2013
ANNUAL REPORT

industronics

INDUSTRONICS BERHAD
(company No.23699-X)

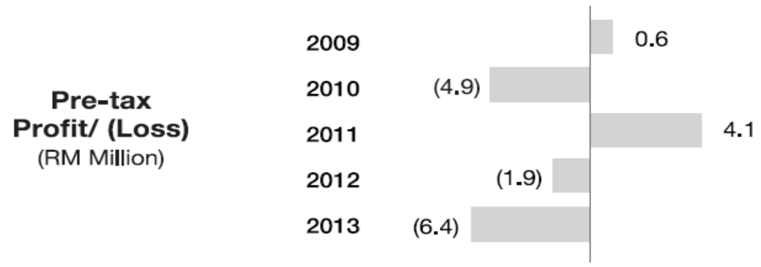
Contents

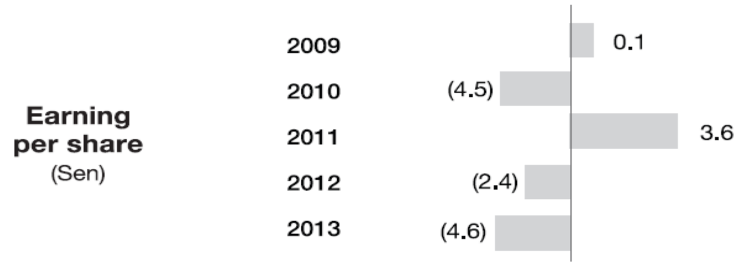
		Page
Corporate Review		
	Financial Highlights	**1**
	Corporate Information	**2 - 3**
	Corporate Structure	**4**
	Chairman's Statement	**5 - 6**
	Operation Highlights	**5 - 6**
	Statement on Corporate Governance	**7 - 15**
	Statement of Directors' Responsibility in relation to the Audited Financial Statements	**14**
	Audit Committee Report	**16 - 18**
	Statement on Risk Management and Internal Control	**19 - 21**
	Directors' Profile	**22 - 25**
Financial Statements		
	Directors' Report	**27 - 30**
	Statement by Directors	**31**
	Statutory Declaration	**31**
	Independent Auditors' Report	**32 - 33**
	Statements of Comprehensive Income	**34**
	Statements of Financial Position	**35**
	Statement of Changes in Equity – Group	**36**
	Statement of Changes in Equity – Company	**37**
	Statements of Cash Flows	**38 - 39**
	Notes to the Financial Statements	**40 - 100**
	Supplementary information	**101**
Other information		
	Additional Compliance information	**102**
	List of Properties	**103 - 104**
	Analysis of Shareholdings	**105 - 106**
	Notice of Annual General Meeting	**107 - 110**
	Proxy Form	

Financial Highlights

RM Million	2009	2010	2011	2012	2013
Revenue	56.1	53.3	59.4	50.7	42.8
Profit / (Loss) Before Taxation	0.6	(4.9)	4.1	(1.9)	(6.4)
Profit / (Loss) Attributale to Shareholders	0.1	(4.2)	3.4	(2.2)	(4.3)
Net Assets	51.5	48.4	51.8	49.6	62.0

SEN	2009	2010	2011	2012	2013
Earnings Per Share	0.1	(4.5)	3.6	(2.4)	(4.6)
Net Assets Per Share	54.8	51.4	55.0	52.7	61.5
Gross Dividend Per Share	0	0	0	0	0





CORPORATE INFORMATION

BOARD OF DIRECTORS
Liu Wing Yee Amy *(Executive Director)*
Wong Yuk Ching Anna (*Independent Non-Executive Director*)
Liau Lian Fatt *(Independent Non-Executive Director)*
Tsui Kwok Ho *(Independent Non-Executive Director)*
Leung Kwok Kuen Jacob *(Independent Non-Executive Director)*
Tang Wai Man Raymond *(Independent Non-Executive Director)*

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

NOMINATION COMMITTEE
Liau Lian Fatt *(Chairman)*
Wong Yuk Ching Anna
Tsui Kwok Ho
Leung Kwok Kuen Jacob

REMUNERATION COMMITTEE
Wong Yuk Ching Anna (*Chairman*)
Liau Lian Fatt
Tsui Kwok Ho
Liu Wing Yee Amy

COMPANY SECRETARIES
Tan Tong Lang (MAICSA No. 7045482)
Chong Voon Wah (MAICSA No. 7055003)

AUDITORS
UHY (AF 1411)
Chartered Accountants
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2279 3088
Fax: (603) 2279 3099

CORPORATE INFORMATION (Continued)

REGISTERED OFFICE
Suite 10.03, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2279 3080
Fax: (603) 2279 3090

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Block D13
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.

