,636	2,284
Other comprehensive income for the				
Foreign currency translation difference for foreign	(6,344)	(481)	(2,989)	(784)
Fair value of available-for-sale financial	(1,423)	922	(14,630)	6,531
	(7,767)	441	(17,619)	5,747
period	(1,318)	(595)	8,017	8,031
Profit/(Loss) attributable to:				
Owners of the Company	6,572	(1,028)	25,760	2,030
Non-controlling Interest	(123)	(8)	(124)	254
(Loss) / Profit for the period	6,449	(1,036)	25,636	2,284
Total comprehensive income attributable				
Owners of the Company	(1,195)	(587)	8,141	7,777
Non-controlling Interest	(123)	(8)	(124)	254
period	(1,318)	(595)	8,017	8,031
Basic earnings per ordinary share (sen)	8.79	(1.37)	34.46	2.71

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2014. The accompanying notes are an integral part of this statement.

EG INDUSTRIES BERHAD (222897-W)

Name: Kang Pang Kiang
Position: Group Chief Executive Officer
Authorised Signature

EG INDUSTRIES BERHAD (222897-W)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Unaudited as at 30.06.2015	Audited as at 30.06.2014
	RM'000	RM'000
Assets		
Property, plant and equipment	133,073	151,255
Investment properties	2,760	2,760
Other investments	5,524	13,357
Intangible asset	12,750	10,148
Deferred tax assets	1,817	-
Total non-current assets	155,924	177,520
Inventories	95,440	90,054
Current tax assets	14	167
Trade and other receivables	142,965	148,230
Cash and cash equivalents	47,569	36,247
Total current assets	285,988	274,698
Total assets	**441,912**	**452,218**
Equity		
Share capital	77,117	75,017
Reserves	56,653	48,603
Total equity attributable to shareholders of the Company	133,770	123,620
Non-controlling interests	(760)	(636)
Total equity	133,010	122,984
Liabilties		
Other payables	-	10,383
Provision for retirement benefit	85	94
Borrowings	18,694	25,039
Deferred tax liabilities	-	1,396
Total non-current liabilities	18,779	36,912
Trade and other payables	103,034	138,736
Borrowings	187,089	153,537
Current tax liabilities	-	49
Total current liabilities	290,123	292,322
Total liabilities	308,902	329,234
Total equity and liabilities	**441,912**	**452,218**
Net assets per share (RM)	1.72	1.64

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2014. The accompanying notes are an integral part of this Statement of Financial Position.

EG INDUSTRIES BERHAD (222897-W)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2015
(The figures have not been audited)

	← Non-distributable					→	Distributable			
	Share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Share premium RM'000	Fair value reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
Balance as at 1 July 2013	75,017	3,700	(25)	15,170	6,726	824	14,435	115,847	(890)	114,957
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-	-	-
Realisation of fair value gain from available-for-sale financial assets to profit or loss	-	-	-	-	-	(784)	-	(784)	-	(784)
Fair value of available-for-sale financial assets	-	-	-	-	6,531	-	-	6,531	-	6,531
Total other comprehensive income for the period	-	-	-	-	6,531	(784)	-	5,747	-	5,747
Profit/ (loss) for the period	-	-	-	-	-	-	2,030	2,030	254	2,284
Total comprehensive income/(expense) for the year	-	-	-	-	6,531	(784)	2,030	7,777	254	8,031
Treasury shares acquired	-	-	(4)	-	-	-	-	(4)	-	(4)
Balance as at 30 June 2014	75,017	3,700	(29)	15,170	13,257	40	16,465	123,620	(636)	122,984
Balance as at 1 July 2014	75,017	3,700	(29)	15,170	13,257	40	16,465	123,620	(636)	122,984
Foreign currency translation differences for foreign operations	-	-	-	-	-	(2,989)	-	(2,989)	-	(2,989)
Realisation of fair value gain from available-for-sale financial assets to profit or loss	-	-	-	-	(15,391)	-	-	(15,391)	-	(15,391)
Fair value of available-for-sale financial assets	-	-	-	-	761	-	-	761	-	761
Total other comprehensive income for the period	-	-	-	-	(14,630)	(2,989)	-	(17,619)	-	(17,619)
Profit/ (loss) for the period	-	-	-	-	-	-	25,760	25,760	(124)	25,636
Total comprehensive income/(expense) for the year	-	-	-	-	(14,630)	(2,989)	25,760	8,141	(124)	8,017
Increased in paid up capital	2,100	-	-	-	-	-	-	2,100	-	2,100
Treasury shares acquired	-	-	(91)	-	-	-	-	(91)	-	(91)
Balance as at 30 June 2015	77,117	3,700	(120)	15,170	(1,373)	(2,949)	42,225	133,770	(760)	133,010

