2012
ANNUAL REPORT

industronics

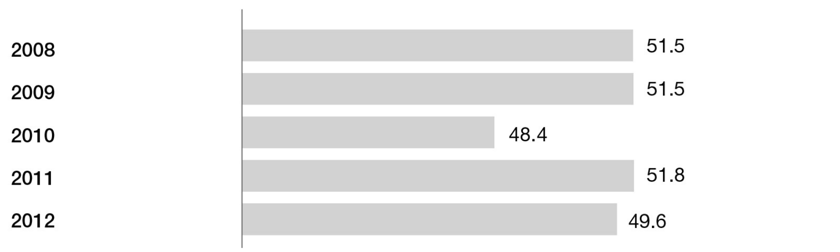
Financial Highlights

RM Million	2008	2009	2010	2011	2012
Revenue	66.1	56.1	53.3	59.4	50.7
Pre-tax Profit/(Loss)	(6.3)	0.6	(4.9)	4.1	(1.9)
Profit/(Loss) Attributable to Shareholders	(6.1)	0.1	(4.2)	3.4	(2.2)
Net Assets	51.5	51.5	48.4	51.8	49.6

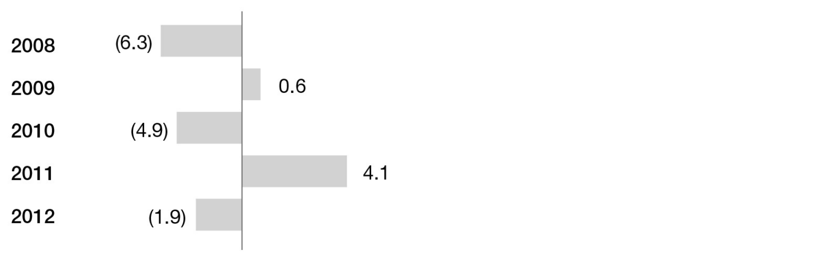
SEN	2008	2009	2010	2011	2012
Earnings Per Share	(6.5)	0.1	(4.5)	3.6	(2.4)
Net Assets Per Share	54.8	54.8	51.4	55.0	52.7
Gross Dividend Per Share	0	0	0	0	0

Revenue
(RM Million)

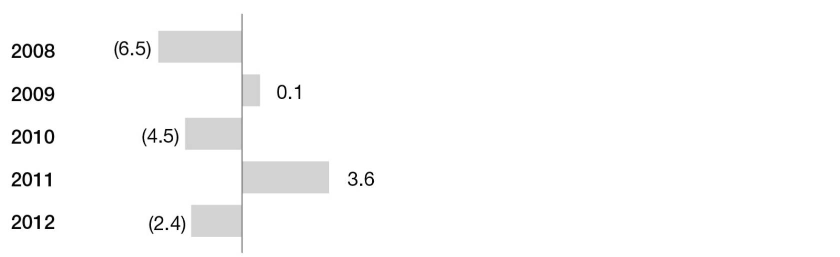
Net Assets
(RM Million)



Pre-tax Profit/ (Loss)
(RM Million)



Earning per share
(Sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS
Christian Kwok-Leun Yau Heilesen
(Executive Chairman)
Wong Yuk Ching Anna
(*Independent Non-Executive Director*)
Yip Wai Man Raymond
(Non-Executive Director)
Liau Lian Fatt
(Independent Non-Executive Director)
Youhardy Bin Yahaya
(Independent Non-Executive Director)

CHIEF EXECUTIVE OFFICER
Lim Jit Fu

CHIEF FINANCIAL OFFICER
Chin Fook Kheong

AUDIT COMMITTEE
Wong Yuk Ching Anna (*Chairman*)
Yip Wai Man Raymond
Liau Lian Fatt

NOMINATION COMMITTEE
Liau Lian Fatt *(Chairman)*
Wong Yuk Ching Anna
Yip Wai Man Raymond

REMUNERATION COMMITEE
Wong Yuk Ching Anna *(Chairman)*
Yip Wai Man Raymond
Liau Lian Fatt

COMPANY SECRETARIES
Chua Siew Chuan (MAICSA No. 0777689)
Chin Mun Yee (MAICSA No. 7019243)
Tan Wee Sin (MAICSA No. 7044797)

AUDITORS
Ernst & Young (AF 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: (603) 7495 8000
Fax: (603) 2095 9076

REGISTERED OFFICE
No. 9, Jalan Taming 3
Taman Tanming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan
Tel: (603) 8961 3024
Fax: (603) 8961 6409
Homepage: www.industronics.com.my

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel:(603) 7841 8000
Fax:(603) 7841 8008

PRINCIPAL BANKERS
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

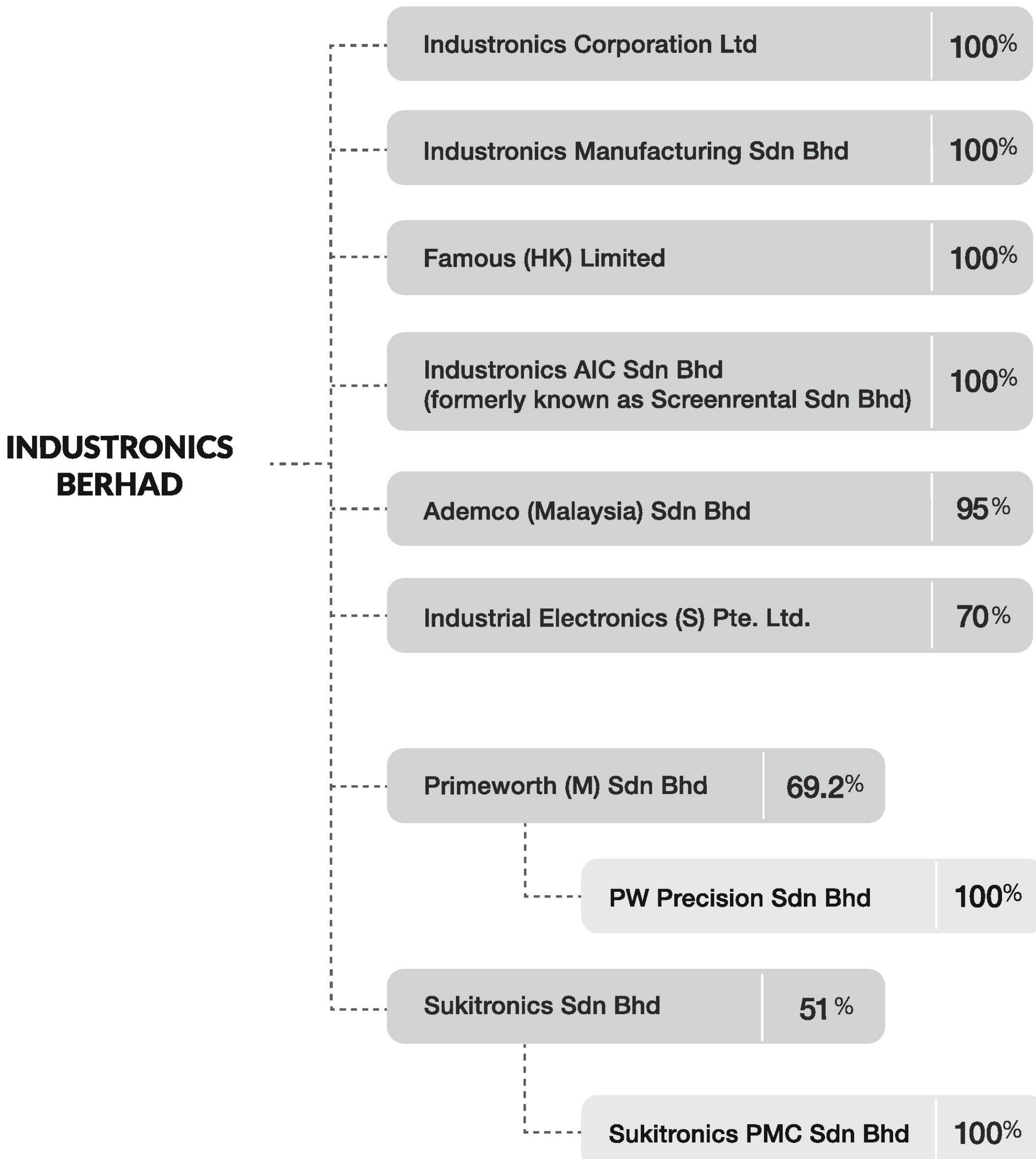
SOLICITORS
Harjit & Co
Suraj Singh & Co

STOCKS EXCHANGE LISTING
Main Market of Bursa Malaysia Berhad

INVESTORS SERVICE
Shareholders, investors and members of public are invited to access the Company's website at www.industronics.com.my for information on the Group's operations and latest developments. For further details, please contact :

Mr. Chin Fook Kheong
Investor Relations
Industronics Berhad
Tel: (603) 8961 3024
Fax: (603) 8961 6409
email: IR@industronics.com.my

INDUSTRONICS BERHAD
Corporate Structure as at 28 May 2013



Note: Excluding dormant subsidiaries

On behalf of the Board of Directors ("Board") of Industronics Berhad ("IB" or "the COMPANY"), I am pleased to present the Annual Report and Audited Financial Statements for the Company and the Industronics Group of Companies for the Financial Year ended 31 December 2012.

FINANCIAL STATEMENT

2012 has been a challenging year for IB. The Company reported a lower revenue of RM50.6 million as compared to RM59.3 million in the previous year. This is mostly due to delays in the implementation and the consequent recognition of revenue of several of its major projects. The Group recorded a Loss after Tax of RM1.37 million compared to a Profit after Tax of RM3.56 million in the previous year. The Profit for 2011 was attributable to the successful conclusion of variation order of past project which is a non recurring event.

Our Electronics and System Integration Division registered a lower revenue to RM30.2 million and a Loss before Tax of RM0.8 million.

The Security Systems and M & E Division registered an increase in revenue to RM16.4 million and Profit before Tax of RM0.5 million in line with the progress of projects carried out during the year.

The Cash and Bank Balances for the Group stood at RM29.7 million as at 31 December 2012. The Group's Loss per share is 2.4 sen as at 31 December 2012.

OPERATIONAL REVIEW

2012 saw continued progress in several key transportation projects; most notably in the airport sector. The Company won major contracts to supply its Flight Information Display System (FIDS) to both klia 2 and Penang International Airport respectively.

IB through its AV, ITS & Communication Division (AIC) is also highly regarded as a supplier of Intelligent Transport Systems (ITS) with a track record across many major highways both locally and regionally. In 2012, its completion of the Eastern Dispersal Link (EDL) Highway Traffic Control and Surveillance System (TCSS) set a new standard in information dissemination by providing a much higher quality and wider access to data and visual feeds than before.

IB was also awarded the IRDA CCTV Package 2 project for the provision of an Integrated Public Safety System for Local Authorities and Police Districts in Iskandar Malaysia, Johor Bahru. The solution, which includes ANPR (Automatic Number Plate Recognition) and VA (Video Analytics) sub-systems is scheduled for commencement in 2013.

On the sports sector, IB enjoyed continued and robust demand for its Electronic Large Screen LED Video Scoreboards. Consistent orders from the United States as well as contracts won in Singapore, Indonesia and Kuwait further underlined improved demand overseas. Domestically, Industronics was involved in the supply of an Electronic Scoreboard at the Kota Bahru Stadium and a Hockey Scoreboard for Padang Hoki Baru, Kuantan where the former was used in conjunction with SUKMA the Malaysian National Games 2012.

Our subsidiary Sukitronics Sdn Bhd (Sukitronics) is primarily focused on mechanical and electrical engineering (M&E) – System Design & Integration works. Sukitronics has an impeccable project track record in power plants, bulk storage tank farms, industrial plants and building complexes. For the period 2012/2013, Sukitronics continued its involvement in the Ulu Jelai Hydro Power Plant Project and Bank Rakyat new headquarter. Sukitronics has been participating in the tender of a number of new power plant projects and other M&E works and is optimistic of securing more contracts in the related field of projects.

Ademco (Malaysia) Sdn Bhd (Ademco), a member of the IB Group of Companies, saw modest success in many projects in the Security, Fire & Safety sector of which the most notable include Bank Rakyat and the Pacific Regency Hotel. Ademco endeavours to increase market share and interest through the latest innovations of among others, its Secutron Fire Alarm System.

Industronics Automation Sdn Bhd (IA), a wholly owned subsidiary of IB, is tasked with the development of integrated solutions in the control, monitoring and automation functions for environmental, building and telecommunication sectors primarily for flood mitigation, tidal gates automation, water quality treatment and building automations. IA was disposed in May 2013 to enable IB to streamline the group structure for better efficiency.

OPERATIONAL REVIEW (CONTINUED)

Primeworth Sdn Bhd (Primeworth), a subsidiary of IB, is the key arm for the design and manufacture of chassis, racks and various sheet metal products. Primeworth maintained its market share of the Rack business through direct-to-manufacturer purchasing strategies for its raw materials and common components and solutions. Concurrently, Primeworth is test marketing the “Raised Floor” businesses which is popularly used in Data Centres.

PROSPECTS

The present global market presents many challenges to its stakeholders. Rising costs, lower profits and an increasingly borderless business landscape present a scenario where we need to be much more aggressive and adapt not only to excel but in many cases to simply survive.

Moving forward, the Company will be implementing an underlying strategy of rationalization and operational improvement though an aggressive and logical streamlining and rationalization of resources and processes. This rationalization covers all aspects of operations from financial, structural, commercial, technical and other key perspectives.

IB is also exploring and deploying resources to address potential commercial and technical opportunities that it deems synergistic to its core business whilst remaining open to the possibility of exploring and entering new markets.

Given the positioning and reputation of its products and solutions, track record and competitive standing in many of its key market sectors, Industronics remain optimistic on its future and long term prospects. I also believe that our rationalization exercise will create an organization positioned to meet greater challenges and exceed general expectations.

DIVIDEND

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 December 2012.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our heartfelt appreciation to our valued shareholders, customers, business associates, suppliers and bankers for their support, trust and confidence in the Company.

In closing, I acknowledge the continuing efforts, commitment and dedication of the Company’s management and staff and looking forward to closely working together toward a significantly more successful 2013.

Christian Kwok-Leun Yau Heilesen
Executive Chairman

THE CODE

The Board of Industronics Berhad ("Industronics" or "Company") remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("Industronics Group") and will strive to continuously improve its governance process and structure towards enhancing long-term shareholder value.

The Board Charter is currently being drafted and will be posted on the Company's website after the Board's approval. The Board Charter is expected to include the division of responsibilities and powers between the Board and management as well as the different committees established by the Board.

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year.

BOARD OF DIRECTORS

Composition and Size of Board

The Board at the date of this statement consists of 5 members comprising 3 independent non-executive directors, a non-executive director and an executive director. The Board composition complied with the Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby at least one third of the Board must be of independent Directors.

Board Balance and Board Effectiveness

The Board views the number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. The Board deems the Board composition is appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the Board membership. The Board is well represented by individuals with diverse professional backgrounds and experiences in the areas of technology, finance, accounting and law.

In addition, the Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationship with the Company so that they are capable of exercising independent views, advice and judgment and act in the best interest of the Company and its shareholders.

There is a clear division of responsibility between the Chairman and the Chief Executive Officer. The Chairman is responsible for ensuring the Board's effectiveness and conduct whilst the Chief Executive Officer has overall responsibility over the operating units, organizational effectiveness and implementation of the Board's policies and decisions.

The Board is collectively responsible for setting policies which promote the success of the Group. The Board is entrusted with the proper stewardship responsibility of providing strategic leadership, overseeing the business conduct ensuring the adequacy and integrity of financial information and enhancing the effectiveness of the Group's system of internal control and risk management process.

Board Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings may be convened when necessary should major issues arise that need to be resolved between scheduled meetings. The quarterly Board meetings are scheduled in advance prior to the start of the financial year to allow the Directors to plan their appointments ahead and as such to facilitate full attendance at Board meetings. All proceedings, deliberations and conclusions of the Board Meetings are duly minuted and signed by the Chairman of the meeting.

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

Board meetings (continued)

This is evidenced by the attendance record of each of the Directors during the financial year ended 31 December 2012 as set out below:-

Name of Directors	Attendance	% of Attendance
Dato' Haji Wan Abdullah B.W. Salleh *(Resigned on 04.03.2013)*	8/8	100%
Dr. Junid bin Abu Saham *(Resigned on 28.02.2013)*	8/8	100%
Ooi Soon Kiam * *(Resigned on 23.11.2012)*	6/6	100%
Gan Boon Chuan *(Resigned on 06.03.2013)*	7/8	87.5%
Nelson Goh Thuan Peck *(Appointed on 28.11.2012 and resigned on 22.05.2013)*	1/1	100%
Wong Yuk Ching Anna *(Appointed on 02.01.2013)*	N/A	N/A
Yip Wai Man Raymond *(Appointed on 15.01.2013)*	N/A	N/A
Liau Lian Fatt *(Appointed on 26.03.2013)*	N/A	N/A
Christian Kwok-Leun Yau Heilesen *(Appointed on 22.04.2013)*	N/A	N/A
Youhardy Bin Yahaya *(Appointed on 29.05.2013)*	N/A	N/A

* *reflects the attendance and the number of meetings held during the period the Director held office.*

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meeting as stipulated in the Listing Requirements of Bursa Securities. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted in the next Board meeting.

Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board report and documents are provided to the Directors on a timely manner to allow the Directors to review and consider the agenda items to be discussed at Board meetings.