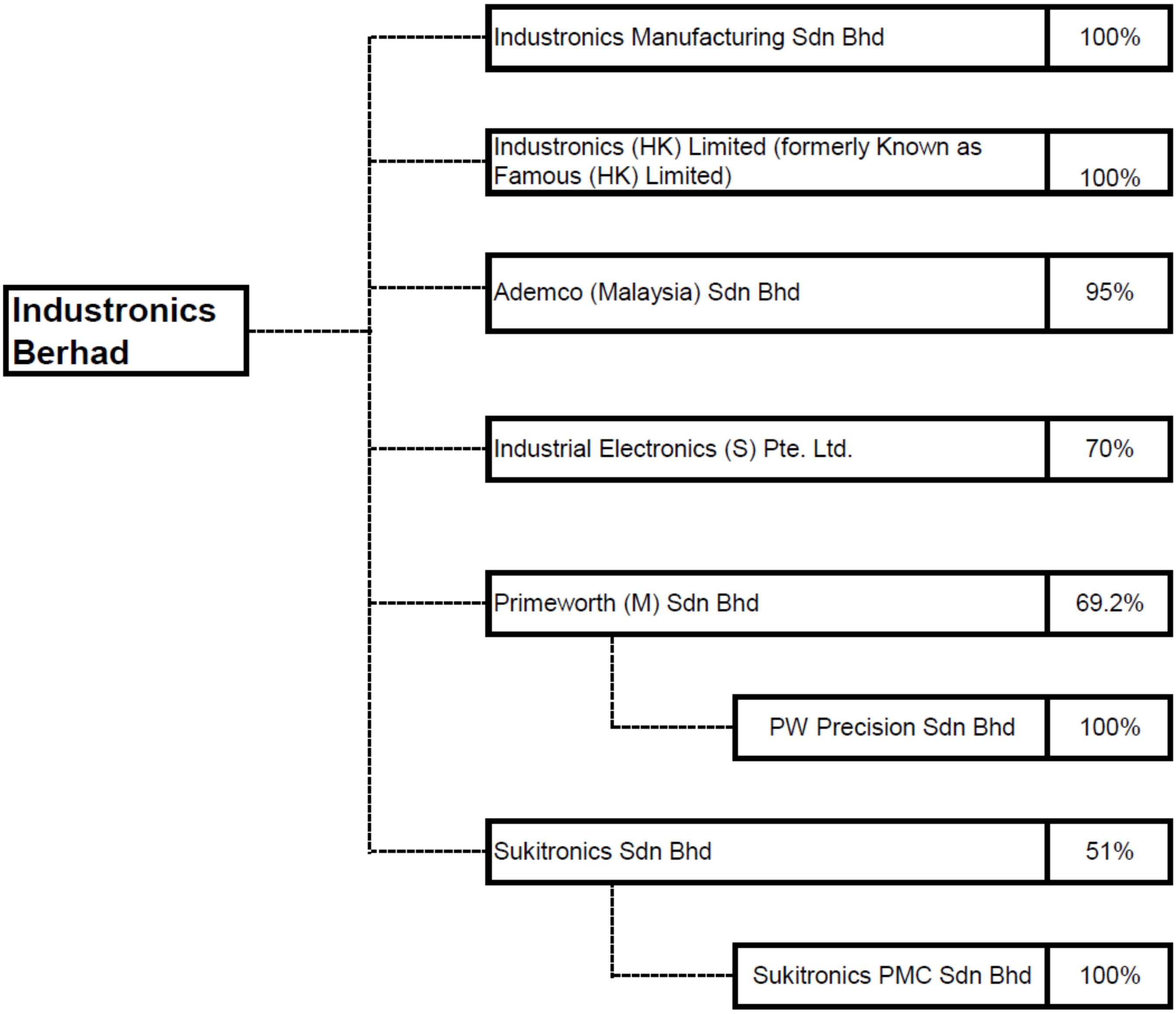
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

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 -

Ms Amy Liu
Investor Relations
Industronics Berhad
Tel: (603) 8961 3024
Fax: (603) 8961 6409
email: IR@industronics.com.my

INDUSTRONICS BERHAD

CORPORATE STRUCTURE AS AT 2 MAY 2014



Note: Excluding dormant subsidiaries

EXECUTIVE DIRECTOR'S STATEMENT

On behalf of the Board of Directors ("Board") of Industronics Berhad ("IB" or "the Company"), I am pleased to present the Annual Report of IB for the financial year ended 31 December 2013.

Financial Performance

The past two years have been a challenging period for our Group with escalating material costs and project delays.

The Company reported a lower revenue of RM42.8 million as compared to RM50.6 million in the previous year. The Group recorded a loss after tax of RM5.46 million compared to a loss of RM1.37 million in the preceding year.

In order to strengthen our financial position and with an aim of focusing on our core businesses, our Group had undertaken efforts to streamline our group structure for better efficiency and relieving our Company from incurring further losses in our investment by disposing and dissolving non-performing subsidiaries and associated company.

The Cash and Bank Balances for the Group stood at RM27.5 million as at 31 December 2013. The Group's loss per shares was 4.6 sen as at 31 December 2013.

Operation Review

2013 saw strong progress in the Flight Information Display System (FIDS) and Airport / Passenger Terminal business sectors as IB deployed its solutions into the new klia2 airport in Malaysia and Gateway@klia2 which is the transport hub and shopping venue beside the airport. The Company also enhanced its core FIMS (Flight Information Management System) as part of another notable contract for Malaysia Airports Sepang.

On the Sports sector, IB enjoyed continued robust demand internationally for its Electronic Large Screen LED Video Scoreboards specifically from the United States.

IB through its AV, ITS & Communication Division (AIC) is also a well-known supplier of Intelligent Transport Systems (ITS) for roads and highways. The Company is a major solutions provider for a number of highway projects both locally and abroad.

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

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 year 2013, Sukitronics continued its involvement in Bank Rakyat new headquarter.

Ademco (Malaysia) Sdn Bhd, a part of the IB Group of Companies, serves the business sectors related to Security, Fire & Safety aspects for Residential, Commercial and Private and Public Complexes, High Rise Buildings and Industries. 2013 saw modest success in many projects and installations.

Primeworth Sdn Bhd, being Industronics' key arm for the design and manufacture of chassis, racks and various sheet metal products faced an increasingly competitive market with equal measure.

Singapore operations, through Industrial Electronics (S) Pte Ltd, saw continued demand for its LED Traffic Lights and IPCs (Integrated Pedestrian Crossing) products with over 3,000 orders covering new areas in Tuas, Seng Kang, Pungol, Choa Chu Kang and Bukit Timah. Apart from this, the company has also be involved in the supply of customized LED Display Screens in Singapore and Dubai as well as the maintenance of some of its existing installations.