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 30.06.2014. The accompanying notes are integral part of this statement.

Company No. 222897-W

EG INDUSTRIES BERHAD (222897-W)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2015

	Unaudited 30.06.2015 RM'000	Audited 30.06.2014 RM'000
Profit before tax	23,119	6,116
Adjustments for:		
Depreciation of property, plant and equipment	25,830	21,947
Depreciation of investment property	-	28
Interest expenses	9,816	8,988
Realisation of fair value gain from available-for-sale financial assets to profit or loss	(15,391)	-
Dividend income	(2)	(80)
Gain on disposal of property	(185)	(50)
Interest income	(125)	(303)
Plant and equipment written off	-	235
Impairment loss of plant and equipment	1,292	1,163
Provision for warranty	1,167	-
Operating profit before working capital changes	45,521	38,044
(Increase)/Decrease in inventories	(8,882)	(20,409)
(Increase)/Decrease in trade and other receivables	560	(9,585)
Increase/(Decrease) in trade and other payables	(39,204)	46,662
Cash generated from operations	(2,005)	54,712
Income taxes paid	(993)	(143)
Dividend received	-	80
Net cash from operating activities	(2,998)	54,649
Cash flow from investing activities		
Purchase of property, plant and equipment	(19,173)	(39,534)
Interest income	125	303
Acquisition of treasury shares	(91)	(4)
Acquisition of investments	(10,544)	-
Conversion of warrants	2,100	
Proceeds from disposal of plant and equipment	4,602	286
Proceed from disposal of available-for-sale financial assets	16,535	-
	(6,446)	(38,949)
Cash flows from/(used in) financing activities		
Interest paid	(9,816)	(8,988)
Net drawdown of bank borrowing	32,620	2,835
Withdrawal/ (Placement) of pledged deposit	(634)	4,284
	22,170	(1,869)
Net increase in cash and cash equivalents	12,726	13,831
Cash and cash equivalents at 1 July	26,883	12,974
Effect of exchange rates on cash and cash equivalents	(623)	78
Cash and cash equivalents at 30 June	38,986	26,883
Cash and cash equivalents comprise the following :		
Cash and bank balances	39,016	28,328
Bank overdrafts	(30)	(1,445)
	38,986	26,883

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30.06.2014. The accompanying notes are an integral part of this statement.

EG INDUSTRIES BERHAD

(Company No: 222897-W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

A. <u>FRS134 – Interim Financial Reporting</u>

A1. Basis Preparation

This interim financial report is unaudited and is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") No 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read together with the Group's Audited Financial Statement for the year ended 30 June 2014.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2014. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014. The audited financial statements of the Group as at and for the year ended 30 June 2014 were prepared under Malaysian Financial Reporting Standards (MFRSs).

A2. Significant Accounting policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2014 except for the adoption of the following new and revised MFRSs:

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

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

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

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

A3. Audit Report

The auditors' report of the Group's financial statements for the year ended 30 June 2014 was not subject to any qualification.

A4. **Seasonal or Cyclical Factors**

The business operations of the Group are subject to seasonal or cyclical factors that are common in the industry in which the Group operates in.

A5. **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no exceptional items that occurred during the current financial quarter under review which affect the assets, liabilities, equity, net income or cash flows of the Group except for those disclosed in Note B14.

A6. **Material changes in Estimates**

There was no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared to the preceding corresponding financial quarter.