The Chairman of the Audit Committee will report to the Directors of the Board meetings of any salient audit findings deliberated at the Audit Committee meetings which require the Board's notice or direction.

Directors have access to all information within the Company whether as a full Board or in their individual capacity, in furtherance of their duties and receive regular information updates from the Management.

In addition, all Directors have full access to the advice and the services of the Company Secretaries including where necessary, the advice of independent professionals at the Company's expense.

The Board is satisfied with the performance and support rendered by the Company Secretary(ies) to the Board in the discharge of its functions. The Company Secretary(ies) advise the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements.

The Management is responsible in providing the Board with all the information that will assist the Board in discharging its responsibilities and to facilitate informed decision making. The Company Secretary(ies) attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly recorded. Senior Management of the Group and external auditors are also invited to attend Board meetings on specific items on the agenda which may require further clarification. The Directors are briefed by the Company Secretary(ies) on the letters and circulars issued by Bursa Malaysia Securities at every Board Meeting. The Company Secretary(ies) also ensure that deliberations at the Board meetings are well captured and minuted.

Appointment of Directors
The Nomination Committee established by the Board, is responsible for screening, evaluating and recommends to the Board the suitable candidates for appointment as Directors as well as filing the vacant seats on the Board Committees.

In respect of appointment of Directors, the Company practices a clear and transparent nomination process which involves identification of candidates, evaluation of suitability of candidate, meeting up with candidates, final deliberation by the nomination Committee before recommendation to the Board.

To ensure that Directors have the time to focus and fulfill their roles and responsibilities effectively, one criterion of determining the candidates is that they must be able to commit sufficient time to the Company.

Re-appointment and re-election of Directors
The Nomination Committee will assess the effectiveness of the Board as a whole and the contribution of each individual director, including review of the independency of the Independent Directors.

In respect of the financial year under review, the Nomination Committee had conducted the annual review and the performance of the Board Committees and the performance assessment of each individual Director.

In accordance with the provisions of the Company's Articles of Association, at least one-third (1/3) of the Board of Directors are required to submit themselves for re-election by rotation at each annual general meeting. Directors who are appointed by the Board are subject to re-election by shareholders at the first annual general meeting after their appointment. Directors over 70 years of age are required to submit themselves for re-appointment annually pursuant to Section 129(6) of the Companies Act, 1965.

The Articles of Association of the Company also requires all directors to retire from office once in every three (3) years, including the Managing Director and such Directors shall be eligible for re-election.

Code of Ethics
The Board is in the midst of the finalising its formal code of ethics. Nevertheless, the Company's current codes of ethics for Directors and employees continue to govern the standard of ethics and good conduct expected of Directors and employees respectively which covers all aspects of the Company's business operations such as confidentiality of information, conflict of interest, protection of assets, healthy and safety, fair and courteous behavior and compliance to the law.

Director's Training and Education
Except for Mr. Liau Lian Fatt and Encik Youhardy Bin Yahaya who were appointed to the Board on 26 March 2013 and 29 May 2013 respectively, all the Directors of the Company have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for director of public listed companies.

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business, relevant changes in laws and regulations and corporate governance matters from time to time.

All the Directors have attended trainings during the financial year ended 31 December 2012. Some of these training programmes, seminars and forums were as follows:

1. International Malaysian Law Conference 2012;

2. Risk Management – What a Directors should know seminar;

3. Achieving and increasing Boardroom Effectiveness and Performance seminar; and

4. Practical Guide: Malaysian Taxation Principles and Procedure.

The Directors will continue to participate in other training programmes to keep abreast with the latest developments in the business, relevant changes in laws and regulations and corporate governance matters, from time to time.

Board Committees
The Board has established several Board Committees whose compositions and terms of reference are in line with the best practices of the Code. The functions and terms of reference of the Board committees as well as authority delegated to these Board Committees have been clearly defined by the Board.

The composition of the Board Committees comprises members of the Board. The Chairman of the committees will report to the Board on the outcome of the respective committee meetings and such reports are incorporated into the minutes of Board meetings.

(i) Audit Committee

The Audit Committee consists of 2 independent non-executive Directors and a non-executive Director, one of whom fulfilled the requirement of an Audit Committee member in accordance with Paragraph 15.09(1) of the Listing Requirements of Bursa Malaysia.

The Audit Committee assists and supports the Board in fulfilling its fiduciary responsibilities relating to the Group's financial reporting practices, accounting policies, internal controls, business ethics policies and the independence of the Group's external and internal auditors. The Report of Audit Committee is set out in pages 13 to 14 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee is empowered to recommend to the Board recommendations on the appointment of any new Executive and Non-Executive Directors by evaluating and assessing the suitability of candidates for Board membership.

The members of the Nomination Committee as at the date of this statement are as follows:

(1) Nelson Goh Thuan Peck (Chairman) – Independent Non-Executive Director
(2) Wong Yuk Ching Anna – Independent Non-Executive Director
(3) Yip Wai Man Raymond– Non-Executive Director

The Board is of the opinion that Mr. Nelson Goh Tuan Peck, an Independent Non-Executive Director, is ideal as the Chairman of the Nomination Committee, given his experience and available time commitment.

The summary duties of the Nomination Committee are as follows:
- to review the composition of the Board and its subsidiaries;
- to consider and recommend the appointment and removal of directors;
- to review the size and membership of the Board;
- to regularly assess the independence of each member;
- to review annually the Board's required mix of skills, experience and other qualities; and
- to assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director to the effective decision.

The Nomination Committee met four (4) times during the financial year under review.

Subsequently, on 22 May 2013 Mr. Nelson Goh Thuan Peck has resigned as the Director of the Company. Mr. Liau Lian Fatt was appointed on 22 May 2013 as the Chairman of the Nomination Committee.

(iii) Remuneration Committee

The Remuneration Committee is primarily responsible for development and carries out review of the overall remuneration policy and packages for the executive directors.

The Remuneration Committee at the date of this statement are as follows:-

(1) Wong Yuk Ching Anna (Chairman) – Independent Non-Executive Director
(2) Nelson Goh Thuan Peck – Independent Non-Executive Director
(3) Yip Wai Man Raymond – Non-Executive Director

The summary of the duties of the Remuneration Committee are as follows:

- To ensure transparency in the development of the remuneration framework and minimizes the risk of any potential conflict of interest.
- Recommendations are submitted for endorsement by the entire Board.
- Determine the remuneration packages for non-executive directors is the matter of the Board and individuals concerned shall be abstain from discussion of his/her own remuneration.

(iii) Remuneration Committee (continued)
The non-executive directors are remunerated on the basis of their anticipated time commitment and the responsibilities entailed in their role. The determination of the fees of non-executive directors is a matter for the Board as a whole, subject to shareholders' approval.

The Remuneration Committee met twice during the year under review.

The remuneration for the Directors during the year, analysed into bands of RM50,000, which complies with the disclosure requirements under Bursa Malaysia Listing Requirements is as follows:

	Executive	**Non-Executive**
	RM	RM
Fee	-	89,000
Salaries, Employee Provident Funds & Allowances	301,603	30,500
Termination Benefit	-	-
Benefits-in-kind	13,325	-
Total	314,928	119,500

	No. of Directors	
	Executive	**Non-Executive**
RM 50,000 & below	-	4
RM300,001 - RM350,000	1	-

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

Subsequently, Mr. Nelson Goh Thuan Peck has resigned as the Director of the Company on the 22 May 2013 and Mr. Liau Lian Fatt was appointed as the new member of the Remuneration Committee on the same day.

Shareholders

Communications with Shareholders and Relationship with Investors
The Board acknowledges its role in representing and promoting the interest of the shareholders, and its accountability to shareholders for the performance and activities of the Group. The Board also recognises the importance of timely and thorough dissemination of information to shareholders whereby announcements and releases of financial results on a quarterly basis provide the shareholders and investing public with a continuous overview of the Group's performances and operations.

Shareholders, investors and members of public are invited to access the Company's website at www.industronics.com.my and Bursa Malaysia's website at www.bursamalaysia.com.my for the latest corporate and market information on the Company and the Group.

Annual General Meeting
The Company's Annual General Meeting is the principal avenue for dialogue and interaction with the shareholders of the Company. Members of the Board, senior management and the Group's external auditors are available to respond to all queries and undertake to provide clarification on issues and concerns raised by the shareholders.

The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

At the 37th Annual General Meeting of the Company held on 26 June 2012, no substantive resolutions were put forth for shareholders' approval. As such, the resolutions put forth for shareholders' approval at the 37th Annual General Meeting were voted on by a show of hands. Nevertheless, the Company would conduct poll voting if demanded by the shareholders at the general meeting.

Accountability and Audit
In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

In preparing the financial statements for the year ended 31 December 2012 set out on pages 21 to 82 of this Annual Report, the Directors have:

- applied appropriate accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors have the responsibility of ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the overall responsibility for taking such steps as are reasonable to them, to safeguard the assets of the Group and the Company, to prevent and detect fraud and other irregularities.

Internal Control
The Directors acknowledge its overall responsibility for maintaining a sound system of internal control to safeguard the shareholders' investment and the Company's assets. The Board has appointed Messrs. BDO Governance Advisory Sdn Bhd to undertake the internal control function for continuous review and maintenance of the system of internal control in the Group.

The Board shall work closely with the internal and external auditors to continuously improve the internal controls of the Group in terms of its integrity and adequacy.

The Statement on Risk Management and Internal Control, as set out on pages 15 to 16, provides an overview of the state of internal controls within the Group.

Sound Framework to Manage Risks
The Company has appointed an external consultant to establish the Risk Management Framework which is expected to provide a systemic approach to identify, assess, monitor as well as manage risk across the Group.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Relationship with Auditors

The Company has established a formal and transparent relationship with the Company's auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is stated on pages 13 to 14 of this Annual Report.

Compliance with the Code
The Board has complied, insofar as possible, the best practices set in accordance with the Code during the financial year under review.

This Statement on Corporate Governance was approved by the Board of Directors of the Board on 23 April 2013.

Corporate Social Responsibility ("CSR")

The Board continues to uphold our commitment and responsibilities towards our stakeholders including our employees, clients, suppliers, business partners, shareholders and the wider environment and community that we operate in.

While striving to sustain and increase shareholders' value with continuing business sustainability and growth, the Board also put great values on corporate social responsibilities in conducting its business affairs as a responsible corporate citizen.

While there is no formal policy on CSR, our commitment to CSR has become an integral part of our business. The Group's CSR efforts in 2012 focused mainly on its employees' well-being and the community. Social events such as festival celebration and annual dinner are organised to enhance the relationship between employees and the management and as a token of appreciation for the employees' continuous support and contribution. Customers are also invited to participate in the annual dinner of the Company to strengthen working relationship.

We believe in sharing our technological knowledge with the community. The Company provided industrial training opportunities to undergraduates in disciplines that are relevant to the Company's operation in our recognition to share technology knowledge with the community.

The Group continued to improve the welfare of all employees with safe and quality workplace. We encouraged our staff to continuous learning and to develop the skills and competencies to meet challenging environment.

We are working towards bringing down our energy consumption with several key initiatives such as recycling for papers, encouraging all officers to turn off lights and air conditioners when not in use and etc.
We believe that this is an on-going initiative and will continue to incorporate environmental considerations into our processes.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

MEMBERSHIP

The Audit Committee ("Committee") as at the date of this Statement consists of the following members:

Wong Yuk Ching Anna
Chairman, Independent Non-Executive Director

Yip Wai Man Raymond
Non-Executive Director

Nelson Goh Thuan Peck
Independent Non-Executive Director

Subsequently, Mr. Nelson Goh Thuan Peck has resigned as the Director of the Company on the 22 May 2013 and Mr. Liau Lian Fatt was appointed as the new member of the Audit Committee on the same day.

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2012, the Committee held a total of five (5) meetings. The details of attendance of the Committee members are as follows:-

Members	23/02/2012	24/04/2012	22/05/2012	28/08/2012	27/11/2012
Ooi Soon Kiam *(Resigned on 23.11.2012)*	√	√	√	√	N/A
Dato' Haji Wan Abdullah B.W. Salleh *(Resigned on 04.03.2013)*	√	√	√	√	√
Dr. Junid bin Abu Saham *(Resigned on 28.02.2013)*	√	√	√	√	√
Yip Wai Man Raymond *(Appointed on 04.02.2013)*	N/A	N/A	N/A	N/A	N/A
Wong Yuk Ching Anna *(Appointed on 06.03.2013)*	N/A	N/A	N/A	N/A	N/A
Nelson Goh Thuan Peck *(Appointed on 06.03.2013 and resigned on 22.05.2013)*	N/A	N/A	N/A	N/A	N/A

The Chief Executive Officer, Financial Controller and Internal Auditors attended these meetings upon invitation by the Audit Committee. The Group's external auditors were invited to attend all of these meetings.

SUMMARY OF THE TERM OF REFERENCE

The summary of the terms of reference of the Audit Committee are as follows:

Membership

The Audit Committee must be appointed by the Board of Directors from amongst their numbers, which fulfils the following requirements:

a. the Audit Committee must be comprised of not fewer than 3 members.
b. a majority of the members must be independent directors.
c. at least one member of the audit Committee must be a member of the Malaysian Institute of Accountants (MIA); or any other equivalent qualification recognised by MIA.

Membership (continued)

The Chairman shall be an independent non-executive director appointed by the Board.

The Company Secretary shall act as Secretary to the Committee and shall provide the necessary administrative and secretarial services for the effective functioning of the Committee.

Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

a. to investigate any activity within its term of reference;
b. to have the resources which are required to perform its duties;
c. to have full and unrestricted access to information and relevant to its activities, to the Internal and External Auditors, and to senior management of the Company and its subsidiaries;
d. to have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
e. to obtain independent professional or other advice as necessary; and
f. to convene meetings with the External Auditors without the attendance of the executive board members, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are : -

a. to consider the appointment, resignation and dismissal of the External Auditors and the audit fees;
b. to review the nature and scope of the audit with Internal and External Auditors before the audit commences;
c. to review the quarterly and annual financial statements before submission to the Board;
d. to review any related party transaction and conflict of interest situation that may arise;
e. to discuss problems and reservations arising from the interim and final audits and any matter the Auditors may wish to discuss;
f. to review the audit reports by the Internal and External Auditors, the major findings and management's responses thereto;
g. to review the effectiveness and efficiency of risk management internal control systems; and
h. to consider other matters relating to audit.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its terms of reference.

The main activities undertaken by the Committee were as follows:

- Reviewed the unaudited quarterly financial statements of the Group prior to recommending them to the Board for their consideration and approval;
- Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for their consideration and approval;
- Reviewed the annual audit plan of the outsourced internal audit function;
- Reviewed the internal audit reports, recommendations made and management's response to these recommendations; and
- Reviewed financial statement audit plan of the external auditors and the results of the annual audit, their audit report and management letter respectively.

INTERNAL AUDIT FUNCTION

The Board has engaged an independent professional firm for the provision of Internal Audit (IA) services to Industronics Group. The Internal Auditors reviews the adequacy and integrity of the system of internal control systems in key business areas within the Group independent of operations and reports to the Audit Committee on a quarterly basis.

The Internal Auditors assisted the Audit Committee in discharging their roles and responsibilities with regards to assessing the adequacy and integrity of the system of internal control systems by undertaking an Internal Audit Plan for Industronics Group

INTRODUCTION

The Malaysian Code on Corporate Governance ("Code") sets out the principle that the Board of Directors ("Board") of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control outlines the nature and scope of the risk management and internal control of the Group during the year.

RESPONSIBILITY

The Board of Directors is committed to maintain a system of risk management and internal controls in financial, operational and compliance to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Compliance with regulatory requirements; and
- Operational results are closely monitored and substantial variances are promptly explained.

The Board affirms the overall responsibility for maintaining a sound system of risk management and of internal controls and for reviewing its adequacy and integrity so as to safeguard shareholders' investment and the Group's assets.

However, there are limitations that are inherent in any system of risk management and internal controls and such systems are designed to manage and control risks appropriately rather than to eliminate them. Hence, it is imperative to note that these systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Key risk management and internal control processes

The Group has instituted an on-going process for identifying, evaluating and managing the significant risks affecting the achievement of its business objectives. This process includes identifying major risks involved in entering into major contracts.

The process is regularly reviewed by the Board and is in accordance with the "Statement of Risk Management and Internal Control: Guidelines for Directors of Issued Listers". The Board has delegated to management the implementation of the Board's policies, procedures and guidelines on risk and control to identify and evaluate the risks faced and design, operate and monitor a suitable system of internal control to manage these risks.

The Board has outsourced the internal audit functions to BDO Governance Advisory Sdn Bhd ("BDO GA"), with the primary objective of assisting the Board on the following:

- Review the adequacy and integrity of the Group's system of internal controls to manage the risks faced by the Group;
- Check compliance to policies and procedures and recommended business practices; and
- Review and identify any potential areas for improvement in the effectiveness and efficiency of the business processes (where applicable).

Towards this purpose, BDO GA has developed an annual Internal Audit Plan using a risk-based approach, which was presented to and approved by the Audit Committee. BDO GA performed periodic internal control reviews according to the approved Internal Audit Plan to assess the adequacy and integrity of the system of internal controls of the major business units within the Group. The audit observations, recommendations for improvement and status of actions taken by the management to address the issues were reported to the Audit Committee. Follow-up audits were conducted to assess the status of implementation of corrective actions and recommendations. The annual cost incurred for the internal audit function was RM60,000.

The Board also takes cognisance the improvement points highlighted by the external auditors and acknowledges that reviewing and enhancing the Group's system of internal controls is a continuous process.