IB, through it's subsidiary Industronics (HK) Ltd (formerly known as Famous (HK) Limited), has begun the development of applications. It is currently at the early stages of product development and are now evaluating and optimizing the applications for mass distribution.

Dividend

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 December 2013.

Prospects

The prospects for the global economy for 2014 are clouded by uncertainty over the strength of China's economic growth and the possible tapering of the quantitative easing programme in the United States of America have given rise to greater global economic and financial uncertainty. We will continue to work on identifying good investment opportunities and committed towards generating better and sustainable returns for our stakeholders.

Acknowledgements

On behalf of the Board of Directors, I wish to extend our appreciation to all stakeholders, business partners, management personnel and employees for their support and contributions over the past year.

I look forward to your continued support in the coming year as we work hard to take IB up to the next level of success.

Thank you.

Liu Wing Yee Amy
Executive Director

THE CODE

The Board of Industronics Berhad ("Industronics" or "Company") continues to uphold our commitment and responsibilities in 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 is pleased to set out below the insight of application of the principles and compliance with the recommendations as laid down in the Malaysian Code on Corporate Governance ("the Code") by the Group throughout the financial year ended 31 December 2013 up to the date of this Annual Report.

BOARD OF DIRECTORS

Composition and Size of Board

The Board at the date of this statement consists of six (6) members comprising five (5) independent non-executive directors and an executive director. The Board composition complied with the Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby at least one third (1/3) 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 the areas of technology, finance, accounting and law.

The Board did not appoint a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

The Board carries out assessment on the performance and effectiveness of the Board as a whole and the Board Committees on annual basis with the assistance of the Nomination Committee.

The Board does not have any gender diversity policy. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender basis.

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.

Board Balance and Board Effectiveness (Continued)

The Chairman is responsible for ensuring the Board's effectiveness and conduct whilst the Executive Director has overall responsibility over the operating units, organizational effectiveness and implementation of the Board's policies and decisions. The position of Chairman of the Company is currently vacant and at each Board's meeting or shareholders' meeting, its role is assumed by one of the Board members on the appointment by members at the meetings concerned. The Board is of the view that the balance of power is still in place as it has been the practice of the Chairman of the relevant meetings to encourage participation by all concerned.

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 Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is available at the Company's website.

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.

During the financial year ended 31 December 2013, eight (8) Board Meetings were held and details of the attendance record of each Director is set out below:-

Name of Directors	Attendance	% of Attendance
Dato' Haji Wan Abdullah B.W. Salleh *(Resigned on 04.03.2013)*	2/2	100%
Dr. Junid bin Abu Saham *(Resigned on 28.03.2013)*	2/2	100%
Gan Boon Chuan *(Resigned on 06.03.2013)*	2/2	100%
Nelson Goh Thuan Peck *(Resigned on 28.11.2013)*	4/5	80%

Board Meetings (Continued)

Name of Directors	Attendance	% of Attendance
Wong Yuk Ching Anna *(Appointed on 02.01.2013)*	7/8	87.5%
Yip Wai Man Raymond *(Appointed on 15.01.2013; resigned on 15/2/2014)*	6/7	87.5%
Liau Lian Fatt *(Appointed on 26.03.2013)*	5/5	100%
Christian Kwok-Leun Yau Heilesen *(Appointed on 22.04.2013 and resigned on 13.06.2013)*	1/2	50%
Tsui Kwok Ho *(Appointed on 02.12.2013)*	n/a	n/a
Hui Ming Shun *(Appointed on 02.12.2013 and resigned on 23.04.2014)*	n/a	n/a
Leung Kwok Kuen Jacob *(Appointed on 19.12.2013)*	n/a	n/a
Tang Wai Man Raymond *(Appointed on 19.12.2013)*	n/a	n/a
Liu Wing Yee Amy *(Appointed on 19.12.2013)*	n/a	n/a

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

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

Supply of Information (Continued)

In addition, all Directors have full access to the advice and the services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions. When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

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.

Appointment of Directors

The Nomination Committee established by the Board, is responsible for ensure that the Board has the appropriate balance and size, and the required mix of skills and experience and other core competencies and recommends the appointment of new Director to the Board.

The Nomination Committee would also assess and review the performance and effectiveness of the Board as a whole and the Committees of the Board on annual basis through a formal assessment evaluation. The contribution of each individual Director is reviewed and assessed through the Board's performance as a whole.

The performance evaluation and the result of assessment was tabled to the Nomination Committee for review and reporting to the Board.

From this annual performance assessment, the Board would also be able to review and assess the required mix of skills and experience and other qualities of the Board on an annual basis.

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.

Re-appointment and re-election of Directors (Continued)

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 seventy (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.

None of the current independent board members had served the company for more than nine (9) years as per the recommendations of the Code. Should the tenure of an independent director exceed nine (9) years, shareholders approval will be sought at a General Meeting or if the services of the director concerned are still required, the director concerned will be re-designated as a non-independent director.

In view thereof, the Board recommends that the retiring directors at the forthcoming 39th AGM be re-elected.

Director's Training and Education

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 recognize 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.

The Directors have attended trainings during the financial year ended 31 December 2013. Some of these training programmes, seminars and forums were as follows:

1. Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers;

2. Fundamental of reading Financial Statements for non-financial professional; and

3. Financial Statements Integrity & Directors' Legal Responsibility.

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 three (3) independent non-executive Directors one of whom fulfilled the requirement of an Audit Committee member in accordance with Paragraph 15.09(1) of the Listing Requirements of Bursa Securities.