A7. **Issuance of Equity or Debt Securities**

During the current quarter, the Company had issued 2,100,000 new ordinary shares of RM1 each pursuant to the exercise of 2,100,000 warrants 2005/2015 on 29 June 2015.

As of 30 June 2015, the number of outstanding ordinary shares of RM1 each in issue is 77,116,600. The Company held 284,000 of its shares as of 30 June 2015. The number of outstanding ordinary shares of RM1 each in issue after the set-off is 76,832,600.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury sales during the current financial quarter.

A8. **Dividend Paid**

No dividend has been paid for the twelve months ended 30 June 2015.

A9. **Segmental Reporting**

The segment analysis for the Group's results for the financial quarter ended 30 June 2015 is as follows:

Current Year-to-date	**Turnover**	**Profit before Taxation**
Segment for the Group	**RM'000**	**RM'000**
EMS	841,940	11,011
Others	-	12,108
Total	841,940	23,119

A10. **Valuation of Property, Plant and Equipment**

There were no valuation of property, plant and equipment during the current financial quarter ended 30 June 2015.

A11. **Material Subsequent Events**

There were no material events or transactions subsequent to the end of current financial quarter ended 30 June 2015, save as disclosed below:

(i) On 21 April 2015, the Company has entered into a Sale and Purchase Agreement with Terence Tea Yeok Kian and Kim Chye Huat @ Bobby Lim Chye Huat for the purchase of 10,750,000 ordinary shares of SGD1.00 each in Singyasin Holdings Pte Ltd representing 95.81% equity interest in SYS for a total cash consideration of SGD3,832,400 (equivalent to RM10,309,539 translated at an exchange rate of RM2.6901 : SGD1.00). The acquisition is pending approval of the Company's shareholders.

A12. **Changes in the Composition of the Group**

There were no changes in the composition of the group for the current financial quarter and financial period to date.

A13. **Changes in Contingent Liabilities or Contingent Assets**

There were no material changes in contingent liabilities or contingent assets as at the end of the current financial quarter.

A14. **Capital Commitments**

As at 30 June 2015, the Group has no material capital commitment in respect of property, plant and equipment except for those disclosed in note A11.

B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. **Review of Performance**

Comparison between the current quarter ("Q4 2015") and the preceding correspondence quarter ("Q4 2014")

The Group achieved revenue of RM199 million for the current quarter ended 30 June 2015, a decreased of 14.6% as compared to RM233 million recorded in the previous year corresponding quarter. The decrease was mainly due to change of product sales mix to focus on high margin products and reduce in sales for low margin products. Despite the decreased in revenue, the profit before tax in the current quarter increased from RM2.45 million to RM3.58 million and the net operating margins increased from 4.3% in Q4 2014 to 6.1% in the current quarter. The improvement was mainly due to higher margin generated due to change of product mix and foreign exchange gain of RM0.8 million.

Comparison between the current financial year-to-date and the preceding correspondence financial year-to-date

In the financial year-to-date under review, the Group's revenue decreased by 15% to RM841.9 million compared to the last year corresponding period of RM993.4 million.

Despite the decreased in revenue, the profit before tax in the current quarter increased from RM6 to RM23 million and the net operating margins increased from 3.7% in Q4 2014 to 7.0% in the current financial year-to-date. The improvement was mainly due to higher margin generated due to change of product mix, fair value gain on the realisation of available-for-sale financial assets totalling RM15.5 million and foreign exchange gain of RM0.8 mil.

B2. **Variation of Results against Preceding Quarter**

Description	4th Quarter 2015 RM'000	3rd Quarter 2015 RM'000	Increase/ (Decrease) RM'000	%
Revenue	199,344	179,884	19,460	11%
Profit before tax	3,581	1,493	2,088	>100%

Revenue for the current quarter registered at approximately RM199 million, increased by RM19 million or 11% as compared to the immediate preceding quarter of approximately RM180 million.

The Group's profit before tax increased by RM2.1 million compared to the immediate quarter was mainly resulted from higher sales generated during the current quarter and foreign exchange gain of RM0.8 million.