The Board has appointed SF Chang Corporate Services Sdn Bhd as the new Internal Auditors with effect from 23 April 2013.

Key elements of the system of internal controls are as follows:

Term of Reference
Clear definition of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of the Board of Directors has been established.

Operating structure with clearly defined lines of responsibility
The operating structure includes defined delegation of responsibilities to the committees of the Board, the senior management and the operating units.

Independence of the Audit Committee
The Audit Committee comprises non-executive members of the Board majority of whom are independent directors. The Committee holds regular meetings to deliberate on findings and recommendations and reports back to the Board.

Control procedures
Operating Procedures Manuals that set out the policies, procedures and practices are adopted by all companies in the Group to ensure clear accountabilities and control procedures are in place for all business units.

Employee competency
Emphasis is placed on the continuing enhancement of the quality and abilities of employees where continuing education, training and development are actively carried out through various programmes.

Internal audit
Periodical internal control reviews were conducted by BDO GA to assess the adequacy and integrity of the system of internal controls and compliance with policies, procedures and recommended business practices. Control deficiencies and relevant recommendations for business improvement as well as management's actions to address the control deficiencies were reported to the Audit Committee.

Financial Reporting
Regular monitoring and review of financial results by the management and formulation of action plan to address areas of concern.

ISO 9001: 2008
An ISO 9001: 2008 Quality Management System, which is subject to regular review and improvement, continually manages and administers the quality requirement of the Group's products and services.

Insurance
Adequate insurance on major assets, i.e. stocks, property, plant and equipment of the Group is in place to ensure that the Group is sufficiently covered against any mishap that may result in material losses to the Group.

The Board remains committed to enhance the Group's control environment and processes.

For the financial year under review, the Board is of the view that the existing system of risk management and internal controls are satisfactory and adequate and has received assurance from the Chief Executive Officer and Financial Controller that the company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the company.

As an on-going process of improvement, the Group will continue to take necessary measures to further strengthen its risk management and internal controls.

Review of the statement by external auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the year ended 31 December 2012 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Profile

MR. CHRISTIAN KWOK-LEUN YAU HEILESEN

Executive Chairman

Mr. Christian Kwok-Leun Yau Heilesen, a Danish Citizen, aged 30, is the Executive Chairman of Industronics. He was appointed to the Board on 22 April 2013. Mr. Heilesen is an Internet entrepreneur and founded an internet and mobile value added services company in August 2003. He discovered the potential of online business when he was working part-time after school in his hometown, Copenhagen, Denmark. In 1999, Mr. Heilesen started using his own network of high traffic websites to bring traffic to Fortune 500 advertisers. After graduating from college in 2002, Mr. Heilesen decided to leave Copenhagen and to further develop his mobile and online business opportunities in Hong Kong. Mr. Heilesen has around ten years' experience in the mobile value added service business.

He is the Executive Chairman of GPRO Technologies Berhad, a company listed on the ACE market.

Mr. Heilesen does not have any family relationship with any director and/or major shareholders of the Company. There is no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

MS. WONG YUK CHING ANNA

Independent Non-Executive Director

Ms.Wong Yuk Ching Anna, a British National (Overseas), aged 44, is an Independent Non-Executive Director of Industronics. She was appointed to the Board on 2 January 2013. Ms. Anna graduated from Hong Kong Shue Yan College in year 1992 with a Diploma in Business Administration (Business Management) and obtained a Master of Business Administration in Marketing from the Georgia State University, United States of America in year 1995. In year 2004, she obtained Professional Diploma in Personal Financial Planning from The Open University of Hong Kong.

In July 1997 to May 2004, she held various positions in wealth management area in HSBC Hong Kong. From May 2004 to September 2005, she was with HSBC Private Bank, Singapore as an Assistant Vice President. From November 2005 to March 2009, she worked as an Associate Director with UBS AG, Hong Kong. Presently, she is a Project Consultant who provides corporate advice and investment management advice to corporate on a project basis.

She is the Chairman of Audit and Remuneration Committees and a member of Nomination Committee.

Ms. Wong does not hold any directorships in any other public companies. Ms. Wong does not have any family relationship with any director and/or major shareholder of the Company. There is no business relationship with the Company in which she has a personal interest. She has had no convictions for any offences within the law.

MR. YIP WAI MAN RAYMOND

Non-Executive Director

Mr. Yip Wai Man Raymond, a Chinese nationality, aged 42, is a Non-Executive Director of Industronics.

He was appointed to the Board on 15 January 2013. Mr. Raymond graduated from Memorial University of Newfoundland with a Bachelor Degree in Commerce and was also admitted by the Council of the University of New South Wales and the Senate of the University of Sydney with a Master Degree in Business Administration. He is also a member of the Institute of Chartered Accountants in Australia, the Certified General Accountant's Association of Canada and the Hong Kong Institute of Certified Public Accountants.

Mr. Yip began his career with Ernst & Young and has over 14 years of experience in financial management. As an accountant by training, he was appointed as a Chief Financial Officer with a global marketer and distributor of mobile entertainment products and services for over seven years and a Financial Controller with a multinational electronics manufacturing company in Hong Kong for over two years. He is a Director of GPRO Technologies Berhad, a company listed on the ACE market.

He is a member of Audit, Nomination and Remuneration Committees.

Mr. Raymond Yip does not have any family relationship with any director and/or major shareholder of the Company. There is no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

Directors' profile (continued)

MR. LIAU LIAN FATT

Independent Non-Executive Director

Mr. Liau Lian Fatt, a Malaysian, aged 43, was appointed as an Independent and Non-Executive Director of Industronics on 26 March 2013.

Mr. Liau graduated from the University of Wales (Cardiff) United Kingdom with Second Upper Honours and obtained his Certificate of Legal Practice in year 1994.

Mr. Liau was admitted as an Advocate and Solicitor to the High Court of Malaya in year 1995 and started his legal career as Legal Assistant until year 1997 and subsequently as Managing Partner until year 2005 and thereafter as Senior lawyer until year 2012 in few law firms.

He has gained vast experiences in legal works related to Banking, Loan Recovery, Hire Purchase, Personal Injury Claims, Insurance and Tort, Joint Venture Agreements (Property Developments), Civil Litigation matters and Sale and Purchase Transactions for Housing and/or Commercial Project Developments with various reputable public listed companies.

He is the Chairman of Nomination Committee and a member of Audit and Remuneration Committees.

Mr. Liau does not hold any directorships in any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no other business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

ENCIK YOUHARDY BIN YAHAYA

Independent Non-Executive Director

Encik Youhardy Bin Yahaya, a Malaysian, aged 39, was appointed as an Independent and Non-Executive Director of Industronics on 29 May 2013.

Encik Youhardy graduated from Mara Institute of Technology in year of 1997 with a Diploma in Accountancy.

He has worked as an Assistant Superintendent with Badan Pencegah Rasuah Malaysia and as a Head of Department Safety and Security of Menara Kuala Lumpur Sdn Bhd before starting his own business. Presently, he is a business consultant and an entrepreneur.

Encik Youhardy does not hold any directorships in any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no other business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

Principal Officers' Profile

MR. LIM JIT FU

Chief Executive Officer

Lim Jit Fu, a Malaysian, aged 53, is the Chief Executive Officer of Industronics. He was appointed as the Chief Executive Officer of Industronics on 24 August 2010. Prior to his appointment as Chief Executive Officer, Mr. Lim was the Acting Chief Executive Officer of Industronics, a position he held since 30 June 2008. Mr. Lim graduated with a degree in Bachelor of Electrical & Electronics Engineering from University of Texas, Austin, Texas USA and Master of Business Administration from Texas Tech University, Texas USA.

Mr. Lim has over 20 years working experience in the electronic and semiconductor industries. He has 4 years experience working with a leading multi-national semiconductor company in various positions - training development engineer, manufacturing and later in customer service planning. He joined Industronics in 1991 as Head of Marketing Department and was promoted to General Manager in 1997. Amongst others Mr. Lim had vast experience in Public Information Display and Airport Systems and had successfully headed the implementation and integration of two major international airports Flight Information Display Systems.

Mr. Lim does not hold any directorships in any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no other business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

MR. CHIN FOOK KHEONG

Chief Financial Officer

Mr. Chin Fook Kheong, a Malaysian, aged 50, was appointed as the Chief Financial Officer of Industronics on 21 March 2013.

Mr. Chin graduated from Tunku Abdul Rahman College ("TARC") in year 1986 and completed the examinations from the Institute of Cost Management Accountants (ICMA), United Kingdom (now known as The Chartered Institute of Management Accountants (CIMA)). In year 1992, he was admitted as a Fellow member of CIMA. In year 1997, he was admitted as a Registered Accountant with Malaysian Institute of Accountants (MIA) and re-designated as a Chartered Accountant in year 2001.

In year 2004, Mr. Chin graduated with Master's degree in Business Administration (MBA) from the University of Nottingham, United Kingdom. In year 2008, Mr. Chin admitted as an Associate member of The Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom. Subsequently, he passed a Pre-Contract Examination for Insurance Agents Certificate for General Insurance, Life Insurance and Investment-Linked Life Insurance.

In year 2011, Mr. Chin passed the Certified Financial Planner (CFP) certified examination and was admitted as a certified member of Financial Planning Association of Malaysia (FPAM). In addition, he also passed the Certificate in Investor Relations, IR Society, United Kingdom.

Mr. Chin started his career in year 1987 in Messrs. S.F.Yap & Co, a Certified Public Account Firm and he left to join Nanyang Union Sdn. Bhd. in year 1988 as a Management Accountant. From year 1990 to year 1991, he was with Mulpha Trading (HK) Ltd where he held the position as Manager cum Director. He then being transferred to Mulpha International Berhad as a Manager in Corporate Service in year 1992. In year 1996, he re-joined Nanyang Union Sdn. Bhd. as a Group Financial Controller. He then left Nanyang Union Sdn. Bhd. in year 1998 and joined Jac Malaysia Sdn. Bhd. and Cobat Specialty Chemicals Inc during the period from year 1998 to September 2000. From October 2000 to April 2012, he was with GHL Group of Companies, where his position held was Group Finance Director. His last posting prior to joining Industronics was as the Group Operating Officer of Sentoria Group Berhad.

Mr. Chin does not hold any directorships in any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no other business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

Principal Officers Shareholding

	Direct Interest		Indirect Interest	
In the Company	No. of shares	%^	No. of shares	%^
Lim Jit Fu	353,400	0.38	75,500[1]	0.08
Chin Fook Kheong	-	-	-	-

Note:

^Taking into account shares bought back and held as Treasury Shares as at 30 April 2013.

1.Deemed interested by virtue of interests held by his spouse.

FINANCIAL STATEMENTS

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The principal activities of the Company include the design, manufacturing and installation of electronics and microprocessor controlled products, telecommunication system, audio video multimedia systems, intelligent transportation systems and information communication technology related system.

The principal activities of the subsidiaries are described in Note 35 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Loss for the year	1,376,343	1,698,873
Attributable to:		
Owners of the parent	2,242,663	1,698,873
Non-controlling interests	(866,320)	-
	1,376,343	1,698,873

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any dividend in respect of the financial year ended 31 December 2012.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Nelson Goh Thuan Peck	(Appointed on 28 November 2012)
Wong Yuk Ching Anna	(Appointed on 2 January 2013)
Yip Wai Man Raymond	(Appointed on 15 January 2013)
Liau Lian Fatt	(Appointed on 26 March 2013)
Christian Kwok-Leun Yau Heilesen	(Appointed on 22 April 2013)
Ooi Soon Kiam	(Resigned on 23 November 2012)
Dr. Junid bin Abu Saham	(Resigned on 28 February 2013)
Dato' Wan Dollah @ Wan Abdullah B. W. Salleh	(Resigned on 4 March 2013)
Gan Boon Chuan	(Resigned on 6 March 2013)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 10 of the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 31(c) to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
The Company				
Direct interest:				
Gan Boon Chuan	332,500	-	-	332,500

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Treasury shares

There was no share repurchased during the financial year.

As at 31 December 2012, the Company held as treasury shares a total of 1,131,000 of its 95,263,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM545,154 and further relevant details are disclosed in Note 21(b) to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent event

Details of subsequent event are disclosed in Note 37 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2013.

Yip Wai Man Raymond

Wong Yuk Ching Anna

Statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Yip Wai Man Raymond and Wong Yuk Ching Anna, being two of the directors of Industronics Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 81 are drawn up in accordance with Malaysian Financial Reporting Standards and 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 at 31 December 2012 and of their financial performance and cash flows for the year then ended. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board

The supplementary information set out in Note 40 to the financial statements on page 82 have been prepared in accordance with the Guidance on 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, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2013.

Yip Wai Man Raymond

Wong Yuk Ching Anna

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Wong Ping Kong, being the officer primarily responsible for the financial management of Industronics Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 82 are in my opinion 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.

Wong Ping Kong
Financial Controller
(MIA 5951)

Subscribed and solemnly declared by the abovenamed Wong Ping Kong at Kuala Lumpur in the Federal Territory on 23 April 2013.

Before me,

Arshad Abdullah
No. W550
Pesuruhjaya Sumpah
Kuala Lumpur, Malaysia

Independent auditors' report to the members of
Industronics Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Industronics Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 81.

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 at 31 December 2012 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 35 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Independent auditors' report to the members of Industronics Berhad (continued) (Incorporated in Malaysia)

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 40 to the financial statements on page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

(a) As stated in Note 2.2 to the financial statements, Industronics Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

(b) 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.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/13(J)
Chartered Accountants

Kuala Lumpur, Malaysia
23 April 2013

Statements of comprehensive income

For the financial year ended 31 December 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Revenue	4	50,677,901	59,364,213	24,761,601	34,071,767
Cost of sales	5	(33,348,852)	(35,698,550)	(16,608,641)	(18,962,305)
Gross profit		17,329,049	23,665,663	8,152,960	15,109,462
Other income	6	1,140,385	765,472	3,133,330	1,948,953
Administrative expenses		(13,594,512)	(14,363,577)	(7,058,517)	(7,498,359)
Selling and marketing expenses		(5,235,510)	(4,373,561)	(3,445,057)	(3,661,545)
Other expenses		(1,368,261)	(1,327,186)	(1,915,153)	(1,119,129)
Operating (loss)/profit		(1,728,849)	4,366,811	(1,132,437)	4,779,382
Finance costs	7	(151,969)	(248,376)	(80,848)	(148,475)
(Loss)/profit before tax	8	(1,880,818)	4,118,435	(1,213,285)	4,630,907
Income tax credit/ (expense)	11	504,475	(550,422)	(485,588)	14,052
(Loss)/profit net of tax		(1,376,343)	3,568,013	(1,698,873)	4,644,959
Other comprehensive income /(loss)					
Foreign currency translation, representing other comprehensive income/(loss) for the year, net of tax		74,734	(6,889)	-	-
Total comprehensive (loss)/ income for the year		(1,301,609)	3,561,124	(1,698,873)	4,644,959
(Loss)/profit attributable to:					
Owners of the parent		(2,242,663)	3,389,201		
Non-controlling interests		866,320	178,812		
		(1,376,343)	3,568,013		
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(2,192,072)	3,381,461		
Non-controlling interests		890,463	179,663		
		(1,301,609)	3,561,124		
(Loss)/earnings per share attributable to owners of the parent (sen per share)					
Basic	12(a)	(2.38)	3.60		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of financial position

As at 31 December 2012

		Group			Company		
		2012	**2011**	**1.1.2011**	**2012**	**2011**	**1.1.2011**
	Note	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Assets							
Non-current assets							
Property, plant and equipment	13	15,356,176	16,011,484	16,770,161	9,443,163	9,777,614	10,003,389
Investment in subsidiaries	14	-	-	-	3,922,119	3,922,119	1,673,254
Investment properties	15	791,116	830,877	892,466	206,184	210,879	200,000
Other investments	16	117,001	111,001	205,001	117,001	111,001	155,501
		16,264,293	16,953,362	17,867,628	13,688,467	14,021,613	12,032,144
Current assets							
Inventories	17	7,216,035	7,852,354	8,581,883	4,887,742	4,994,267	5,451,761
Trade and other receivables	18	15,845,208	14,347,403	18,301,889	7,391,406	7,015,906	9,375,572
Due from customers on contract	19	10,481,445	7,185,024	6,973,619	3,147,402	709,114	4,607,198
Held for trading investment		-	-	17,883	-	-	17,883
Due from subsidiaries	27	-	-	-	1,186,021	1,567,278	656,031
Tax recoverable		328,110	486,897	475,227	148,614	135,134	82,416
Cash and bank balances	20	29,753,564	31,680,417	22,301,413	26,481,869	28,385,548	17,194,567
		63,624,362	61,552,095	56,651,914	43,243,054	42,807,247	37,385,428
Assets of disposal group classified as held for sale		-	391,817	-	-	-	-
Total assets		79,888,655	78,897,274	74,519,542	56,931,521	56,828,860	49,417,572
Equity and liabilities							
Equity attributable to owners of the parent							
Share capital	21	47,631,500	47,631,500	47,631,500	47,631,500	47,631,500	47,631,500
Treasury shares	21	(545,154)	(545,154)	(545,154)	(545,154)	(545,154)	(545,154)
Reserves	22	2,508,380	4,700,452	1,318,991	(5,040,227)	(3,341,354)	(7,986,313)
		49,594,726	51,786,798	48,405,337	42,046,119	43,744,992	39,100,033
Non-controlling interests		4,765,174	3,874,711	4,492,054	-	-	-
Total equity		54,359,900	55,661,509	52,897,391	42,046,119	43,744,992	39,100,033
Non-current liabilities							
Borrowings	23	114,641	281,226	367,818	114,641	139,499	114,824
Deferred tax liabilities	25	943,754	1,001,777	972,018	406,763	406,763	406,763
		1,058,395	1,283,003	1,339,836	521,404	546,262	521,587
Current liabilities							
Trade and other payables	26	20,594,027	18,375,445	14,646,961	8,087,871	7,686,229	6,319,365
Due to customers on contract	19	187,707	568,358	519,869	125,601	505,002	519,869
Provisions		139,928	121,055	99,507	103,840	66,827	48,515
Borrowings	23	3,487,953	1,769,033	4,478,257	1,389,034	1,048,738	1,713,502
Due to subsidiaries	27	-	-	-	4,657,652	3,230,810	1,194,701
Income tax payable		60,745	965,589	537,721	-	-	-
		24,470,360	21,799,480	20,282,315	14,363,998	12,537,606	9,795,952
Liabilities directly associated with disposal group classified as held for sale		-	153,282	-	-	-	-
Total liabilities		25,528,755	23,235,765	21,622,151	14,885,402	13,083,868	10,317,539
Total equity and liabilities		79,888,655	78,897,274	74,519,542	56,931,521	56,828,860	49,417,572