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 page 16 to 18 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) Liau Lian Fatt (Chairman) – Independent Non-Executive Director
(2) Wong Yuk Ching Anna – Independent Non-Executive Director
(3) Tsui Kwok Ho – Independent Non-Executive Director
(4) Leung Kwok Kuen Jacob – Independent Non-Executive Director

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 three (3) times during the financial year under review.

(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) Liau Lian Fatt – Independent Non-Executive Director
(3) Liu Wing Yee Amy – Executive Director
(4) Leung Kwok Kuen Jacob – Independent 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.

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

	Executive	Non-Executive
	RM	RM
Fee	-	69,000
Salaries, Employee Provident Funds & Allowances	98,560	25,500
Termination Benefit	-	-
Benefits-in-kind	-	-
Total	98,560	94,500

	No. of Directors	
	Executive	Non-Executive
RM 50,000 & below	2	9
RM 50,001 – RM150,000	1	-

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

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfy the accountability and transparency aspects of the Code.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Company are provided in accordance with the provisions of the Companies Act, 1965 and applicable Malaysian Financial Reporting Standards so as to give a true and fair view of the state of affairs and the results of the Company and of the Group and 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.

In preparing the financial statements, the Directors have considered the presentation of the financial statements and ensure that appropriate accounting policies have been adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness.

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 the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors also have the general 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.

Financial Reporting

The Board is responsible for ensuring accurate and timely announcements of quarterly financial results and annual financial statements are made and that they represent a fair assessment of the Group's position and prospects. The Group financial statements are presented on pages 27 to 101 of this Annual Report.

A statement by directors of their responsibility in preparing the financial statements is set out above.

External Audit

The Company's independent external auditors hold an essential role to the shareholders by enhancing the reliability of the financial statement of the Company and of the Group and provide assurance of that reliability to users of these financial statements. The external auditors may report any significant weaknesses and recommend improvements, in the Company's system of control and compliance, which may arise during the course of audit, to the attention of the management, and if necessary, to the Audit Committee and the Board.

The Audit Committee meets with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements without the presence of the Executive Director and management. In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

Risk Management and Internal Control

The Board is overall responsible for the maintenance of a sound system of risk management and internal control that supports effective and efficient operations and compliance with laws and regulations. The Statement on Risk Management and Internal Control is set out on pages 19 to 21 of this Annual Report.

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 recognizes 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.

Compliance with the Code

The Board has taken steps to ensure the Group has implemented as far as possible the recommendations as set out in the Code.

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 there is no formal policy on CSR, our commitment to CSR has become an integral part of our business.

Environment
The Group is supportive of green environment and to ensure wastage is kept to the minimum, our Company 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.

Community
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.

Workplace and employees welfare
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.

Social events such as festival celebration and annual dinner are organized to enhance the relationship between employees and the management and as a token of appreciation for the employees' continuous support and contribution.

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 2013.

MEMBERSHIP

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

Tang Wai Man Raymond
Chairman, Independent Non-Executive Director

Wong Yuk Ching Anna
Independent Non-Executive Director

Liau Lian Fatt
Independent Non-Executive Director

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2013, the Committee held a total four (4) meetings. The details of attendance of the Committee members are as follows:-

NO	NAME	ATTENDANCE OF MEETING				
		1/2013 26/02/2013	2/2013 22/04/2013	3/2013 22/05/2013	4/2013 04/11/2013	TOTAL MEETING ATTENDED
1	Dato' Haji Wan Dollah @ Wan Abdullah B. W. Salleh *(Resigned on 04.03.2013)*	/	**na**	**na**	**na**	1/1
2	Dr. Junid Bin Abu Saham *(Resigned on 28.03.2013)*	/	**na**	**na**	**na**	1/1
3	Edwin Gan Boon Chuan *(Resigned on 06.03.2013)*	**X**	**na**	**na**	**na**	0/1
4	Nelson Goh Thuan Peck *(Resigned on 28.11.2013)*	**X**	/	**na**	**na**	1/2
5	Wong Yuk Ching Anna	**na**	/	/	/	3/3
6	Yip Wai Man Raymond *(Appointed on 15.01.2013; resigned on 15/2/2014)*	/	/	**X**	**na**	2/3
7	Liau Lian Fatt	**na**	**X**	/	/	2/3
8	Tang Wai Man Raymond *(Appointed on 19.12.2013)*	**na**	**na**	**na**	**na**	**na**

The Chief Executive Officer, Financial Controller and Internal Audit Officers attended these meetings upon invitation by the Audit Committee. The Group's external auditors were invited to attend some 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 three (3) members.
b. a majority of the members must be independent directors.
c. at least one (1) member of the audit Committee must be a member of the Malaysian Institute of Accountants (MIA); or any other equivalent qualification recognised by MIA.

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 professional firm 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 professional firm 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 LLTC Consulting (KL) Sdn Bhd ("LLTC"), 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, LLTC has developed an annual Internal Audit Plan using a risk-based approach, which was presented to and approved by the Audit Committee. LLTC 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 are conducted to assess the status of implementation of corrective actions and recommendations. The annual cost incurred for the internal audit function is RM40,000.

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 continuing process.

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 who are majority 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 internal auditors 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 Executive Director and Financial Controller of the Company 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 2013 and reported to the Board that nothing 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

MS. LIU WING YEE AMY
Executive Director

Ms. Liu Wing Yee Amy, a Canadian nationality, aged 27, was appointed to the Board on 2 December 2013 and later on 14 February 2014 was appointed as the Executive Director of Industronics Berhad ("Industronics"). She is currently pursuing her Degree in Bachelor of Arts and Business Management from Kwantien Polytechnic University.