B3. **Prospect**

The Group will continue to focus its efforts in the exploring of new market opportunities, maintaining good customer relationships with high quality products; and improve its design and development capabilities to offer better solutions to customers. The Group is also actively seeking potential merger and acquisition ("M&A") opportunities within the Electronic Manufacturing Services and its related sectors, establishing a comprehensive one stop electrical and electronics solution to leverage on organic growth and opportunities for further expansion.

In addition, the Group will strive to enhance its operational and cost efficiencies by taking prudent measures to achieve satisfactory results. The results of the Group for the financial year 2015 are expected to remain positive.

B4. **Variance on Forecast Profit / Shortfall in Profit Guarantee**

The Group did not issue any profit forecast/profit guarantee for the current financial quarter.

B5. **Taxation**

	Individual Quarter Ended		**Cumulative Quarter Ended**	
	30/06/2015	**30/06/2014**	**30/06/2015**	**30/06/2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense:				
- Current year	412	-	763	350
- Prior year	(66)	(116)	(66)	(116)
Total current tax recognised in profit or loss	346	(116)	697	234
Deferred tax income/(expense):				
- Current year	(191)	4,193	(191)	4,193
- Prior year	(3,023)	(595)	(3,023)	(595)
Total deferred tax recognised in profit or loss	(3,214)	3,598	(3,214)	3,598
	(2,868)	3,482	(2,517)	3,832

The effective tax rate of the Group for the current quarter and year to date is lower than the statutory income tax rate mainly due to the availability of reinvestment allowance by a subsidiary and a foreign subsidiary was granted promotional privileges under the Investment Promotional Act B.E. 2520 for a period of 8 years.

B6. **Profit/ (Loss) on Sale of Unquoted Investment and /or Property**

Save as disclosed below, there were no sales of unquoted investments or properties during the current financial period under review:

(i) On 14 April 2015, Glisten Knight Sdn Bhd, a wholly-owned subsidiary of the Company has entered into a Sale and Purchase Agreement with Jupax Capital Sdn Bhd to dispose three parcels of agricultural land known as Lot 2 held under GRN 35863, Locality of Puncak Chabai, Mukim of Merbuk; and Lots 8 & 16 held under GRN 35852 & GM 1276 respectively, Locality of Pondok Chabai, Mukim of Bujang, all within District of Kuala Muda, State of Kedah for a cash consideration of RM4,500,000. The disposal is completed on May 2015.

B7. Purchase or Disposal of Quoted Securities Other Than Securities in Existing Subsidiaries and Associated Company

During the current financial period ended 30 June 2015, the Group has disposed its investment in available-for-sale financial assets and the disposal gave rise to a total gain of RM15.5 million.

The Group had purchased RM6,653,129 quoted securities during the current financial period ended 30 June 2015.

B8. Status of Uncompleted Corporate Announcement

On 28 November 2014, the Company announced to undertake the following proposals:

(i) Proposed reduction of its existing issued and paid-up share capital from RM75,016,600 comprising 75,016,600 ordinary shares of RM1.00 each in EG Industries Berhad ("EGIB") to RM37,508,300 comprising 75,016,600 ordinary shares of RM0.50 each in EGIB via the cancellation of RM0.50 from the par value of each existing ordinary shares of RM1.00 each in EGIB pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction");

(ii) Proposed private placement of up to 9,168,700 new ordinary shares of RM0.50 each in EGIB ("EGIB Shares" or "Shares") upon completion of the Proposed Par Value Reduction to independent third party investor(s) to be identified at a later date;

(iii) Proposed renounceable rights issue of up to 151,283,482 new EGIB Shares ("Rights Shares") together with up to 75,641,741 free detachable warrants ("Warrants") at an indicative issue price of RM0.50 per Rights Share on the basis of three (3) Rights Shares for every two (2) EGIB Shares held together with one (1) free Warrant for every two (2) Rights Shares subscribed at an entitlement date to be determined later (after the Proposed Par Value Reduction);

(iv) Proposed establishment of an employees' share grant scheme ("ESGS") of up to 15% of the issued and paid-up share capital of EGIB (excluding treasury shares, if any) for eligible Directors (including Non-Executive Directors) and employees of EGIB and its subsidiaries which are not dormant; and

(v) Proposed amendment to relevant clauses of the Memorandum and/or Articles of Association of the Company to facilitate the Proposed Par Value Reduction.