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of changes in equity
For the year ended 31 December 2012

Group	Share capital RM (Note 21)	Treasury shares RM (Note 21)	Share premium RM (Note 22)	Share option reserve RM (Note 22)	Revaluation reserves RM (Note 22)	Foreign currency translation reserve RM (Note 22)	Distributable Retained Earnings/ (Accumulated losses) RM (Note 22)	Total RM	Non-controlling interests RM	Total equity RM
	|------Attributable to owners of the parent						------|			
	|------Non-distributable					------|				
At 1 January 2011	47,631,500	(545,154)	732	50,638	2,889,122	(1,926)	(1,619,575)	48,405,337	4,492,054	52,897,391
Total comprehensive income for the year	-	-	-	-	-	(7,740)	3,389,201	3,381,461	179,663	3,561,124
Transactions with owners										
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	(289,482)	(289,482)
Arising from disposal of a subsidiary	-	-	-	-	-	-	-	-	(507,524)	(507,524)
Realisation of reserve arising from termination of share option previously granted	-	-	-	(50,638)	-	-	50,638	-	-	-
Total transactions with owners	-	-	-	(50,638)	-	-	50,638	-	(797,006)	(797,006)
At 31 December 2011	47,631,500	(545,154)	732	-	2,889,122	(9,666)	1,820,264	51,786,798	3,874,711	55,661,509
At 1 January 2012	47,631,500	(545,154)	732	-	2,889,122	(9,666)	1,820,264	51,786,798	3,874,711	55,661,509
Total comprehensive loss for the year	-	-	-	-	-	50,591	(2,242,663)	(2,192,072)	890,463	(1,301,609)
At 31 December 2012	47,631,500	(545,154)	732	-	2,889,122	40,925	(422,399)	49,594,726	4,765,174	54,359,900

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity
For the year ended 31 December 2012

	<--------------------------Non-distributable---------------------->|				Distributable	
	Share capital	Treasury shares	Share premium	Revaluation reserves	Accumulated losses	Total equity
	RM	RM	RM	RM	RM	RM
	(Note 21)	(Note 21)	(Note 22)	(Note 22)	(Note 22)	
Company						
At 1 January 2011	47,631,500	(545,154)	732	2,219,069	(10,206,114)	39,100,033
Total comprehensive income for the year	-	-	-	-	4,644,959	4,644,959
At 31 December 2011	47,631,500	(545,154)	732	2,219,069	(5,561,155)	43,744,992
At 1 January 2012	47,631,500	(545,154)	732	2,219,069	(5,561,155)	43,744,992
Total comprehensive loss for the year	-	-	-	-	(1,698,873)	(1,698,873)
At 31 December 2012	47,631,500	(545,154)	732	2,219,069	(7,260,028)	42,046,119

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statements of cash flows
For the year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Operating activities				
(Loss)/profit before tax	(1,880,818)	4,118,435	(1,213,285)	4,630,907
Adjustments for:				
Interest income	(587,937)	(302,874)	(586,320)	(274,438)
Dividend income	-	-	(2,200,000)	(679,000)
Bad debts written off	1,740	4,870	-	-
Trade and other payables written off	(82,528)	-	-	-
Provision for maintenance warranties	37,013	21,548	37,013	18,312
Property, plant and equipment written off	596	262	1	-
Reversal of impairment on investment in subsidiaries	-	-	-	(48,865)
Loss/(gain) on disposal of a subsidiary	25,768	(16,294)	-	-
(Reversal of impairment)/impairment on transferable membership in golf clubs	(6,000)	94,000	(6,000)	44,500
Interest expense	68,084	144,658	32,623	80,906
Depreciation of property, plant and equipment	733,664	954,567	381,047	402,396
Depreciation of investment properties	39,761	39,764	4,695	4,695
Impairment/(reversal of impairment) on investment properties	-	21,825	-	(15,574)
Gain on disposal of property, plant and equipment	(19,482)	(26,206)	-	-
Write-down of inventories	386,882	457,321	285,108	30,251
Allowance for doubtful debts				
- Third parties	432,700	201,998	103,215	97,860
- Written back - third parties	(234,622)	(242,110)	(95,000)	(230,450)
- Related companies	-	-	1,215,398	260,599
- Written back - related companies	-	-	-	(450,000)
Gain on disposal of quoted investments	-	(1,244)	-	(1,244)
Reversal of impairment loss on quoted investments	-	(2,124)	-	(2,124)
Net unrealised (gain)/loss on foreign exchange	(11,524)	130,837	16,913	119,330
Operating (loss)/profit before working capital changes	(1,096,703)	5,599,233	(2,024,592)	3,988,061
Decrease/(increase) in inventories	249,437	147,203	(178,583)	427,243
(Increase)/decrease in trade and other receivables	(1,698,830)	2,351,185	(383,715)	2,553,099
(Increase)/decrease in amount due from customers	(3,677,072)	(162,916)	(2,817,689)	3,883,217
Increase in trade and other payables	2,284,197	4,755,689	384,729	1,186,691
Decrease in amount due from subsidiaries	-	-	592,701	1,214,263
Cash flows (used in)/from operations	(3,938,971)	12,690,394	(4,427,149)	13,252,574
Utilisation of provision for maintenance warranties	(18,140)	-	-	-
Interest paid	(68,084)	(144,658)	(32,623)	(80,906)
Income taxes refunded	245,270	133,202	62,597	-
Income taxes paid	(545,283)	(238,794)	(11,665)	(38,666)
Net cash flows (used in)/from operating activities	(4,325,208)	12,440,144	(4,408,840)	13,133,002

Statements of cash flows (Continued)
For the year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Investing activities				
Purchase of property, plant and equipemnt	(77,450)	(228,811)	(46,597)	(76,621)
Proceeds from disposal of property, plant and equipment	19,483	154,394	-	-
Proceeds from disposal of quoted investments	-	21,251	-	21,251
Net cash inflow from disposal of a subsidiary	265,979	64,581	-	-
Additional investment in a subsidiary	-	-	-	(2,100,000)
Interest received	587,937	302,874	586,320	274,438
Dividend received	-	-	1,650,000	679,000
Net cash flows from/(used in) investing activities	795,949	314,289	2,189,723	(1,201,932)
Financing activities				
Dividends paid to non-controlling shareholders of a subsidiary	-	(289,482)	-	-
Net drawndown/(repayment) of bankers acceptances	1,958,000	(1,869,000)	275,000	(182,000)
Increase in pledged fixed deposits	-	171,946	-	171,946
Repayment of term loans	(44,420)	(41,836)	-	-
Net (repayment)/drawndown of hire purchase liabilities	(62,029)	(230,571)	5,003	(41,043)
Net cash flows from/(used in) financing activities	1,851,551	(2,258,943)	280,003	(51,097)
Net (decrease)/increase in cash and cash equivalents	(1,677,708)	10,495,490	(1,939,114)	11,879,973
Effects of foreign exchange rate changes	(1,639)	(138,421)	-	-
Cash and cash equivalents at beginning of year	30,413,727	20,056,658	27,610,023	15,730,050
Cash and cash equivalents at end of year	28,734,380	30,413,727	25,670,909	27,610,023
Cash and cash equivalents at end of year comprised:				
Cash and bank balances	29,753,564	31,680,417	26,481,869	28,385,548
Cash and bank balances included in assets of disposal group classified as held for sale	-	51,710	-	-
	29,753,564	31,732,127	26,481,869	28,385,548
Bank overdrafts - unsecured (Note 23)	(1,019,184)	(1,318,400)	(810,960)	(775,525)
	28,734,380	30,413,727	25,670,909	27,610,023

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 9, Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company include the design, manufacturing and installation of electronics and microprocessor controlled products, telecommunication system, audio video multimedia systems, intelligent transportation systems and information communication technology related system. The principal activities of the subsidiaries are disclosed in Note 35. There have been no significant changes in the nature of these principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act 1965 in Malaysia. The financial statements also comply with the International Financial Reporting Standard as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These financial statements for the year ended 31 December 2012 are the first financial statements which are prepared in accordance with MFRS. For periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS").

Accordingly, the Group and the Company have prepared financial statements which comply with MFRS applicable for period ended 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2011, the Group's and the Company's date of transition to MFRS.

The transition from FRS to MFRS did not have any material impact on the financial statements of the Group and of the Company. Accordingly, no note related to the financial statements as at the date of transition is presented.

The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 excepted as discussed below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (continued)

(a) **Business combination**

MFRS 1 provides the option to apply MFRS 3 *Business Combinations,* prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquistion before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisition prior to the date of transition,

(i) The classification of former business combinations under FRS is maintained;
(ii) There is no remeasurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Investment in subsidiaries

The Company has elected to measure investment in subsidiaries at deemed cost in its separate financial statements. Deemed cost is referring to the carrying amount of investment in subsidiaries under previous FRS at date of transition.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

	Effective for annual periods beginning on or after
MFRS 101: *Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*	1 July 2012
Amendments to MFRS 101: *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*	1 January 2013
MFRS 3: *Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)*	1 January 2013
MFRS 10: *Consolidated Financial Statements*	1 January 2013
MFRS 11: *Joint Arrangements*	1 January 2013
MFRS 12: *Disclosure of interests in Other Entities*	1 January 2013
MFRS 13: *Fair Value Measurement*	1 January 2013
MFRS 119: *Employee Benefits*	1 January 2013
MFRS 127: *Separate Financial Statements*	1 January 2013
MFRS 128: *Investment in Associate and Joint Ventures*	1 January 2013
MFRS 127: *Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)*	1 January 2013
Amendment to IC Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)*	1 January 2013
IC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 7: *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

	Effective for annual periods beginning on or after
Amendments to MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*	1 January 2013
Amendments to MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to MFRS 116: *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to MFRS 132: *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to MFRS134: *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to MFRS 10: *Consolidated Financial Statements: Transition Guidance*	1 January 2013
Amendments to MFRS 11: *Joint Arrangements: Transition Guidance*	1 January 2013
Amendments to MFRS 12: *Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
Amendments to MFRS 132: *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: *Investment Entities*	1 January 2014
MFRS 9: *Financial Instruments*	1 January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

<u>MFRS 10 Consolidated Financial Statements</u>

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

Upon adoption of MFRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of MFRS 13 is expected to result in higher fair value of certain properties of the Group.

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6. Foreign currency (continued)

(b) Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

(c) Foreign operations

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on the straight line basis to write off the cost of each asset to its residual value over their estimated useful lives, at the following annual rates:

Buildings	2%
Plant and machinery	10% - 20%
Factory, tools and equipment	10% - 15%
Motor vehicles	20%
Computer and office equipment	10% - 33%
Furniture, fittings and renovation	5% - 15%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

No depreciation is provided on the freehold land within investment properties as it has an indefinite useful life. Depreciation on the building is provided on the straight-line basis to write off the cost of investment properties to its residual value over its estimated useful life.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset’s recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.9 Impairment of non-financial assets (continued)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

2.11 Other non-current investments

Non-current investments other than investment in subsidiaries and jointly controlled entity are stated at cost less impairment losses. On disposal of a non-current investments, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition. Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. All financial assets of the Group and the Company are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value

Cost of raw materials and finished goods is determined on a weighted average or first-in-first-out basis, as appropriate, according to the category of inventories concerned. The cost of raw materials comprises costs of purchase.

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

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities of the Group and the Company are classified as other financial liabilities.

Other financial liabilities
The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.19 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(f).

2.23 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services
Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(c) Construction contracts
Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

(d) Interest income
Interest income is recognised using the effective interest method.

(e) Dividend Income
Dividend income is recognised when the Group's rights to receive payment is established.

(f) Rental Income
Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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(g) Management fees
Management fee is recognised when services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

2.24 Income taxes (continue)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments**.**

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effect on the amounts recognised in the financial statements except for the following:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Write-down of inventories

Significant judgement is exercised by management when determining items of inventories considered slow-moving and the amount of write-down required to net realisable value. Management takes into consideration the useful life of these inventories, their alternative uses, the possible technological obsolescence, the number of customers who still rely on the Group and the Company to provide maintenance service and other numerous factors before determining the amount of write-down required.

(b) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that have been initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The total carrying value of unrecognised tax losses, unabsorbed capital allowances and other unrecognised deductible differences of the Group and of the Company is disclosed in Note 25.

(d) Contracts accounting

The Group recognises contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that costs incurred for work performed to date bear to the estimated total costs.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred, the estimated total revenue and costs, as well as the recoverability of the projects. In making the judgement, the Group evaluates based on past experience.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(e) **Maintenance warranties**
The Company gives an average one (1) year warranty on certain products and undertakes to repair or replace items that fail to perform satisfactorily due to manufacturing defect. A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs. Assumptions used to calculate the provision for warranties were based on current sales levels and current data on repairs and replacement costs on past one year warranty period for all products sold.

(f) **Material litigations**
The Group determines whether a present obligation in relation to a material litigation exists at the reporting date by taking into account all available evidence, including the opinion of its solicitors and subsequent events after the statement of financial position date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements.

(g) **Allowance for bad and doubtful debts**
The Group makes allowance for doubtful debts based on objective evidence and the circumstances that affect the recoverability of receivables and counterparties.

Allowances are applied to receivables and counterparties where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically reviewed historical bad debts,customer creditworthiness and current economic trends when making a judgement to evaluate the allowance for doubtful debts on receivables and counterparties where the expectation is different from the originalestimate, such difference will impact the carrying amounts.

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Construction contracts	28,314,011	24,103,793	13,423,136	17,073,248
Sale of goods	22,363,890	35,135,917	11,338,465	16,998,519
Rendering of services	-	124,503	-	-
	50,677,901	59,364,213	24,761,601	34,071,767

5. COST OF SALES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Construction contract costs	19,565,435	15,412,470	9,156,484	9,689,327
Cost of goods sold	13,783,417	20,225,326	7,452,157	9,272,978
Cost of services rendered	-	60,754	-	-
	33,348,852	35,698,550	16,608,641	18,962,305
Included in cost of sales are the following:				
Write-down of inventories	363,616	384,019	285,108	30,251
Depreciation of property, plant and equipment	72,438	194,163	-	-
Provision for maintenance warranties	37,013	21,548	37,013	18,312
Minimum operating lease payment:				
- Rent of premises	16,340	20,520	-	-
Employee benefits expenses	157,470	407,832	-	-

6. OTHER INCOME

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Written back of allowance for doubtful debts				
- Third parties	234,622	242,110	95,000	230,450
- Related companies	-	-	-	450,000
Trade and other payables written off	82,528	-	-	-
Gain on disposal of property, plant and equipment	19,482	19,183	-	-
Gain on foreign exchange				
- Realised	2,395	25,658	-	-
- Unrealised	30,343	9,050	-	-
Interest income				
- Fixed deposits and short term deposits	587,937	302,874	586,320	274,438
- Subsidiary	-	-	25,811	12,605
Management fees receivable from a subsidiary	-	-	36,000	36,000
Secretarial fees receivable from subsidiaries	-	-	11,400	13,200
Rental income				
- Subsidiary	-	-	166,000	168,000
Dividend income				
- Subsidiary	-	-	2,200,000	679,000
Gain on disposal of quoted investments	-	1,244	-	1,244
Reversal of impairment loss on quoted investments	-	2,124	-	2,124
Reversal of impairment loss on transferable membership in golf clubs	6,000	-	6,000	-
Reversal of impairment loss on investment properties	-	15,574	-	15,574
Gain on disposal of a subsidiary	-	16,294	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	48,865
Others	177,078	131,361	6,799	17,453
	1,140,385	765,472	3,133,330	1,948,953

7. FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest expense:				
- Bank overdrafts	42,144	109,596	18,941	69,819
- Term loans	8,977	11,562	-	-
- Hire purchase	16,963	22,391	13,682	11,087
- Bankers' acceptances	-	1,109	-	-
	68,084	144,658	32,623	80,906
Other finance costs	83,885	103,718	48,225	67,569
	151,969	248,376	80,848	148,475

8. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Employee benefits expenses	12,839,912	13,738,732	7,989,290	8,361,957
Non-executive directors' remuneration (Note 10)	122,500	117,500	119,500	112,500
Allowance for doubtful debts				
- Third parties	432,700	201,998	103,215	97,860
- Related companies	-	-	1,215,398	260,599
- Assets held for sale	-	44,221	-	-
Auditors' remuneration				
- Statutory auditors	163,000	170,000	74,500	73,500
- Other auditors	75,102	110,827	60,000	80,000
- (Over)/underprovision in prior years	(9,500)	2,880	(5,000)	-
	228,602	283,707	129,500	153,500
Bad debts written off	1,740	4,870	-	-
Depreciation of property, plant and equipment				
- Included in administrative expenses	270,477	311,202	-	-
- Included in other operating expenses	390,749	412,098	381,047	402,396
- Assets held for sale	-	37,104	-	-
	661,226	760,404	381,047	402,396
Depreciation of investment properties	39,761	39,764	4,695	4,695
Loss on foreign exchange				
- Realised	97,925	112,916	94,645	103,138
- Unrealised	18,819	139,887	16,913	119,330
Rent of premises				
- Included in administrative expenses	418,399	391,704	160,200	165,509
Property, plant and equipment written off	596	262	1	-
Write-down of inventories				
- Included in other expenses	23,266	73,302	-	-
Loss on disposal of a subsidiary	25,768	-	-	-
Impairment loss on transferable membership in golf clubs	-	94,000	-	44,500
Impairment loss on investment properties	-	37,399	-	-

9. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Wages and salaries	11,337,930	12,471,369	6,962,791	7,347,467
Social security contributions	97,701	110,639	61,026	62,330
Contributions to defined contribution plan	1,290,312	1,301,910	823,324	809,191
Estimated benefits-in-kind (Note 10)	13,325	13,325	13,325	13,325
Other benefits	258,114	249,321	128,824	129,644
	12,997,382	14,146,564	7,989,290	8,361,957

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,047,408 (2011: RM1,080,992) and RM314,928 (2011: RM314,928) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of the Group:				
Executive directors' remuneration:				
- Other emoluments	1,034,083	1,067,667	301,603	301,603
- Estimated money value of benefits-in-kind	13,325	13,325	13,325	13,325
Total remuneration including benefits-in-kind (Note 9)	1,047,408	1,080,992	314,928	314,928
Non-executive directors' remuneration (Note 8):				
- Fees	92,000	92,000	89,000	89,000
- Other emoluments	30,500	25,500	30,500	23,500
	122,500	117,500	119,500	112,500
	1,169,908	1,198,492	434,428	427,428
Total directors' remuneration (Note 31(c))	1,156,583	1,185,167	421,103	414,103
Estimated money value of benefits-in-kind (Note 31(c))	13,325	13,325	13,325	13,325
Total directors' remuneration including benefits-in-kind	1,169,908	1,198,492	434,428	427,428
Directors of the Company:				
Executive directors' remuneration				
- Salaries and other emoluments	269,923	269,923	269,923	269,923
- Defined contribution plan	31,680	31,680	31,680	31,680
- Estimated money value of benefits-in-kind	13,325	13,325	13,325	13,325
	314,928	314,928	314,928	314,928
Non-executive directors' remuneration (Note 8):				
- Fees	92,000	92,000	89,000	89,000
- Other emoluments	30,500	25,500	30,500	23,500
	122,500	117,500	119,500	112,500
	437,428	432,428	434,428	427,428

10. DIRECTORS' REMUNERATION (CONTINUED)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2012	**2011**
Executive director:		
RM50,001 - RM150,000	-	-
RM200,001 - RM300,000	-	-
RM300,001 - RM350,000	1	1
Non-executive directors:		
RM50,001 and below	4	3

11. INCOME TAX (CREDIT)/EXPENSES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	219,455	161,083	550,000	40,000
Foreign tax	34,324	399,676	-	-
Over provision in prior years	(700,231)	(40,096)	(64,412)	(54,052)
Income tax (credit)/expense	(446,452)	520,663	485,588	(14,052)
Deferred income tax (Note 25):				
Origination of temporary differences	63,279	28,065	-	-
(Over)/underprovision in prior years	(121,302)	1,694	-	-
	(58,023)	29,759	-	-
	(504,475)	550,422	485,588	(14,052)

The reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 is as follows:

	2012	**2011**
	RM	**RM**
Group		
(Loss)/profit before tax	(1,880,818)	4,118,435
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	(470,205)	1,029,608
Different tax rate in other countries	(33,819)	(218,270)
Income not subject to tax	(143,230)	(354,665)
Non-deductible expenses	388,244	756,196
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other temporary differences	(306,873)	(1,234,141)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	882,941	610,096
Overprovision of tax expense in prior years	(700,231)	(40,096)
(Over)/underprovision of deferred tax in prior years	(121,302)	1,694
Income tax (credit)/expense recognised in profit or loss	(504,475)	550,422

11. INCOME TAX (CREDIT)/EXPENSES (CONTINUED)

	2012 RM	2011 RM
Company		
(Loss)/profit before tax	(1,213,285)	4,630,907
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	(303,321)	1,157,727
Income not subject to tax	(84,476)	(284,947)
Non-deductible expenses	523,000	247,267
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other temporary differences	-	(1,080,047)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	414,797	-
Overprovision of tax expense in prior years	(64,412)	(54,052)
Income tax expense/(credit) recognised in profit or loss	485,588	(14,052)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group	
	2012 RM	2011 RM
Utilisation of current year tax losses	131,185	6,583
Utilisation of previously unrecognised tax losses	306,873	318,702
Utilisation of previously unrecognised unabsorbed capital allowances	-	136,526
Utilisation of other temporary differences	-	778,913

12. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing the (loss)/profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012 RM	2011 RM
(Loss)/profit, net of tax attributable to owners of the parent	(2,242,663)	3,389,201
Weighted average number of ordinary shares in issue	94,132,000	94,132,000
Basic (loss)/earnings per share (sen)	(2.38)	3.60

(b) Diluted

The Group does not have any potential dilutive ordinary shares as at the reporting date.

There have been no other transactions involving ordinary shares as potential ordinary shares between the reporting date and the date of completion of these financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Long term leasehold land RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Group										
At 31 December 2012										
Cost or valuation										
At 1 January 2012										
At cost	-	-	-	-	4,493,043	954,076	2,957,461	2,900,209	2,287,005	13,591,794
At valuation	5,610,000	6,115,000	1,150,000	1,550,000	-	-	-	-	-	14,425,000
	5,610,000	6,115,000	1,150,000	1,550,000	4,493,043	954,076	2,957,461	2,900,209	2,287,005	28,016,794
Additions	-	-	-	-	677	3,950	-	67,902	4,921	77,450
Disposals	-	-	-	-	(443,333)	-	(46,000)	-	-	(489,333)
Written off	-	-	-	-	(12,823)	-	(141,779)	(429,167)	(442,664)	(1,026,433)
Exchange differences	-	-	-	-	-	-	1,133	825	1,278	3,236
At 31 December 2012	5,610,000	6,115,000	1,150,000	1,550,000	4,037,564	958,026	2,770,815	2,539,769	1,850,540	26,581,714
Representing:										
At cost	-	-	-	-	4,037,564	958,026	2,770,815	2,539,769	1,850,540	12,156,714
At valuation	5,610,000	6,115,000	1,150,000	1,550,000	-	-	-	-	-	14,425,000
At 31 December 2012	5,610,000	6,115,000	1,150,000	1,550,000	4,037,564	958,026	2,770,815	2,539,769	1,850,540	26,581,714
Accumulated depreciation										
At 1 January 2012	-	193,365	22,742	31,322	3,748,042	811,445	2,664,828	2,562,136	1,971,430	12,005,310
Depreciation for the year	-	128,910	15,162	20,881	183,144	25,461	109,999	134,096	116,011	733,664
Disposals	-	-	-	-	(443,333)	-	(45,999)	-	-	(489,332)
Written off	-	-	-	-	(12,823)	-	(141,779)	(428,571)	(442,664)	(1,025,837)
Exchange differences	-	-	-	-	-	-	831	(285)	1,187	1,733
At 31 December 2012	-	322,275	37,904	52,203	3,475,030	836,906	2,587,880	2,267,376	1,645,964	11,225,538
Net carrying amount										
At cost	-	-	-	-	562,534	121,120	182,935	272,393	204,576	1,343,558
At valuation	5,610,000	5,792,725	1,112,096	1,497,797	-	-	-	-	-	14,012,618
At 31 December 2012	5,610,000	5,792,725	1,112,096	1,497,797	562,534	121,120	182,935	272,393	204,576	15,356,176

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Freehold buildings	Leasehold buildings	Long term leasehold land	Plant and machinery	Factory, tools and equipment	Motor vehicles	Computer and office equipment	Furniture, fittings and renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
At 31 December 2011										
Cost or valuation										
At 1 January 2011										
At cost	-	-	-	-	8,315,479	1,882,417	2,862,407	5,124,351	3,523,625	21,708,279
At valuation	5,610,000	6,115,000	1,150,000	1,550,000	-	-	-	-	-	14,425,000
	5,610,000	6,115,000	1,150,000	1,550,000	8,315,479	1,882,417	2,862,407	5,124,351	3,523,625	36,133,279
Additions	-	-	-	-	91,539	8,882	147,228	62,549	18,613	328,811
Disposals	-	-	-	-	(239,218)	-	(53,227)	(42,324)	(244,774)	(579,543)
Written off	-	-	-	-	(3,583,755)	(899,513)	-	(2,225,323)	(1,011,646)	(7,720,237)
Attributable to assets held for sale	-	-	-	-	(91,002)	(37,710)	-	(24,197)	-	(152,909)
Exchange differences	-	-	-	-	-	-	1,053	5,153	1,187	7,393
At 31 December 2011	5,610,000	6,115,000	1,150,000	1,550,000	4,493,043	954,076	2,957,461	2,900,209	2,287,005	28,016,794
Representing:										
At cost	-	-	-	-	4,493,043	954,076	2,957,461	2,900,209	2,287,005	13,591,794
At valuation	5,610,000	6,115,000	1,150,000	1,550,000	-	-	-	-	-	14,425,000
At 31 December 2011	5,610,000	6,115,000	1,150,000	1,550,000	4,493,043	954,076	2,957,461	2,900,209	2,287,005	28,016,794
Accumulated deprecation										
At 1 January 2011										
As restated	-	64,455	7,580	10,441	7,235,374	1,709,182	2,614,553	4,666,274	3,055,259	19,363,118
Depreciation for the year	-	128,910	15,162	20,881	315,532	39,476	102,826	174,099	157,681	954,567
Disposals	-	-	-	-	(128,935)	-	(53,226)	(38,206)	(230,988)	(451,355)
Written off	-	-	-	-	(3,583,693)	(899,512)	-	(2,225,154)	(1,011,616)	(7,719,975)
Attributable to assets held for sale	-	-	-	-	(90,236)	(37,701)	-	(19,883)	-	(147,820)
Exchange differences	-	-	-	-	-	-	675	5,006	1,094	6,775
At 31 December 2011	-	193,365	22,742	31,322	3,748,042	811,445	2,664,828	2,562,136	1,971,430	12,005,310
Net carrying amount										
At cost	-	-	-	-	745,001	142,631	292,633	338,073	315,575	1,833,913
At valuation	5,610,000	5,921,635	1,127,258	1,518,678	-	-	-	-	-	14,177,571
At 31 December 2011	5,610,000	5,921,635	1,127,258	1,518,678	745,001	142,631	292,633	338,073	315,575	16,011,484

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Long term leasehold land RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Company										
At 31 December 2012										
Cost or valuation										
At 1 January 2012										
At cost	-	-	-	-	42,890	115,640	2,189,695	1,202,651	1,133,880	4,684,756
At valuation	2,940,000	4,585,000	800,000	900,000	-	-	-	-	-	9,225,000
	2,940,000	4,585,000	800,000	900,000	42,890	115,640	2,189,695	1,202,651	1,133,880	13,909,756
Additions	-	-	-	-	-	250	-	45,337	1,010	46,597
Written off	-	-	-	-	-	-	(141,779)	-	-	(141,779)
At 31 December 2012	2,940,000	4,585,000	800,000	900,000	42,890	115,890	2,047,916	1,247,988	1,134,890	13,814,574
Representing:										
At cost	-	-	-	-	42,890	115,890	2,047,916	1,247,988	1,134,890	4,589,574
At valuation	2,940,000	4,585,000	800,000	900,000	-	-	-	-	-	9,225,000
At 31 December 2012	2,940,000	4,585,000	800,000	900,000	42,890	115,890	2,047,916	1,247,988	1,134,890	13,814,574
At 31 December 2012										
Accumulated depreciation										
At 1 January 2012	-	137,550	14,906	16,770	38,880	94,156	1,916,976	1,060,437	852,467	4,132,142
Depreciation for the year	-	91,700	9,938	11,180	3,705	6,836	94,627	59,652	103,409	381,047
Written off	-	-	-	-	-	-	(141,778)	-	-	(141,778)
At 31 December 2012	-	229,250	24,844	27,950	42,585	100,992	1,869,825	1,120,089	955,876	4,371,411
Net carrying amount										
At cost	-	-	-	-	305	14,898	178,091	127,899	179,014	500,207
At valuation	2,940,000	4,355,750	775,156	872,050	-	-	-	-	-	8,942,956
At 31 December 2012	2,940,000	4,355,750	775,156	872,050	305	14,898	178,091	127,899	179,014	9,443,163

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Long term leasehold land RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Company										
At 31 December 2011										
Cost or valuation										
At 1 January 2011										
At cost	-	-	-	-	198,483	761,223	2,042,467	3,394,024	1,946,212	8,342,409
At valuation	2,940,000	4,585,000	800,000	900,000	-	-	-	-	-	9,225,000
	2,940,000	4,585,000	800,000	900,000	198,483	761,223	2,042,467	3,394,024	1,946,212	17,567,409
Additions	-	-	-	-	-	1,499	147,228	27,082	812	176,621
Written off	-	-	-	-	(155,593)	(647,082)	-	(2,218,455)	(813,144)	(3,834,274)
At 31 December 2011	2,940,000	4,585,000	800,000	900,000	42,890	115,640	2,189,695	1,202,651	1,133,880	13,909,756
Representing:										
At cost	-	-	-	-	42,890	115,640	2,189,695	1,202,651	1,133,880	4,684,756
At valuation	2,940,000	4,585,000	800,000	900,000	-	-	-	-	-	9,225,000
At 31 December 2011	2,940,000	4,585,000	800,000	900,000	42,890	115,640	2,189,695	1,202,651	1,133,880	13,909,756
Accumulated depreciation										
At 1 January 2011	-	45,850	4,968	5,590	190,184	730,841	1,832,239	3,196,433	1,557,915	7,564,020
Depreciation for the year	-	91,700	9,938	11,180	4,289	10,397	84,737	82,459	107,696	402,396
Written off	-	-	-	-	(155,593)	(647,082)	-	(2,218,455)	(813,144)	(3,834,274)
At 31 December 2011	-	137,550	14,906	16,770	38,880	94,156	1,916,976	1,060,437	852,467	4,132,142
Net carrying amount										
At cost	-	-	-	-	4,010	21,484	272,719	142,214	281,413	721,840
At valuation	2,940,000	4,447,450	785,094	883,230	-	-	-	-	-	9,055,774
At 31 December 2011	2,940,000	4,447,450	785,094	883,230	4,010	21,484	272,719	142,214	281,413	9,777,614

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Freehold land and buildings, and leasehold buildings were revalued on 8 June 2010 by the directors based on a valuation performed by Mr. P.B.Nehru, a registered valuer of City Valuers & Consultants Sdn. Bhd. who is a member of the Institution of Surveyors, Malaysia. Valuation were made using comparison method on the basis of open market value.

Under FRS, freehold land and buildings are previously measured at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation.

Upon transition to MFRS, the Group has continued to measure its freehold land and buildings using the revaluation model under MFRS 116 Property, Plant and Equipment.

At the date of transition to MFRS, the Group has regarded the revalued amounts of land and buildings as at 8 June 2010 as fair value at the date of transition.

The Group has taken a stance that the fair value at the date of transition on 1 January 2011 is not materially different from the fair value on 8 June 2010. No MFRS retrospective adjustment is required from this transaction.

If the freehold land and buildings and leasehold buildings were measured using the cost model, the carrying amounts would be as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Freehold land and buildings	6,697,416	6,830,271	4,785,831	4,895,166
Leasehold buildings	633,758	642,071	560,532	567,718
	7,331,174	7,472,342	5,346,363	5,462,884

(b) In previous financial year, the Group and the Company acquired plant and equipment with an aggregate cost of RM100,000 respectively under hire purchase arrangements with the balance paid in cash.

Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Plant and machinery	193,600	215,784	-	-
Motor vehicles	191,606	260,052	191,606	260,052
	385,206	475,836	191,606	260,052

(c) Freehold land and building of the Group with a net carrying amount of RM619,475 (2011: RM631,685) are pledged as securities for borrowings as disclosed in Note 23.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2012	2011
	RM	RM
Unquoted shares at cost	4,570,004	4,570,004
Less: Accumulated impairment losses	(647,885)	(647,885)
	3,922,119	3,922,119

Details of the subsidiaries are disclosed in Note 35

(a) Disposal of a subsidiary

The Group disposed of its entire 100% equity interest in SKT Innova Sdn. Bhd. ("SKT") on 27 February 2012 for a total consideration of RM265,979. The major classes of assets and liabilities of SKT were classified as held for sale in previous financial year.