Prior to joining Industronics, she was with TD Canada Trust Bank and was the manager of operations at Elite Team Asia Ltd.

She is a member of the Remuneration Committee.

Ms. Liu does not hold any directorships in any other public companies. She 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.

MS. WONG YUK CHING ANNA
Independent Non-Executive Director

Ms. Wong Yuk Ching Anna, a citizen of British National (Overseas), aged 45, is an Independent Non-Executive Director of Industronics. She was appointed to the Board on 2 January 2013. Ms. Wong 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 Remuneration Committee and a member of Audit and Nomination Committees.

Ms. Wong does not hold any directorships in any other public companies. She 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. LIAU LIAN FATT
Independent Non-Executive Director

Mr. Liau Lian Fatt, Malaysian, aged 44, was appointed as the Independent Non-Executive Director of Industronics on 26 March 2013.

Mr. Liau graduated from the University of Wales (Cardiff) United Kingdom with Second Upper Honours degree 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 the year 1995 and started his legal career as Legal Assistant until the year 1997 and subsequently as Managing Partner until the year 2005 and thereafter as Senior lawyer until the 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.

MR. TSUI KWOK HO
Independent Non-Executive Director

Mr. Tsui Kwok Ho, a citizen of People's Republic of China, aged 39, is an Independent Non-Executive Director of Industronics. He was appointed to the Board on 2 December 2013. He graduated from the University of Victoria, British Columbia, Canada with a Bachelor Degree of Commerce in Business Administration as well as Specialized in International Business.

With excellent interpersonal skills and strong commercial acumen, Mr. Tsui began his four years directorship in Regus Business Centre, the world's largest business centre network. He was then appointed as the Exhibition Director in United Business Media (UBM). Presently, he is the General Manager in ITE Asia Exhibitions Limited.

He is a member of the Nomination and Remuneration Committees.

Mr. Tsui 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 business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

MR. TANG WAI MAN RAYMOND

Independent Non-Executive Director

Mr. Tang Wai Man Raymond, a citizen of People's Republic of China, aged 64, is an Independent Non-Executive Director of Industronics. He was appointed to the Board on 19 December 2013. He obtained a Diploma in Legal Studies from Hong Kong University in year 1995 and a degree from University of Bolton (Formerly known as Bolton Institute of Higher Education, United Kingdom) in Bachelor of Arts (Business Administration) in year 1998. He also holds various professional qualifications. He is a fellow member of CPA Australia, National Institute of Accountants, Australia, Association of International Accountants, United Kingdom and The Taxation Institute of Hong Kong and is a Certified Tax Adviser in Hong Kong.

Mr. Tang has extensive experience in financial consultancy, taxation, auditing, business and project management, fund raising, corporate services and China trade. He is a financial & business consultant and tax adviser practicing in Hong Kong.

Mr. Tang is the Managing Director of Asia Pacific Financial Consultants Ltd and Professional Consultant of James T.W. Kong & Co, Certified Public Accountants, Hong Kong. He is also a Council Member of The Taxation Institute of Hong Kong and Chairman of the Great China Liaison Committee of The Taxation Institute of Hong Kong.

He is the Chairman of the Audit Committee.

Mr. Tang 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 business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the law.

MR. LEUNG KWOK KUEN JACOB
Independent Non-Executive Director

Mr. Leung Kwok Kuen Jacob, a Chinese nationality, aged 49, is an Independent Non-Executive Director of Industronics. He was appointed to the Board on 19 December 2013. He completed the five-year secondary education in Hong Kong on 1982 and passed with the Hong Kong Certificate of Education Examination (HKCEE).

He has extensive experience in securities, financial and corporate management. He is the founder of Eternal Pearl Securities Limited. Since 2003, he has been the Executive Director of Eternal Pearl Securities Limited and responsible for the overall strategic development. He is also the Director of Eternal Pearl Investment Limited and Success Richly Finance Limited.

He is a member of the Remuneration and Nomination Committees.

Mr. Leung does not hold any directorship in any public companies. He 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.

FINANCIAL STATEMENTS

PAGE	CONTENTS
27 - 30	Directors' Report
31	Statement of directors
31	Statutory declaration
32 - 33	Independent auditors' report
34	Statements of comprehensive income
35	Statements of financial position
36 - 37	Statement of changes in equity
38 - 39	Statement of cash flows
40 - 100	Notes to the financial statements
101	Supplementary information

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 2013.

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 37 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	(5,463,645)	1,139,925
Attributable to:		
Owners of the parent	(4,343,609)	1,139,925
Non-controlling interests	(1,120,036)	-
	(5,463,645)	1,139,925

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 recommended, declared or paid 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 2013.

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:

Wong Yuk Ching Anna	
Liau Lian Fatt	
Tsui Kwok Ho	(Appointed on 2 December 2013)
Leung Kwok Kuen Jacob	(Appointed on 19 December 2013)
Tang Wai Man Raymond	(Appointed on 19 December 2013)
Liu Wing Yee Amy	(Appointed on 19 December 2013)
Nelson Goh Thuan Peck	(Resigned on 22 May 2013)
Yip Wai Man Raymond	(Resigned on 18 February 2014)
Christian Kwok-Leun Yau Heilesen	(Resigned on 13 June 2013)
Hui Ming Shun	(Appointed on 2 December 2013 and resigned on 23 April 2014)
Youhardy Bin Yahaya	(Appointed on 29 May 2013 and resigned on 15 July 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 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 33(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			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
The Company				
Direct interest:				
Yip Wai Man Raymond	1,202,000	2,556,500	3,758,500	-

	Number of options over ordinary shares of RM0.50 each ("SIS")			
	1.1.2013	**Granted**	**Exercised**	**31.12.2013**
The Company				
Direct interest:				
Yip Wai Man Raymond	-	941,000	117,100	823,900

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.