(collectively referred to as the "Proposals")

Barring any unforeseen circumstances, the Proposals are expected to be completed in the second half of 2015.

Save as disclosed above, there were no other corporate proposals announced but not completed during the quarter under review.

B9. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2015 are as follows:

	30/06/2015 RM'000
(a) Secured:	
Term Loan	48,185
Revolving Credit	-
Banker Acceptance	143,288
Bank Overdraft	(30)
Hire Purchase Payable	14,340
	205,783

(b) Current	187,089
Non-current	18,694
	205,783
(c) Denominated in Malaysia Ringgit	166,354
Denominated in Thai Baht	39,429
	205,783

B10. **Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at date of this report.

B11. **Changes in Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B12. **Dividend**

No dividend has been recommended or declared for current quarter and current financial period under review.

B13. **Earnings Per Share**

The basic earnings per share for the current financial quarter and financial period have been calculated by dividing the net profit attributable to owners of the Company for the financial quarter and financial period by weighted average number of ordinary shares in issue during the financial quarter and financial period.

	Individual Quarter Ended		**Cumulative Quarter Ended**	
	30/06/2015	**30/06/2014**	**30/06/2015**	**30/06/2014**
Net profit attributable to owners of the Company (RM'000)	6,572	(1,028)	25,760	2,030
Weighted average number of ordinary shares outstanding	74,752,022	74,916,403	74,752,022	74,916,403
Basic earnings per share (Sen)	8.79	(1.37)	34.46	2.71

B14. **Notes to the Statement of Comprehensive Income**

Profit before tax is stated after charging / (crediting):

	Current quarter ended 30/06/2015 RM'000	**Current year-to-date 30/06/2015 RM'000**
Depreciation and amortization	6,313	25,830
Interest expense	2,483	9,816
Interest income	(52)	(125)
Net foreign exchange gain	435	(814)
Impairment loss of plant and equipment	1,292	1,292
Realisation of fair value gain from available-for-sale financial assets to profit or loss	126	(15,391)
Gain on disposal of property	(185)	(185)

B15. **Realised or Unrealised Profit of the Group**

	Current quarter ended 30/06/2015 RM'000
Total retained earnings of the Group	
- Realised	44,045
- Unrealised	(736)
	43,309
Less: Consolidation adjustments	(1,084)
Total retained earnings	42,225

BY ORDER OF THE BOARD

EG INDUSTRIES BERHAD (222897-W)

Kang Pang Kiang
Group Chief Executive Officer/ Executive Director
Date : 28 August 2015

Authorised Signature

DIRECTORS' REPORT
(Prepared for inclusion in this Abridged Prospectus)

EG Industries Berhad (222897-W)
Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sg. Petani, Kedah D.A., Malaysia.
Tel : + 604-4229881 Fax : + 604-4229885

Date 05 OCT 2015

Registered Office:
Suite 18.01, 18th Floor
MWE Plaza, No 8 Lebuh Farquhar
10200 Penang

To: The Entitled Shareholders of EG Industries Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of EG Industries Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries "Group") during the period between 30 June 2014, being the date on which the latest audited consolidated statements have been made up, and the date hereof, being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;

(e) since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,
For and on behalf of the Board
EG Industries Berhad

Kang Pang Kiang
Group Chief Executive Officer

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants and the new EGIB Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares and the new EGIB Shares to be issued pursuant to the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up ordinary share capital, save and except that such new EGIB Shares will not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of such EGIB Shares.

(iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants and new shares that may be issued pursuant to the ESGS, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.

(v) Save for the new shares that may be issued pursuant to the ESGS and as disclosed in Section 2 of Appendix III of this Abridged Prospectus, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within the two (2) years immediately preceding the date of this Abridged Prospectus.