The disposal had the following financial effects on the Group for financial year ended 31 December 2012 were on follows:

	RM
Property, plant and equipment	(5,089)
Inventories	(125,005)
Trade and other receivables	(263,225)
Cash and bank balances	(51,710)
Trade and other payables	153,282
	(291,747)
Disposal proceeds	265,979
Loss on disposal to the Group	(25,768)
Disposal proceeds settled by:	
Cash	265,979
Cash inflow/(outflow) arising from disposal:	
Cash consideration	265,979
Cash and bank balances of subsidiary disposed	(51,710)
Net cash inflow from disposal to the Group	214,269

(b) Winding up of a subsidiary

On 25 September 2012, the Board approved the cessation of business operation by Sukitronics Corporation Limited ("SCL"), a subsidiary of Sukitronics Sdn. Bhd. and the winding up of SCL according to the regulations and laws of Socialist Republic of Vietnam.

The winding up has no material impact or financial impact on the share capital, shareholding structure, earnings, gearing and net assets of the Group.

15. INVESTMENT PROPERTIES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Buildings				
Costs				
At 1 January / 31 December	2,534,934	2,534,934	234,745	234,745
Accumulated depreciation				
At 1 January	234,279	194,515	23,866	19,171
Depreciation for the year	39,761	39,764	4,695	4,695
At 31 December	274,040	234,279	28,561	23,866
Accumulated Impairment loss				
At 1 January	1,469,238	1,447,413	-	15,574
Impairment/ (reversal of impairment) loss for the year	-	21,825	-	(15,574)
At 31 December	1,469,238	1,469,238	-	-
Net Carrying amount at 31 December	791,116	830,877	206,184	210,879
Estimated fair value	850,000	850,000	230,000	230,000

The impairment/(reversal of impairment) loss recorded in previous financial year was derived after considering the estimated fair value of those properties.

The fair value is derived based on valuation performed using the comparison method by Mr. P.B.Nehru, a registered valuer of City Valuers & Consultants Sdn. Bhd. who is a member of the Institution of Surveyors, Malaysia.

16. OTHER INVESTMENTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unquoted shares in Malaysia	1	1	1	1
Transferable memberships Iin golf clubs, at cost	264,000	404,000	264,000	264,000
Less: Impairment losses	(147,000)	(293,000)	(147,000)	(153,000)
	117,000	111,000	117,000	111,000
	117,001	111,001	117,001	111,001

17. INVENTORIES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cost				
Finished goods	906,130	1,642,933	639,080	698,537
Raw materials	496,277	847,443	-	-
Work-in-progress	1,009,042	205,359	347,358	148,245
	2,411,449	2,695,735	986,438	846,782
Net realisable value				
Finished goods	857,406	932,799	-	-
Raw materials	3,947,180	4,223,820	3,901,304	4,147,485
	4,804,586	5,156,619	3,901,304	4,147,485
	7,216,035	7,852,354	4,887,742	4,994,267

During the year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM13,783,417 (2011: RM20,225,326) and RM7,452,157 (2011: RM9,272,978) respectively.

18. TRADE AND OTHER RECEIVABLES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade receivables				
Third parties	12,663,891	12,812,507	5,629,228	5,148,423
Retention sum (Note 19)	6,026,277	4,207,774	3,483,710	3,449,850
Due from customers on contracts (Note 19)	10,481,445	7,185,024	3,147,402	709,114
	29,171,613	24,205,305	12,260,340	9,307,387
Less: Allowance for doubtful debts	(3,781,177)	(3,779,567)	(2,264,425)	(2,261,593)
Trade receivables, net	25,390,436	20,425,738	9,995,915	7,045,794
Other receivables				
Other receivables	579,083	660,340	376,851	597,743
Less: Allowance for doubtful debts	(137,425)	(192,917)	(122,459)	(182,459)
Other receivables, net	441,658	467,423	254,392	415,284
Deposits	306,863	287,226	193,441	170,210
Prepayments	187,696	352,040	95,060	93,732
	936,217	1,106,689	542,893	679,226
Total trade and other receivables	26,326,653	21,532,427	10,538,808	7,725,020
Add: Cash and bank balances (Note 20)	29,753,564	31,680,417	26,481,869	28,385,548
Add: Amount due from subsidiaries (Note27)	-	-	1,186,021	1,567,278
Less: Prepayments	(187,696)	(352,040)	(95,060)	(93,732)
Total loans and receivables	55,892,521	52,860,804	38,111,638	37,584,114

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2011: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Ageing analysis of trade receivables is as follow:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Neither past due nor impaired	5,785,591	2,985,210	1,617,917	1,400,474
1 to 3 months past due not impaired	2,737,731	2,840,701	949,017	651,551
4 to 6 months past due not impaired	796,468	1,076,540	383,762	538,380
7 to 12 months past due not impaired	1,947,949	932,876	928,725	287,489
More than 12 months past due not impaired	3,641,252	5,405,387	2,969,092	3,458,786
	9,123,400	10,255,504	5,230,596	4,936,206
Impaired	3,781,177	3,779,567	2,264,425	2,261,593
	18,690,168	17,020,281	9,112,938	8,598,273

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment record with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM9,123,400 (2011: RM10,255,504) and RM5,230,596 (2011: RM4,936,206) respectively that are past due at the reporting date but not impaired.

In assessing the recoverability of these debts, the directors have given due consideration to all pertinent information relating to the ability of these debtors to settle their debts. Aside from allowances for doubtful debts made above, the directors have assessed the remaining amounts that are past due but not impaired to be fully recoverable, notwithstanding that these debts have exceeded the terms granted. Accordingly, no further provision has been made in respect of these amounts.

Receivables that are impaired

The Group’s trade and other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in trade receivables' allowance accounts:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At 1 January	3,779,567	3,967,343	2,261,593	2,334,183
Charge for the year	428,192	201,998	103,215	97,860
Written off	(251,665)	(207,663)	(65,383)	-
Reversal of impairment losses	(174,622)	(182,111)	(35,000)	(170,450)
Exchange differences	(295)	-	-	-
At 31 December	3,781,177	3,779,567	2,264,425	2,261,593

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The normal credit term ranges from 30 to 90 days (2011: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

In determining the recoverability of a contract and trade receivables, the Group considers any change in the credit quality of the contract and trade receivables from the date the credit was initially granted up to the reporting date. At the reporting date, management has taken the current market conditions into account when assessing the credit quality of contract and trade receivables. The project directors also hold regular meetings with contract customers to renegotiate payment terms and to ensure the credit-worthiness of the ultimate end-users.

Other information on financial risks of other receivables are disclosed in Note 33(a).

(b) Other receivables

Movement in other receivables' allowance accounts:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
At 1 January	192,917	252,917	182,459	242,459
Charge for the year	4,508	-	-	-
Reversal of impairment losses	(60,000)	(60,000)	(60,000)	(60,000)
At 31 December	137,425	192,917	122,459	182,459

19. DUE FROM /(TO) CUSTOMERS ON CONTRACTS

	Group		Company	
	2012	**2011**	**2012**	**2011**
-	**RM**	**RM**	**RM**	**RM**
Contract costs incurred to date	49,650,761	31,670,094	32,296,480	29,309,503
Attributable profits	15,050,297	9,363,004	10,632,108	8,589,074
	64,701,058	41,033,098	42,928,588	37,898,577
Less: Progress billings	(54,407,320)	(34,416,432)	(39,906,787)	(37,694,465)
	10,293,738	6,616,666	3,021,801	204,112
Presented as:				
Due from customers on contract	10,481,445	7,185,024	3,147,402	709,114
Due to customers on contract	(187,707)	(568,358)	(125,601)	(505,002)
	10,293,738	6,616,666	3,021,801	204,112
Retention sum on contract, included within trade receivables (Note 18)	6,026,277	4,207,774	3,483,710	3,449,850

20. CASH AND BANK BALANCES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash on hand and at banks	7,854,175	16,159,726	4,596,049	13,178,028
Fixed deposit with licensed bank	21,899,389	15,520,691	21,885,820	15,207,520
Total cash and bank balances (Note 18)	29,753,564	31,680,417	26,481,869	28,385,548

The range of effective interest rates of deposits at the reporting date were as below :

	Group/Company 2012 %	Group/Company 2011 %
Licensed banks	0.50 to 3.35	0.60 to 3.25

The range of maturities of deposits as at the end of the financial year were as follows:

	Group 2012 Months	Group 2011 Months	Company 2012 Months	Company 2011 Months
Licensed banks	1 to 8	1 to 8	1 to 8	1 to 8

21. SHARE CAPITAL AND TREASURY SHARES

	Group/Company: Number of ordinary shares of RM0.50 each 2012	Number of ordinary shares of RM0.50 each 2011	Amount 2012 RM	Amount 2011 RM
Authorised share capital				
At 31 December	200,000,000	200,000,000	100,000,000	100,000,000

	Group/Company: Number of ordinary share of RM0.50 each — Share capital (issued and fully paid) Unit	Treasury shares Unit	Amount — Share capital (issued and fully paid) RM	Treasury shares RM
At 1 January/31 December 2012	95,263,000	(1,131,000)	47,631,500	(545,154)

21. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Treasury shares

This amount relates to the acquisition costs of treasury shares.

The shareholders of the Company via the Annual General Meeting held on 9 June 2006 provided their mandate for the Company to repurchase its own ordinary shares up to a maximum of 9,900,000 ordinary shares of RM0.50 each representing ten per cent (10%) of the issued and paid up share capital of the Company. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not purchase any treasury share during the financial year. Cumulatively, the Company repurchased 1,131,000 of its issued ordinary shares from the open market at an average price of RM0.48 per share. The total consideration paid for the repurchased including transaction costs was RM545,154. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were sold or cancelled during the financial year.

Of the total 95,263,000 (2011: 95,263,000) issued and fully paid ordinary shares as at 31 December 2012, 1,131,000 (2011: 1,131,000) are held as treasury shares by the Company. As at 31 December 2012, the number of outstanding ordinary shares in issue after the set off is therefore 94,132,000 (2011: 94,132,000) ordinary shares of RM0.50 each.

22. RESERVES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable				
Share premium	732	732	732	732
Foreign currency translation reserve (Note a)	40,925	(9,666)	-	-
Revaluation reserves (Note b)	2,889,122	2,889,122	2,219,069	2,219,069
	2,930,779	2,880,188	2,219,801	2,219,801
Distributable				
(Accumulated losses)/retained earnings	(422,399)	1,820,264	(7,260,028)	(5,561,155)
	2,508,380	4,700,452	(5,040,227)	(3,341,354)

(a) Foreign Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserves

Revaluation reserves comprise the cumulative changes, net of tax effects, arising from the revaluation of freehold and leasehold land and buildings which are not distributable.

23. BORROWINGS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current				
Secured:				
Term loans	113,081	44,876	-	-
Hire purchase liabilities (Note 24)	120,688	128,727	92,074	62,213
	233,769	173,633	92,074	62,213
Unsecured:				
Bank overdrafts	1,019,184	1,318,400	810,960	775,525
Bankers acceptances	2,235,000	277,000	486,000	211,000
	3,254,184	1,595,400	1,296,960	986,525
	3,487,953	1,769,033	1,389,034	1,048,738
Non-current				
Secured:				
Term loans	-	112,625	-	-
Hire purchase liabilities (Note 24)	114,641	168,601	114,641	139,499
	114,641	281,226	114,641	139,499
Total borrowings				
Bank overdrafts	1,019,184	1,318,400	810,960	775,525
Bankers acceptances	2,235,000	277,000	486,000	211,000
Term loans	113,081	157,501	-	-
Hire purchase liabilities (Note 24)	235,329	297,358	206,715	201,712
	3,602,594	2,050,259	1,503,675	1,188,237

The maturity periods for these borrowings were as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Bank overdrafts	On demand	On demand	On demand	On demand
Bankers acceptances	On demand	On demand	On demand	On demand
Term loans	2013	2015	-	-
Hire purchase liabilities	2013 - 2015	2012 - 2015	2013 - 2015	2012 - 2015

The range of effective interest rates during the financial year for these borrowings, excluding hire purchase payables, were as follows:

	Type of rate	Group 2012 %	Group 2011 %	Company 2012 %	Company 2011 %
Bank overdrafts	Floating	8.10 - 8.60	7.80 - 9.10	8.10 - 8.35	7.80 - 8.35
Bankers acceptance	Floating	4.25 - 4.70	4.70 - 5.11	4.27 to 4.70	4.70 - 4.91
Term loans	Fixed	6.25	6.25	-	-

23. BORROWINGS (CONTINUED)

Term loans

The secured term loans of the Group is pledged against a freehold land and building of a subsidiary at a carrying amount of RM619,475 (2011: RM631,685) as disclosed in Note 13(c). The loan has been refinanced subsequent to reporting date, thus it has been reclassified as short term. The term loan is payable as follows:

	Group	
	2012	**2011**
	RM	**RM**
Analysis of present value of term loans:		
Not later than 1 year	113,081	44,876
Later than 1 year and not later than 2 years	-	47,762
Later than 2 years and not later than 5 years	-	64,863
Total minimum future lease payments	113,081	157,501
Less: Amount due within 12 months	(113,081)	(44,876)
Amount due after 12 months	-	112,625

Other information on financial risk of borrowings are disclosed in Note 33.

24. HIRE PURCHASE LIABILITIES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments:				
Not later than 1 year	132,027	143,474	102,756	73,320
Later than 1 year and not later than 2 years	84,634	102,815	84,634	73,320
Later than 2 years and not later than 5 years	35,707	76,856	35,707	76,856
Total minimum future lease payments	252,368	323,145	223,097	223,496
Less: Future finance charges	(17,039)	(25,787)	(16,382)	(21,784)
Present value of finance lease liabilities (Note 23)	235,329	297,358	206,715	201,712
Analysis of present value of finance lease liabilities:				
Not later than 1 year	120,688	128,757	92,074	62,213
Later than 1 year and not later than 2 years	79,677	95,339	79,677	66,237
Later than 2 years and not later than 5 years	34,964	73,262	34,964	73,262
Present value of finance lease liabilities	235,329	297,358	206,715	201,712
Less: Amount due within 12 months (Note 23)	(120,688)	(128,757)	(92,074)	(62,213)
Amount due after 12 months (Note 23)	114,641	168,601	114,641	139,499

These obligations are secured by charge over the lease assets, the average discount rate implicit in the lease is 3.37% per annum (2011:3.1% per annum).

25. DEFERRED TAX LIABILIITES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At 1 January	1,001,777	972,018	406,763	406,763
Recognised in profit or loss (Note 11)	(58,023)	29,759	-	-
Recognised in equity	-	-	-	-
At 31 December	943,754	1,001,777	406,763	406,763

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Revaluation surplus of leasehold buildings RM	Total RM
At 1 January 2012	572,076	823,522	1,395,598
Recognised in profit or loss	(58,023)	-	(58,023)
At 31 December 2012	514,053	823,522	1,337,575
At 1 January 2011	542,317	823,522	1,365,839
Recognised in profit or loss	29,759	-	29,759
At 31 December 2011	572,076	823,522	1,395,598

Deferred tax assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM	Provisions RM	Total RM
At 1 January/31 December 2012	(49,835)	(343,986)	(393,821)
At 1 January/31 December 2011	(49,835)	(343,986)	(393,821)

Deferred tax liabilities of the Company:

	Revaluation surplus of leasehold buildings RM
At 1 January/31 December 2012	406,763
At 1 January/31 December 2011	406,763

25. DEFERRED TAX LIABILITIES (CONTINUED)

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unutilised tax losses	14,059,325	12,948,503	3,938,827	2,809,405
Unabsorbed capital allowance	3,885,468	3,569,125	183,277	-
Other deductible differences	5,977,964	5,100,856	2,942,315	2,595,825
	23,922,757	21,618,484	7,064,419	5,405,230

The availability of the unused tax losses for offsetting against future taxable profits of the respective subsidiaries is subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade payables				
Third parties	8,031,140	11,026,292	1,129,609	2,301,916
Due to customers on contracts (Note 19)	187,707	568,358	125,601	505,002
	8,218,847	11,594,650	1,255,210	2,806,918
Other payables				
Deposits	8,715	8,715	-	-
Accruals	9,840,662	5,109,790	5,338,000	4,091,491
Sundry payables	2,713,510	2,230,648	1,620,262	1,292,822
	12,562,887	7,349,153	6,958,262	5,384,313
Total trade and other payables	20,781,734	18,943,803	8,213,472	8,191,231
Add: Borrowings (Note 23)	3,602,594	2,050,259	1,503,675	1,188,237
Add: Amount due to subsidiaries (Note 27)	-	-	4,657,652	3,230,810
Total financial liabilities carried at amortised cost	24,384,328	20,994,062	14,374,799	12,610,278

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 60 to 90 days (2011: 60 to 90 days).

27. DUE FROM/(TO) SUBSIDIARIES

	Company	
	2012	2011
	RM	RM
Due from subsidiaries	10,214,259	9,344,118
Less: Allowance for doubtful debts	(9,028,238)	(7,776,840)
	1,186,021	1,567,278
Due to subsidiaries	(4,657,652)	(3,230,810)

The amounts due from/(to) subsidiaries are non-interest bearing, unsecured and repayable on demand.

The balances with subsidiaries arose from trade transactions. The normal trade credit term given ranges from 60 to 90 days (2011: 60 to 90 days).

Further details on related party transactions are disclosed in Note 31.

28. OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by the Group and the Company for use of office buildings and warehouse.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Future minimum rental payments:				
Not later than 1 year	130,690	134,967	35,800	45,200
Later than 1 year and not later than 5 years	-	67,851	-	-
	130,690	202,818	35,800	45,200

29. CONTINGENT LIABILITIES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unsecured				
Potential liquidated ascertained damages chargeable by customers	260,212	260,212	-	-

30. CAPITAL COMMITMENTS

	Group/Company	
	2012	2011
	RM	RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	21,000	-

31. RELATED PARTY DISCLOSURES

(a) Group

In addition to information disclosed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the year:

	2012 RM	2011 RM
Advance from a non-controlling shareholder of a subsidiary to the subsidiary	-	100,000
Repayment to a non-controlling shareholder of a subsidiary by the subsidiary	(100,000)	-

Outstanding balance arising from the above transactions with related party as at 31 December 2012 is as follows:

	2012 RM	2011 RM
Advance from a non-controlling shareholder of a subsidiary to the subsidiary	100,000	200,000

(b) Company

	2012 RM	2011 RM
Sales to subsidiaries	1,407,295	1,804,293
Purchases from subsidiaries	(5,217,880)	(2,347,971)
Management fee receivable from a subsidiary	36,000	36,000
Secretarial fee receivable from subsidiaries	11,400	13,200
Dividend income from a subsidiary	2,200,000	679,000
Interest income from a subsidiary	25,811	12,605
Rental income from subsidiaries	166,000	168,000

Outstanding balance arising from transactions with subsidiaries as at 31 December 2012 is as follows:

	2012 RM	2011 RM
Loan to a subsidiary	300,000	300,000

Information regarding outstanding balances arising from transactions with subsidiaries are disclosed in Note 27.

31. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Remuneration package of key management personnel

The remuneration package of the directors and other member of key management personnel during the year is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short-term employee benefits	3,476,926	3,930,769	1,997,943	2,028,978
Defined contribution plan	402,012	441,327	228,296	224,822
Estimated money value				
of benefits-in-kind (Note 10)	13,325	13,325	13,325	13,325
	3,892,263	4,385,421	2,239,564	2,267,125

Included in the total key management personnel are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors' remuneration (Note 10)	1,156,583	1,185,167	421,103	414,103

32. FINANCIAL INSTRUMENTS

The carrying amounts of all financial assets and liabilities are a reasonable approximation of their fair values, except for the following:

(a) Fair Values

In addition to information disclosed elsewhere in the financial statements, the carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2012					
Financial liabilities:					
Hire purchase liabilities	24	235,329	238,962	206,715	210,544
At 31 December 2011					
Financial liabilities:					
Hire purchase liabilities	24	297,358	303,824	201,712	207,927

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair Values (continued)

The following methods and assumptions used by management to determine fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, receivables/payables and current borrowings

The carrying amounts of these financial assets and liabilities are approximate fair values due to the relatively short term maturity of these financial instruments. The discounted amounts are not material.

(ii) Due from/(to) subsidiaries

The carrying amounts of amount due from/(to) subsidiaries approximate their fair values due to the short-term nature of the repayment terms.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

(a) **Credit risks**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objectives is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trade only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18(a).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the reporting period is as follows:

	2012		2011 (Restated)	
	RM	% of total	RM	% of total
By business segments:				
Electronics and system integration	6,957,992	47%	7,498,975	57%
Security systems, mechanical and electrical engineering	5,229,559	35%	2,525,237	19%
Environmental and Scada system	651,107	4%	788,414	6%
Sheet metal fabrication	1,957,844	13%	2,200,183	16%
Other operations	112,489	1%	227,905	2%
	14,908,991	100%	13,240,714	100%

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risks (continued)

	2012		2011	
	RM	% of total	RM	% of total
By geographic region:				
Malaysia	14,734,171	99%	11,975,022	90%
Singapore	109,479	1%	1,160,407	9%
Vietnam	65,341	0%	105,285	1%
	14,908,991	100%	13,240,714	100%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 18.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instrument will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits with financial institutions.

The information on effective interest rates of the financial assets are disclosed in Note 20.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points (2011: 10 basis points) lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM588 (2011: RM303) lower/higher, arising mainly as a result of lower/higher interest income from floating rate deposit with financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effect of fluctuating in cash flows.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
At 31 December 2012			
Group			
Financial liabilities:			
Trade and other payables	20,594,027	-	20,594,027
Borrowings	3,608,641	114,641	3,723,282
Total undiscounted financial liabilities	24,202,668	114,641	24,317,309
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	8,087,871	-	8,087,871
Borrowings	1,481,108	114,641	1,595,749
Total undiscounted financial liabilities	9,568,979	114,641	9,683,620
At 31 December 2011			
Group			
Financial liabilities:			
Trade and other payables	18,375,445	-	18,375,445
Borrowings	1,897,790	168,601	2,066,391
Total undiscounted financial liabilities	20,273,235	168,601	20,441,836
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	7,686,229	-	7,686,229
Borrowings	1,110,951	139,499	1,250,450
Total undiscounted financial liabilities	8,797,180	139,499	8,936,679

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Singapore Dollar RM	United States Dollar RM	Thai Baht RM	Philippines Peso RM	Others RM	Total RM
Functional currency of Group companies						
At 31 December 2012						
Ringgit Malaysia						
Cash and bank balances	7,285	95,178	3,283,837	-	3,669	3,389,969
Trade receivables	-	561,354	352,316	1,005,299	-	1,918,969
Trade payables	(94,261)	(633,486)	(4,553)	-	(60,504)	(792,804)
Singapore Dollar						
Cash and bank balances	-	300,578	-	-	-	300,578
Trade receivables	-	18,089	-	-	-	18,089
Trade payables	-	(13,311)	-	-	-	(13,311)
	(86,976)	328,402	3,631,600	1,005,299	(56,835)	4,821,490
At 31 December 2011						
Ringgit Malaysia						
Cash and bank balances	381,303	46,797	8,231,344	-	3,669	8,663,113
Trade receivables	-	380,715	353,169	915,073	-	1,648,957
Trade payables	(91,266)	(777,674)	(1,223,887)	(58,925)	(7,283)	(2,159,035)
Singapore Dollar						
Cash and bank balances	-	255,670	-	-	-	255,670
Trade receivables	-	45,942	-	-	-	45,942
Trade payables	-	(37,009)	-	-	-	(37,009)
Vietnam Dong						
Cash and bank balances	-	272	-	-	-	272
	290,037	(85,287)	7,360,626	856,148	(3,614)	8,417,910

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

A 10% (2011: 10%) strengthening of RM against the following currencies at the reporting date would have increased/(decreased) the (loss)/profit before tax by the amount shown below and increase would have an equal but opposite effect.

	Group	
	2012 RM	2011 RM
Singapore Dollar	(8,698)	29,004
United States Dollar	32,840	(8,529)
Thai Baht	363,180	736,063
Philippines Peso	100,530	85,615
Others	(5,684)	(361)
Increase/(decrease) in (loss)/profit before tax	482,168	841,792

34 . SEGMENT INFORMATION

During the year, for management purposes, the Group was reorganised into business units based on their services and has five reportable business segments as follows:

Electronics and system integration	Design, manufacturing and installation of electronics and microprocessor controlled products.Trading, maintenance and supply of industrial electronic equipment. Intelligent transportation system and major system integration projects involving Information Communication Technology, supply and service of telecommunication equipment, audio visual multimedia system.
Security systems, Mechanical electrical engineering ("M&E")	Supply and installation of security systems. Specialist in fire protection system design and installation works and mechanical engineering services. Industrial maintenance and service works.Trading of transport equipment and provision of related services. Manufacturing of filter inclusive of import and marketing.
Environment and scada system	Design and Scada integration in environmental monitoring services.
Sheet metal fabrication	Involving in precision sheet metal fabrication works and manufacturing of precision fabrication.
Other Operations	Assemble and maintain electronic display system of public security and fire systems.

The comparatives of these reportable operating segments have been restated accordingly.

SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group operates in three principal geographical areas based on location of assets:

Malaysia	All main businesses disclosed in primary reporting format-business segments
Singapore	Trading, maintenance and supply of industrial electronic equipment
Vietnam	Supply, construction and maintenance of specilaised mechanical and electrical equipment and electronic display, engineering service provider for these equipment together with fire protection and air-conditioning ventilation equipment.

Allocation basis and transfer pricing

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment sales comprise revenue from projects and trading, office rental and secretarial and management fees. The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned.

34. Segment information (continued)

Business segments:

	Electronics and System Integration 2012 RM'000	Electronics and System Integration 2011 RM'000 (restated)	Security Systems and M&E 2012 RM'000	Security Systems and M&E 2011 RM'000 (restated)	Environmental & Scada System 2012 RM'000	Environmental & Scada System 2011 RM'000 (restated)	Sheet Metal Fabrication 2012 RM'000	Sheet Metal Fabrication 2011 RM'000 (restated)	Other operations 2012 RM'000	Other operations 2011 RM'000 (restated)	Adjustments and eliminations 2012 RM'000	Adjustments and eliminations 2011 RM'000	Note	Per consolidated financial statements 2012 RM'000	Per consolidated financial statements 2011 RM'000
Revenue															
External customers	26,369	41,881	16,164	10,091	2,004	1,712	5,545	5,085	596	595	-	-		50,678	59,364
Inter-segment	3,852	9,227	314	28	4,035	212	193	447	127	583	(8,521)	(10,497)	(a)	-	-
Total revenue	30,221	51,108	16,478	10,119	6,039	1,924	5,738	5,532	723	1,178	(8,521)	(10,497)		50,678	59,364
Results															
Interest income	613	288	1	28	-	-	-	-	-	-	(26)	(13)		588	303
Finance costs	102	170	23	23	1	1	48	59	4	8	(26)	(13)		152	248
Depreciation	413	434	131	200	15	15	150	158	64	187	-	-		773	994
Reversal of Impairment on investments	(6)	-	-	-	-	-		-	-	-	-	-		(6)	-
Write-down of inventories	364	385	23	72	-	-	-	-	-	-	-	-		387	457
Allowance for doubtful debts	103	98	69	78	-	-	261	15	-	11	-	-		433	202
Reversal of allowance for doubtful debts	(95)	(230)	(109)	(6)	(12)	(6)	-	-	(19)	-	-	-		(235)	(242)
Segment (loss)/profit	(825)	7,721	526	(1,798)	(445)	(401)	393	183	(505)	(88)	(1,025)	(1,499)		(1,881)	4,118
Segment assets	60,426	59,936	19,650	16,758	849	1,254	3,707	3,971	435	616	(5,178)	(3,638)	(b)	79,889	78,897
Segment liabilities	(13,119)	(9,684)	(10,501)	(7,919)	(2,508)	(2,469)	(2,211)	(2,105)	(7,690)	(7,385)	10,500	6,326	(c)	(25,529)	(23,236)
Capital expenditure	49	179	22	71	1	18	4	54	1	7	-	-		77	329

Geographical segments:

	Malaysia 2012 RM'000	Malaysia 2011 RM'000	Singapore 2012 RM'000	Singapore 2011 RM'000	Vietnam 2012 RM'000	Vietnam 2011 RM'000	Adjustments and eliminations 2012 RM'000	Adjustments and eliminations 2011 RM'000	Per consolidated financial statements 2012 RM'000	Per consolidated financial statements 2011 RM'000
Revenue										
Revenue from external customers	47,314	49,684	3,015	9,612	349	68	-	-	50,678	59,364
Segment assets	82,052	79,473	2,844	2,869	171	193	(5,178)	(3,638)	79,889	78,897
Capital expenditure	74	329	3	-	-	-	-	-	77	329

Note

(a) Inter-segment sales are eliminated on consolidation.

(b) The inter-segment assets are added to segment assets to arrive at total assets reported in the consolidated financial statements.

(c) The inter-segment liabilities are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

35. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest 2012 %	2011 %	Principal activities
Held by the Company:				
Industronics Automation Sdn Bhd	Malaysia	100	100	Provide consultation project management and system integration services in industrial automation
Industronics Manufacturing Sdn Bhd	Malaysia	100	100	Assembly, installation and maintenance of high-tech electronics appliances and communication
TTE Electronics Sdn Bhd	Malaysia	100	100	Assembly of electronics device and contract manufacturing
Ademco (Malaysia) Sdn Bhd	Malaysia	95	95	Supply and installation of security systems
* Industrial Electronics (S) Pte. Ltd	Singapore	70	70	Trading, maintenance and supply of industrial electronic equipment
Primeworth (M) Sdn. Bhd.	Malaysia	69.2	69.2	Involving in precision sheet metal fabrications works
Asian Advertising (M) Sdn. Bhd.	Malaysia	55	55	Advertising agency providing services in all areas of commercial advertising
Sukitronics Sdn. Bhd.	Malaysia	51	51	Specialist in fire protection system design and installation works and mechanical engineering services
* Industronics Corporation Ltd	Vietnam	100	100	Supply, assembly and maintenance of electronic displays, mechanical and electrical equipment
Held through Sukitronics Sdn. Bhd.				
Sukitronics PMC Sdn. Bhd.	Malaysia	100	100	Mechanical engineering and contracting in fire fighting system
@ SKT. Innova Sdn. Bhd.	Malaysia	-	100	Manufacturing of filter inclusive of import and marketing
Held through Primeworth (M) Sdn. Bhd.				
PW Precision Sdn. Bhd.	Malaysia	100	100	Manufacturing of precision fabrication

* Subsidiaries audited by firms of chartered accountants other than Messrs. Ernst & Young.

@ On 27 Feb 2012, the Group disposed of its entire 100% equity interest in SKT Innova Sdn. Bhd. for a total consideration of RM265,979.

36. SIGNIFICANT EVENT

On 27 Feb 2012, the Group disposed of its entire 100% equity interest in SKT Innova Sdn. Bhd. for a total consideration of RM265,979.

The details of the disposal of a subsidiary is disclosed in Note 14.

37. EVENT OCCURING AFTER THE REPORTING DATE

On 20 March 2013, the Group acquired one ordinary share of Hong Kong Dollar one (HK$1), representing 100% of the issued and fully paid-up share capital of Famous (HK) Limited, for a total consideration of Hong Kong Dollar one (HK$1) to undertake the business of information technology and system development. Famous (HK) Limited is currently dormant.

38. MATERIAL LITIGATION

Other than as disclosed below, the Group and the Company are not involved, either as plaintiff or defendant, in any other material litigations. In this aspect, the directors are not aware of any other proceedings pending and against the Group and the Company or any events likely to give rise to a litigation which might materially or adversely affect the financial position and business operations of the Group and of the Company.

Claims by Sukitronics Sdn. Bhd. against First Kuwaiti and Contracting W.L.L.

Sukitronics Sdn. Bhd. ("SSB"), a subsidiary has claimed loss and damage of approximately USD1,184,000 or RM3,706,000 against First Kuwaiti Trading and Contracting W.L.L. ("FKTC") for the breach of the contract while FKTC has counter claimed SSB for an amount of USD8,626,000 or approximately RM26,999,000. The Arbitration was relating to the appointment of SSB by FKTC to construct, complete, test, commission and maintain the building, mechanical and electrical works relating to the construction of US New Consulate Compound in Surabaya, Indonesia.

The Arbitration Hearing was held on 18th till 21st September 2012 and 9th till 12th October 2012 respectively and the Arbitrator had further fixed the Arbitration for Continued Hearing on 8th to 12th April 2013 and 22nd to 26th April 2013. However, the Continued Hearing which was fixed on 8th to 12th April 2013 had been postponed.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

40. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 into realized and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Accumulated losses of the Group and Company				
- Realised	(16,412,578)	(13,736,870)	(7,042,344)	(5,278,067)
- Unrealised	(306,679)	(430,842)	(217,684)	(283,088)
Less: Consolidation adjustments	16,296,858	15,987,976	-	-
(Accumulated losses)/retained earnings as per financial statements	(422,399)	1,820,264	(7,260,028)	(5,561,155)

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 23 April 2013.

OPTIONS OR CONVERTIBLE SECURITIES
The Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2012.

DEPOSITORY RECEIPT (DR) PROGRAMME
The Company did not sponsor any DR programme for the financial year ended 31 December 2012.

IMPOSITION OF SANCTION AND/OR PENALTIES
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory body during the financial year under review.

NON-AUDIT FEES
There were no non-audit fees paid by the Company to external auditors for the financial year ended 31 December 2012.
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VARIATION IN RESULTS
There were no variances of 10% or more between the audited results for the financial year and the unaudited results previously announced.

PROFIT GUARANTEE
There was no profit guarantee given by the Company during the financial year ended 31 December 2012.

MATERIAL CONTRACT
There were no material contracts entered into by the Company and its subsidiary companies involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year ended 31 December 2012 or if not then subsisting, entered into since the end of the previous financial year.

SHARE BUY BACK
During the year, the Company did not enter into any share buy-back transaction.

Total number of shares bought back and held as treasury shares as at 31 December 2012 is 1,131,000 shares.

UTILISATION OF PROCEEDS
The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2012.