On 11 November 2013, the Company disposed off 1,131,000 treasury shares at RM0.62 per share. The gain arising from the disposal amounted to RM152,851.

There was no treasury shares held as at 31 December 2013 after the disposal.

Industronics Berhad Share Issuance Scheme

The Company Share Issuance Scheme (SIS) was approved by the shareholders at the Extraordinary General Meeting held on 26 June 2013 and become effective on 12 November 2013. The scheme shall be in force for a period of three years from 12 November 2013.

The salient features and other terms of the SIS, details of share options exercised during the financial year, and outstanding at the end of the financial year are disclosed in Note 25 to the financial statements.

Industronics Berhad Share Issuance Scheme (Continued)

The list of names of employees accepting the offer under the SIS are as follows:

			<--------- Number of share options ---------->		
Name	Grant date	Exercise price	Granted	Exercised	31.12.13
Champley Reill Edward	12.11.2013	0.565	1,100,000	713,900	386,100
Fung Chan Man Alex	12.11.2013	0.565	418,000	227,500	190,500
Gabriel Dominic Nathan	12.11.2013	0.565	1,100,000	572,600	527,400
Heilesen Henrick Kwok Hang Yau	12.11.2013	0.565	2,000,000	1,998,900	1,100
Hung Ka Chun	12.11.2013	0.565	941,000	-	941,000
Siu Hiu Ki	12.11.2013	0.565	2,000,000	1,040,600	959,400
Yau Chi Shing	12.11.2013	0.565	1,500,000	739,300	760,700
Yip Wai Man Raymond	12.11.2013	0.565	941,000	117,100	823,900
Christian Kwok-Leun Yau Heilesen	30.12.2013	0.572	4,119,800	-	4,119,800

Detailed of the option granted to Directors are disclosed in the section of Directors' interests in this report.

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.

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

(i) which would render 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; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) 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; or

(iv) 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.

(c) 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.

(d) 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

Other statutory information (Continued)

(d) In the opinion of the directors: (Continued)

(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.

Significant events

Details of significant events are disclosed in Note 38 to the financial statements.

Subsequent event

Details of subsequent events are disclosed in Note 39 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2014.

Liu Wing Yee Amy

Leung Kwok Kuen Jacob

Statement by directors

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

We, the undersigned, 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 34 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013 and of their financial performance and cash flows for the year then ended

The supplementary information set out on page 101 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 28 April 2014.

Liu Wing Yee Amy

Leung Kwok Kuen Jacob

Statutory declaration

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

I, Lee Kim Vun, 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 34 to 100 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.

Lee Kim Vun

Subscribed and solemnly declared by the abovenamed Lee Kim Vun at Kuala Lumpur in the Federal Territory on 28 April 2014.

Before me,

No. W521
MOHAN A.S. MANIAM

Commissioner for Oaths

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 2013 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 34 to 100.

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 2013 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 37 to the financial statements.

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

Other reporting responsibilities

The supplementary information set out on page 101 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

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were audited by another auditor who expressed an unqualified opinion on those statements on 23 April 2013.

UHY
Firm Number: AF 1411
Chartered Accountants

Loh Chye Teik
Approval Number: 1652/08/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2014

Statements of comprehensive income

For the financial year ended 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	4	42,801,145	50,677,901	27,357,702	24,761,601
Cost of sales	5	(35,004,646)	(33,348,852)	(22,078,390)	(16,608,641)
Gross profit		7,796,499	17,329,049	5,279,312	8,152,960
Other income	6	10,468,598	1,140,385	7,621,620	3,133,330
Administrative expenses		(17,220,720)	(13,594,512)	(7,045,119)	(7,058,517)
Selling and marketing expenses		(3,803,349)	(5,235,510)	(2,861,156)	(3,445,057)
Other expenses		(3,436,201)	(1,368,261)	(1,758,543)	(1,915,153)
Operating (loss)/profit		(6,195,173)	(1,728,849)	1,236,114	(1,132,437)
Finance costs	7	(212,507)	(151,969)	(110,452)	(80,848)
(Loss)/profit before tax	8	(6,407,680)	(1,880,818)	1,125,662	(1,213,285)
Income tax credit/ (expense)	11	944,035	504,475	14,263	(485,588)
(Loss)/profit net of tax		(5,463,645)	(1,376,343)	1,139,925	(1,698,873)
Other comprehensive income					
Revaluation of land and buildings		11,919,576	-	7,095,950	-
Foreign currency translation		(54,567)	74,734	-	-
Fair values gain on financial assets		2,938,533	-	2,938,533	-
Income tax relating to components of comprehensive income		(1,069,895)	-	(671,988)	-
		13,733,647	74,734	9,362,495	-
Total comprehensive income for the year		8,270,002	(1,301,609)	10,502,420	(1,698,873)
(Loss)/profit attributable to:					
Owners of the parent		(4,343,609)	(2,242,663)		
Non-controlling interests		(1,120,036)	866,320		
		(5,463,645)	(1,376,343)		
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		7,535,193	(2,192,072)		
Non-controlling interests		734,809	890,463		
		8,270,002	(1,301,609)		
Loss per share attributable to owners of the parent (sen per share)					
Basic	12(a)	(4.56)	(2.38)		
Diluted	12(b)	(4.60)	(2.38)		