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2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Article 106

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always That:-

a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 107

1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the company in the course of the performance of their duties as Directors.
2) If by arrangement with the Directors, any Directors shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the company as a member of a committee of Directors, the Director may pay him special remuneration, in addition to his Director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

3. MATERIAL CONTRACTS

Save for the Deed Poll, Underwriting Agreement and as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

(i) Sale and Purchase Agreement dated 9 April 2014 entered into between Emerald Capital Development Sdn Bhd (formerly known as Sun Setia (M) Sdn Bhd) as the developer and EG R&D Sdn Bhd as the Purchaser and Suiwah Holdings (Bayan Baru) Sdn Bhd as the proprietor for the purchase of property held under Pajakan Negeri No. Hakmilik 2436, Parcel No. 01, Storey No. 18, Lot No. 11419, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address at No 1-18-1, Suntech @ Penang

Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang for RM790,000.00. The purchase was completed on 9 July 2014;

(ii) Sale and Purchase Agreement dated 12 November 2014 entered into between EG R&D Sdn Bhd and Chaise Systems Sdn Bhd as the vendor for the purchase of the property bearing postal address 1-12A-16, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang for RM340,000.00. The purchase was completed on 30 June 2015;

(iii) Sale and Purchase Agreement dated 12 November 2014 entered into between EG R&D Sdn Bhd and Sia Seow Cheng & Gan Ai Ling as the vendors for the purchase of the property bearing postal address 1-12A-17, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang for RM340,000.00. The purchase was completed on 27 July 2015;

(iv) Sale and Purchase Agreement dated 14 April 2015 entered into between Glisten Knight Sdn Bhd, a wholly-owned subsidiary of EGIB and Jupax Capital Sdn Bhd to dispose three parcels of agricultural land known as Lot 2 held under GRN 35863, Locality of Puncak Chabai, Mukim of Merbuk; and Lots 8 & 16 held under GRN 35852 & GM 1276 respectively, Locality of Pondok Chabai, Mukim of Bujang, all within District of Kuala Muda, State of Kedah for a cash consideration of RM4,500,000. The disposal was completed on 18 May 2015;

(v) Sale and Purchase Agreement dated 21 April 2015, entered between EGIB, Terence Tea Yeok Kian and Kim Chye Huat @ Bobby Lim Chye Huat for the purchase of 10,750,000 ordinary shares of SGD1.00 each representing 95.81% equity interest in Singyasin Holdings Pte Ltd for a total cash consideration of SGD3,832,400 (equivalent to RM10,309,539 translated at an exchange rate of RM2.6901:SGD1.00). The acquisition is pending approval of the Company's shareholders; and

(vi) Our Company has on 14 May 2015 acquired 290,790,400 ordinary shares in WE Holdings Ltd representing 10.22% of the entire issued and paid-up share capital of WE Holdings Ltd for a total cash purchase consideration of SGD2,035,532.80 (equivalent to approximately RM5,550,897.95 translated at an exchange rate of SGD1.00:RM2.727). The acquisition was completed on 16 May 2015.

4. MATERIAL LITIGATION

Our Board confirms that neither our Company nor any of our subsidiaries is engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

(i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.

(ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM2,000,000 will be borne by our Company.

(iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.

(iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

(v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

   (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

   (b) material commitments for capital expenditure;

   (c) unusual of infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

   (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and

   (e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of the Principal Adviser, Company Secretary, Principal Banker, Share Registrar, Independent Market Research Consultant and the Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors/Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 30 June 2012 to 2014 and the proforma consolidated statement of financial position of our Group as at 30 June 2014 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at Suite 18.01, 18th Floor, MWE Plaza, No. 8 Lebuh Farquhar, 10200 Penang during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) Our Memorandum and Articles of Association;

(ii) Our audited consolidated financial statements for the FYE 30 June 2012 to 2014;

(iii) Our unaudited consolidated financial results for the FYE 30 June 2015;

(iv) The proforma consolidated statement of financial position of the our Group as at 30 June 2014 together with the Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;

(v) The Deed Poll;

(vi) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;

(vii) The consent letters referred to in Section 6 of this Appendix;

(viii) The Undertakings referred to in Section 2.5 of this Abridged Prospectus;

(ix) The material contracts referred to in Section 3 of this Appendix; and

(x) The independent market overview of the Malaysia and Thailand PCB markets issued by Protégé.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

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