LIST OF PROPERTIES as at 31 December 2012

Location	Tenure	Description of Property (approximate land area)	Existing use	Age of Building	Net Book Value RM	Date of Revaluation
COMPANY						
9 Jalan Taming 3 Taman Tanming Jaya 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	Industrial land and building (14,876 sq ft)	Factory, office and warehouse	22 years	2,901,000	June 2010
6 Jalan Perusahaan Utama Taman Perindustrian Selesa Jaya 43300 Seri Kembangan Selangor Darul Ehan	Freehold	Industrial land and building (38,430 sq ft)	Factory, office and warehouse	15 years	4,394,750	June 2010
39 Jalan Sungai Besi Indah 1/21 Taman Sungai Besi Indah 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (99 years) Expire in 2091	Shop office (143 sq m.)	General Office	12 years	823,602	June 2010
41 Jalan Sungai Besi Indah 1/21 Taman Sungai Besi Indah 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (99 years) Expire in 2091	Shop office (143 sq m.)	General Office	12 years	823,602	June 2010
HS (D) 159898 No. PT 1693, Pekan Panchor Daerah Seremban Negeri Sembilan	Leasehold (99 years) Expire in 2103	Industrial land (1,552 sq. m.)	Vacant land	N/A	206,184	June 2010

Location	Tenure	Description of Property (approximate land area)	Existing use	Age of Building	Net Book Value RM	Date of Revaluation
SUBSIDIARY COMPANIES						
Primeworth (M) Sdn Bhd						
No. 8, Jalan 5/5 Taman Perindustrian Selesa Jaya 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	Industrial land and building (4,000 sq ft)	Factory and office	17 years	619,474	June 2010
Ademco (M) Sdn Bhd						
No. 60, Jalan Manis 3 Taman Segar, Cheras 56100 Kuala Lumpur	Leasehold (99 years) Expire in 2077	Shop office (1,539 sq ft.)	General Office	35 years	962,686	June 2010
Sukitronics Sdn Bhd						
No. 22, Jalan Pendidik U1/31 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	Industrial land and building (9,750 sq ft)	Factory and office	15 years	2,557,500	June 2010
No. 20, Jalan Pendidik U1/31 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	Industrial land and building (3,900 sq ft)	Office and warehouse	15 years	930,000	June 2010
#GF53, Jalan Persiaran Tun Sri Lanang, Daerah Sentral 80000 Johor Bahru Johor Darul Takzim	Leasehold (99 years) Expire in 2095	Shoplot (475 sq ft)	Retail outlet	12 years	176,000	June 2010
#GF53A, Jalan Persiaran Tun Sri Lanang, Daerah Sentral 80000 Johor Bahru Johor Darul Takzim	Leasehold (99 years) Expire in 2095	Shoplot (475 sq ft)	Retail outlet	12 years	176,000	June 2010
No. 6A-13-2A, Kondominium BBK Persiaran Bukit Raja 41150 Klang Selangor Darul Ehsan	Leasehold (99 years) Expire in 2093	Condominium (1,605 sq ft)	Vacant	11 years	232,932	June 2010

ANALYSIS OF SHAREHOLDING AS AT 30 APRIL 2013

Authorised Capital	: RM 100,000,000
Issued and Paid up Capital	: RM 47,631,500
Class of shares	: Ordinary Shares of RM 0.50 each
Voting Rights	: One Vote per Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings (Number of Ordinary Shares)	No of Shareholders	% of Shareholders^	No of Shares	% of Issued Share Capital^
Less than 100	9	0.70	302	0.00
100 - 1000	105	8.16	48,148	0.05
1,001 - 10,000	840	65.27	4,116,550	4.37
10,001 - 100,000	200	15.54	5,666,600	6.02
100,001 to less than 5% of issued shares	130	10.10	60,691,500	64.48
5% and above of issued shares	3	0.23	23,608,900	25.08
	1,287	100.00	94,132,000	100.00

Note:
^ Exclude 1,131,000 shares bought back and held as Treasury Shares as at 30 April 2013.

DIRECTORS' SHAREHOLDING

	<-------------Direct Interest------------->		<------------Deemed Interest------------>		
In the Company	No. of Shares	%^	No. of Shares		%^
1 Christian Kwok-Leun Yau Heilesen	3,805,600	4.04	4,270,500	(1)	4.54
2 Yip Wai Man Raymond	3,354,800	3.56	-		-
3 Wong Yuk Ching Anna	-	-	-		-
4 Liau Lian Fatt	-	-	-		-
5 Youhardy Bin Yahaya (Appointed on 29.05.2013)	-	-	-		-
6. Nelson Goh Thuan Peck (Resigned on 22.05.2013)	-	-	-		-

Notes:
^ Exclude 1,131,000 shares bought back and held as Treasury Shares.
(1) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 via Deluxe Garden Limited.

SUBSTANTIAL SHAREHOLERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	<-------------Direct Interest------------->		<------------Deemed Interest------------>		
In the Company	No. of Shares	%^	No. of Shares		%^
1 Christian Kwok-Leun Yau Heilesen	3,805,600	4.04	4,270,500	(1)	4.54
2 Bloom Billions Sdn Bhd	10,000,000	10.62	-		-
3 Zipco Industrial Finance Pvt. Ltd.	-	-	10,000,000	(2)	10.62
4 Ruia Sons Private Limited	-	-	10,000,000	(2)	10.62
5 Indo Wagon Engineering Limited	-	-	10,000,000	(2)	10.62
6 Pawan Kumar Ruia	-	-	10,000,000	(2)	10.62
7 CKLY Equity Holdings Ltd	7,080,000	7.52	-		-
8 Tan Tian Sin	6,528,900	6.94	-		-

Notes:
^ Exclude 1,131,000 shares bought back and held as Treasury Shares.
(1) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 via Deluxe Garden Limited.
(2) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 via Bloom Billions Sdn Bhd.

INDUSTRONICS BERHAD (Company No: 23699-X)

Thirty (30) Largest Shareholders As At 30 April 2013

	Name of Shareholders	No of Shares	%
1.	Bloom Billions Sdn Bhd	10,000,000	10.62
2.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for UBS AG Hong Kong (Foreign)	7,080,000	7.52
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Tian Sin (Margin)	6,528,900	6.94
4.	Lim Jit Chow	4,650,000	4.94
5.	Deluxe Garden Limited	4,270,500	4.54
6.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Vast Network Limited	3,867,900	4.11
7.	Yip Wai Man Raymond	3,354,800	3.56
8.	Cimsec Nominees (Asing) Sdn Bhd CIMB Bank for Christian Kwok-Leun Yau Heilesen (MY1435)	2,568,300	2.73
9.	Maybank Securities Nominees (Asing) Sdn Bhd Pledged Securities Account for Autumn Star Holdings Limited	2,182,300	2.32
10.	Henrick Kwok-Hang Yau Heilesen	1,900,900	2.02
11.	Twin Ocean Investment Limited	1,581,300	1.68
12.	Vertical Source Sdn Bhd	1,519,900	1.61
13.	Christian Kwok-Leun Yau Heilesen	1,075,900	1.14
14.	Choy Douglas Arthur	964,700	1.02
15.	Gan Wee Peng	905,700	0.96
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA Singapore (Julius Baer)	900,000	0.96
17.	Zecon Engineering Berhad	689,500	0.73
18.	Rolni Chuah Hock Soon	631,700	0.67
19.	Lee Wei Li	594,100	0.63
20.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Chua Lai Peng	586,100	0.62
21.	Teh Poh Kim	572,200	0.61
22.	Mah Seong Huak	550,600	0.58
23.	Dominic Nathan Gabriel	543,700	0.58
24.	Rolni Chuah Hock Soon	524,300	0.56
25.	Lee Pui Won	509,700	0.54
26.	Wealth Overseas Pte. Ltd.	507,900	0.54
27.	Frodine Low Kwai Ming	499,000	0.53
28.	Heng Yong Hooi	498,000	0.53
29.	Mohd Zainal Bin Md Yakop	466,900	0.50
30.	Chuah King Hoon	449,000	0.48
	Total	**60,972,900**	**64.77**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Eighth (38th) Annual General Meeting of the shareholders of Industronics Berhad will be held at **Function Room 2, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** at **10:00 a.m.** on **Wednesday**, **26 June 2013** for purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Report of the Directors and Auditors thereon. **(Please refer to Explanatory Note A)**

2. To approve the payment of Directors' fees for the financial year ended 31 December 2012. **Resolution 1**

3. To re-elect the following Directors, who are retiring by rotation in accordance with Article 102 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:-

   (a) Ms. Wong Yuk Ching Anna; **Resolution 2**
   (b) Mr. Yip Wai Man Raymond; **Resolution 3**
   (c) Mr. Liau Lian Fatt; **Resolution 4**
   (d) Mr. Christian Kwok-Leun Yau Heilesen and **Resolution 5**
   (e) Encik Youhardy Bin Yahaya **Resolution 6**

4. To appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

   Notice of Nomination pursuant to Section 172(15) of the Companies Act 1965, a copy of which is annexed hereto and marked Annexure "A" in the Annual Report have been received by the Company for the nomination of Messrs. UHY for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "THAT subject to their consent to act, Messrs. UHY be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications:

5. **ORDINARY RESOLUTION - GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 8**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. **SPECIAL RESOLUTION- PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY** **Resolution 9**

   "THAT the Proposed Amendments to the Company's Articles of Association as set out in the Annexure "B" be and are hereby approved and adopted AND THAT the Directors and Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Company's Articles of Association."

7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board
INDUSTRONICS BERHAD

CHUA SIEW CHUAN (MAICSA No. 0777689)
CHIN MUN YEE (MAICSA No. 7019243)
TAN WEE SIN (MAICSA No. 7044797)
Company Secretaries
Selangor Darul Ehsan
4 June 2013

1. ***NOTES***

a. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*

b. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting. Where a member appoints two or more proxies the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.*

c. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.*

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

e. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9 Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

2. ***EXPLANATORY NOTE A***

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

3. ***EXPLANATORY NOTES ON SPECIAL BUSINESS***

a. ***Resolution 8***

The proposed Resolution 8, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company up to an amount not exceeding in total 10% of the issued capital of the Company for the time being, for such purposes as the Directors consider in the best interest of the Company ("General Mandate"). This General Mandate will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

This General Mandate will provide flexibility to the Company to undertake fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s), workings capital and/or acquisitions by issuance of shares in the Company to such persons at any time, as the Directors deem fit, without having to convene a general meeting.

The General Mandate sought for is a renewal of the General Mandate obtained from members at the last Annual General Meeting. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty Seventh Annual General Meeting held on 26 June 2012, which will lapse at the conclusion of the Thirty Eighth Annual General Meeting.

b. ***Resolution 9***

The Proposed Amendments are to enable the Company to adopt the recent amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, where applicable, in its Articles of Association.

4. ***STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS***

a. *The following are the Directors standing for re-election at the Thirty Eighth Annual General Meeting:-*

(i) Ms. Wong Yuk Ching Anna;
(ii) Mr. Yip Wai Man Raymond;
(iii) Mr. Liau Lian Fatt;
(iv) Mr. Christian Kwok-Leun Yau Heilesen and
(v) Encik Youhardy Bin Yahaya

b. *Further details of the Director seeking re-election at the Thirty Eighth Annual General Meeting is set out in the Profile of Directors appearing in page 17 to 18 and the details of his interests in the securities of the Company and its subsidiaries are on page 86 of the Annual Report.*

ANNEXURE A

Christian Kwok-Leun Yau Heilesen
Block C-15-16
No. 3, Jalan Tropicana Selatan
Pangsapuri Bayu Puteri PJU 3
47301 Petaling Jaya
Selangor Darul Ehsan

Dated: 9 May 2013

The Board of Directors
Industronics Berhad
No.9, Jalan Taming 3
Taman Tanming Jaya
Off Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

I, the undersigned, being a registered shareholder of Industronics Berhad ("the Company"), hereby nominate Messrs. UHY for appointment as new Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young at the forthcoming Thirty Eighth Annual General Meeting, pursuant to Section 172(15) of the Companies Act, 1965.

Therefore, I propose that the following resolution be considered at the forthcoming Thirty Eighth Annual General Meeting:-

"That subject to their consent to act, Messrs. UHY be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

Yours faithfully,

____
Christian Kwok-Leun Yau Heilesen

ANNEXURE B

Article No.	Existing Articles	Proposed Articles
2	[Introduction of new definitions]	**Word**: **Exempt Athorised Nominee** **Meaning**: **An authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.**
71(a)	Subject to Article 55(g), a Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum at the general meeting. No member shall be entitled to vote or be recoginised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.	Subject to Article 55(g), a Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum at the general meeting. **A Member of the Company may appoint any person to be his proxy without the limitation and the provisions of Sections 149(1)(a), (b), (c), (d) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.** No member shall be entitled to vote or be recoginised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.
71(b)	A member may appoint more than two proxies to attend the same meeting. Where a member appoints two or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.	A member may appoint **up to two (2) proxies to attend the same meeting. Where a member appoints two proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy.**
71(d)	Introduction of New Article	**Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.**
105	A director may at any time summon a meeting of the Directors, and the Secretary, upon the request of the Chairman or any one Director, shall convene a meeting of the Directors. Notice of a meeting of Directors need not given to a Director who is not in Malaysia and who has given notice that his is leaving Malaysia temporarily or otherwise.	A director may at any time summon a meeting of the Directors, and the Secretary, upon the request of the Chairman or any one Director, shall convene a meeting of the Directors.
107A	[introduction of new Articles]	**(a) A person may participate in a meeting of the Board or any committee of the Board by conference telephone, video, or such other communication facilities which would permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.** **(b) Participation by a person in a meeting by conference telephone, video, or such other communication facilities shall be treated as present in person by that person at the said meeting and shall be counted towards the quorum notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held. For the avoidance of doubt, such a meeting shall be deemed to be held at the place where the Chairman of the Meeting is at the start of the meeting**.

Article No.	Existing Articles	Proposed Articles
107A	[introduction of new Articles]	**(c) Subject to the laws for the time being in force in this jurisdiction the contemporaneous linking together by an instantaneous telecommunication device of a number of directors no less than the quorum required by Article 106, whether or not any one or more of directors is out of Malaysia, is deemed to constitute a meeting of directors and all provisions of these Articles as to meeting of directors will apply to such meeting held by instantaneous telecommunication device so long as the following conditions are met:-** **(i) all the directors shall have received notice of a meeting by instantaneous telecommunication device for the purpose of such meeting. Notice of any such meeting will be given on the instantaneous telecommunication device or in any other manner permitted by these Articles;** **(ii) each of the director taking part in the meeting by the instantaneous telecommunication device must be able to hear each of the other director taking part at the commencement and for the duration of the meeting; and** **(iii) at the commencement of the meeting each director must acknowledge his presence for the purpose of the meeting to all other directors taking part.** **(d) A director may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the chairman of the meeting and a director will be conclusively resumed to have been present and to have formed part of the quorum at all times during the meeting by instantaneous telecommunication device.** **(e) Minutes of the proceedings at a Board of Directors' meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the meeting.** **(f) For the purpose of Article 107A, "instantaneous telecommunication device" means any telecommunication conferencing device with or without visual capacity.**

ANNEXURE B (CONTINUED)

Article No.	Existing Articles	Proposed Articles
110A	Introduction of New Article	**A resolution in writing signed or approved by letter, telegram, telex or telefax or other written electronics communications by all the Committee members and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described as "Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by the Secretary in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee Members**.
113	A resolution in writing signed or approved by letter or telegram by all the directors who may at the time be present in Malaysia, being not less than are sufficient to form a quorum, shall be as valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is present, then such resolution shall be signed by such alternate. All such resolutions shall be described as "Directors Resolutions" and may consist of several documents in the like form each signed by one or more of the Directors and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by him the Company's minute book following the receipt thereof by him.	A resolution in writing signed or approved by letter, **telegram, telex or telefax or other written electronics communications** by all the directors who may at the time be present in Malaysia **and who** are sufficient to form a quorum, shall be as valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is present, then such resolution shall be signed by such alternate. All such resolutions shall be described as "Directors Resolutions" and may consist of several documents in the like form each signed by one or more of the Directors and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by him the Company's minute book following the receipt thereof by him.

PROXY FORM

INDUSTRONICS BERHAD (23699-X)

*I/We____ (Please Use Block Letters)

NRIC No./Company No. ______________________CDS Account No______________________

of ____

being a *member/members of **INDUSTRONICS BERHAD** hereby appoint_____________________________

NRIC No. _______________of ____

or failing *him/her ____

NRIC No. _______________of ____

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the **Thirty Eighth (38th) Annual General Meeting** of the Company to be held at **Function Room 2, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** on **Wednesday, 26 June 2013** at **10:00 a.m.** or at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are us follows:-

First Proxy (1) ________%

Second Proxy (2) ________%

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2012.		
2.	To re-elect the Director, Ms. Wong Yuk Ching Anna who retires pursuant to Article 102 of the Company's Articles of Association.		
3.	To re-elect the Director, Mr. Yip Wai Man Raymond who retires pursuant to Article 102 of the Company's Articles of Association.		
4.	To re-elect the Director, Mr. Liau Lian Fatt who retires pursuant to Article 102 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr. Christian Kwok-Leun Yau Heilesen who retires pursuant to Article 102 of the Company's Articles of Association.		
6.	To re-elect the Director, Encik Youhardy Bin Yahaya who retires pursuant to Article 102 of the Company's Articles of Association.		
7.	To appoint Messrs. UHY as the Auditors and to authorise the Directors to fix their remuneration.		
8.	As Special Business Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Amendments to the Articles of Association of the Company.		

* Strike out whichever not applicable.

Please indicate with an ***"X"*** in the appropriate spaces how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.

No. of shares held

____

Signature/Seal of Shareholder(s)

Signed this ____________ day of _________________ 2013

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*
2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting. Where a member appoints two or more proxies the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9 Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

Fold this flap for sealing

Affix
Stamp

Company Secretaries

INDUSTRONICS BERHAD (23699-X)

No. 9, Jalan Taming 3, Taman Tanming Jaya

43300 Seri Kembangan

Selangor Darul Ehsan

Malayisa

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1st fold here

industronics

INDUSTRONICS BERHAD (company No.23699-X)

No.9, Jalan Taming 3, Taman Tanming Jaya
Off Jalan Balakong, 43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel: 603-8961 3024 Fax: 603-8961 6409
www.industronics.com.my