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

Statements of financial position

As at 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	25,352,792	15,356,176	15,114,534	9,443,163
Investment in subsidiaries	14	-	-	3,922,115	3,922,119
Investment properties	15	501,490	791,116	201,489	206,184
Intangible assets	16	1,495,307	-	-	-
Other investments	17	6,931,246	117,001	6,931,246	117,001
Deferred Tax Assets	18	848,117	-	-	-
		35,128,952	16,264,293	26,169,384	13,688,467
Current assets					
Inventories	19	3,403,237	7,216,035	2,269,540	4,887,742
Trade and other receivables	20	11,200,680	15,845,208	6,777,956	7,391,406
Amount due from customers on contract	21	8,230,053	10,481,445	4,154,052	3,147,402
Amount due from subsidiaries	22	-	-	6,737,793	1,186,021
Tax recoverable		332,419	328,110	145,878	148,614
Cash and bank balances	23	27,544,478	29,753,564	22,698,970	26,481,869
		50,710,867	63,624,362	42,784,189	43,243,054
Total assets		85,839,819	79,888,655	68,953,573	56,931,521
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	24	50,336,450	47,631,500	50,336,450	47,631,500
Treasury shares	24	-	(545,154)	-	(545,154)
Reserves	26	11,618,672	2,508,380	7,037,291	(5,040,227)
		61,955,122	49,594,726	57,373,741	42,046,119
Non-controlling interests		5,499,983	4,765,174	-	-
Total equity		67,455,105	54,359,900	57,373,741	42,046,119
Non-current liabilities					
Borrowings	27	303,726	114,641	34,964	114,641
Deferred tax liabilities	18	1,914,289	943,754	1,064,488	406,763
		2,218,015	1,058,395	1,099,452	521,404
Current liabilities					
Trade and other payables	29	12,809,487	20,594,027	7,495,185	8,087,871
Amount due to customers on contract	21	895,831	187,707	895,626	125,601
Provisions for maintenance warranties		114,175	139,928	78,087	103,840
Borrowings	27	2,313,046	3,487,953	185,961	1,389,034
Amount due to subsidiaries	22	-	-	1,825,521	4,657,652
Income tax payable		34,160	60,745	-	-
		16,166,699	24,470,360	10,480,380	14,363,998
Total liabilities		18,384,714	25,528,755	11,579,832	14,885,402
Total equity and liabilities		85,839,819	79,888,655	68,953,573	56,931,521

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 2013

Group	Share capital RM (Note 24)	Treasury shares RM (Note 24)	Share premium RM (Note 26)	Share issuance scheme (SIS) reserve RM (Note 26)	Revaluation reserves RM (Note 26)	Foreign currency translation reserve RM (Note 26)	Fair value adjustment reserve RM (Note 26)	Distributable retained earnings/ (accumulated losses) RM (Note 26)	Total RM	Non-controlling interests RM	Total equity RM
	----------Attributable to owners of the parent----------										
	----------Non-distributable----------							Distributable			
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
Profit for the financial year	-	-	-	-	-	-	-	(2,242,663)	(2,242,663)	866,320	(1,376,343)
Other comprehensive income for the financial year	-	-	-	-	-	50,591	-	-	50,591	24,143	74,734
Total other comprehensive income for the financial 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
At 1 January 2013	47,631,500	(545,154)	732	-	2,889,122	40,925	-	(422,399)	49,594,726	4,765,174	54,359,900
Loss for the financial year	-	-	-	-	-	-	-	(4,343,609)	(4,343,609)	(1,120,036)	(5,463,645)
Other comprehensive income:											
- Revaluation of land and building	-	-	-	-	9,045,507	-	-	-	9,045,507	1,804,175	10,849,682
- Available-for-sales financial assets											
- Current year gain	-	-	-	-	-	-	2,938,533	-	2,938,533	-	2,938,533
- Foreign exchange translation	-	-	-	-	-	(105,237)	-	-	(105,237)	50,670	(54,567)
Total comprehensive income financial year	-	-	-	-	9,045,507	(105,237)	2,938,533	(4,343,609)	7,535,194	734,809	8,270,003
Transactions with owners											
Share based payments under SIS	-	-	-	1,070,604	-	-	-	-	1,070,604	-	1,070,604
Exercise of SIS options	2,704,950	-	793,091	(441,448)	-	-	-	-	3,056,593	-	3,056,593
Total transactions with owners	2,704,950	-	793,091	629,156	-	-	-	-	4,127,197	-	4,127,197
Disposal of treasury shares	-	545,154	152,851	-	-	-	-	-	698,005	-	698,005
Arising from disposal of properties	-	-	-	-	(714,586)	-	-	714,586	-	-	-
At 31 December 2013	50,336,450	-	946,674	629,156	11,220,043	(64,312)	2,938,533	(4,051,422)	61,955,122	5,499,983	67,455,105

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 2013

	Non-distributable							
	Share capital RM (Note 24)	Treasury shares RM (Note 24)	Share premium RM (Note 26)	Share issuance scheme (SIS) reserve RM (Note 26)	Revaluation reserves RM (Note 26)	Fair value adjustment reserve RM (Note 26)	Accumulated losses RM (Note 26)	Total equity RM
Company								
At 1 January 2012	47,631,500	(545,154)	732	-	2,219,069	-	(5,561,155)	43,744,992
Total comprehensive income for the financial 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
At 1 January 2013	47,631,500	(545,154)	732	-	2,219,069	-	(7,260,028)	42,046,119
Profit for the financial year	-	-	-	-	-	-	1,139,925	1,139,925
Other comprehensive income								
Revaluation of land and building	-	-	-	-	6,423,962	-	-	6,423,962
Available-for-sales financial assets								
- Current year gain	-	-	-	-	-	2,938,533	-	2,938,533
Total other comprehensive income for the financial year	-	-	-	-	6,423,962	2,938,533	-	9,362,495
Total comprehensive income for the financial year	-	-	-	-	6,423,962	2,938,533	1,139,925	10,502,420
Transactions with owners								
Share based payments under SIS	-	-	-	1,070,604	-	-	-	1,070,604
Exercise of SIS options	2,704,950	-	793,091	(441,448)	-	-	-	3,056,593
Total transactions with owners	2,704,950	-	793,091	629,156	-	-	-	4,127,197
Disposal of treasury shares	-	545,154	152,851	-	-	-	-	698,005
Arising from disposal of properties	-	-	-	-	(102,341)	-	102,341	-
At 31 December 2013	50,336,450	-	946,674	629,156	8,540,690	2,938,533	(6,017,762)	57,373,741

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 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Operating activities				
(Loss)/profit before tax	(6,407,680)	(1,880,818)	1,125,662	(1,213,285)
Adjustments for:				
Interest income	(148,343)	(587,937)	(158,934)	(612,131)
Dividend income	-	-	-	(2,200,000)
Bad debts written off	38,291	1,740	-	-
Trade and other payables written off	-	(82,528)	-	-
(Reversal)/provision for maintenance warranties	(25,753)	37,013	(25,753)	37,013
Share based payment expense	1,070,604	-	1,070,604	-
Property, plant and equipment written off	39,286	596	-	1
Loss/(gain) on disposal of subsidiaries	2,772	25,768	(20,000)	-
Reversal of impairment on transferable membership in golf clubs	-	(6,000)	-	(6,000)
Interest expense	105,243	68,084	29,216	32,623
Depreciation of property, plant and equipment	882,846	733,664	396,340	381,047
Depreciation of investment properties	39,763	39,761	4,695	4,695
Amortisation of intangible assets	191,567	-	-	-
Impairment on investment properties	249,863	-	-	-
Gain on disposal of property, plant and equipment	(3,971,931)	(19,482)	(2,148,974)	-
Write-down of inventories	1,837,846	386,882	1,727,746	285,108
Allowance/(reversal) for doubtful debts				
- Third parties	253,320	432,700	-	103,215
- Written back - third parties	(1,078,906)	(234,622)	(110,000)	(95,000)
- Related companies	-	-	-	1,215,398
Gain on disposal of quoted investments	(3,898,544)	-	(3,898,544)	-
Gain on disposal of unquoted investments	(999,999)	-	(999,999)	-
Net unrealised (gain)/loss on foreign exchange	(84,925)	(11,524)	(127,000)	16,913
Operating (loss)/profit before working capital changes	(11,904,680)	(1,096,703)	(3,134,941)	(2,050,403)
Decrease/(increase) in inventories	1,974,952	249,437	890,456	(178,583)
Decrease/(increase) in trade and other receivables	5,431,823	(1,698,830)	723,450	(383,715)
Decrease/(increase) in amount due from customers	2,959,516	(3,677,072)	(236,625)	(2,817,689)
(Decrease)/increase in trade and other payables	(7,699,621)	2,284,197	(465,686)	384,729
Decrease in amount due from subsidiaries	-	-	(8,358,105)	618,512
Cash flows used in operations	(9,238,010)	(3,938,971)	(10,581,451)	(4,427,149)
Utilisation of provision for maintenance warranties	-	(18,140)	-	-
Interest paid	(105,243)	(68,084)	(29,216)	(32,623)
Income taxes refunded	81,583	245,270	12,736	62,597
Income taxes paid	(133,072)	(545,283)	(10,000)	(11,665)
Net cash flows (used in)/from operating activities	(9,394,742)	(4,325,208)	(10,607,931)	(4,408,840)

Statements of cash flows (Continued)
For the year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Investing activities				
Purchase of property, plant and equipment	(1,414,595)	(77,450)	(601,999)	(46,597)
Purchase of quoted investments	(10,489,323)	-	(10,489,323)	-
Purchase of intangible assets	(1,692,800)	-	-	-
Proceeds from disposal of property, plant and equipment	6,650,702	19,483	3,779,212	-
Proceeds from disposal of investments	11,512,154	-	11,512,154	-
Net cash (outflow)/inflow from disposal of subsidiaries	(3,637)	265,979	20,004	-
Interest received	148,343	587,937	133,136	586,320
Dividend received	-	-	-	1,650,000
Net cash flows from/(used in) investing activities	4,710,844	795,949	4,353,184	2,189,723
Financing activities				
Proceeds from issuance of ordinary shares pursuant to SIS	3,056,593	-	3,056,593	-
Proceeds from disposal of treasury shares	698,005	-	698,005	-
Net (repayment)/drawndown of bankers acceptances	(1,251,000)	1,958,000	(486,000)	275,000
Net drawndown/(repayment) of term loans	69,414	(44,420)	-	-
Net (repayment)/drawndown of hire purchase liabilities	(214,801)	(62,029)	(92,074)	5,003
Net cash flows from financing activities	2,358,211	1,851,551	3,176,524	280,003
Net decrease in cash and cash equivalents	(2,325,687)	(1,677,708)	(3,078,223)	(1,939,114)
Effects of foreign exchange rate changes	(25,114)	(1,639)	-	-
Cash and cash equivalents at beginning of year	28,734,380	30,413,727	25,670,909	27,610,023
Cash and cash equivalents at end of year	26,383,579	28,734,380	22,592,686	25,670,909
Cash and cash equivalents at end of year comprised:				
Cash and bank balances	27,544,478	29,753,564	22,698,970	26,481,869
Bank overdrafts - unsecured (Note 27)	(1,160,899)	(1,019,184)	(106,284)	(810,960)
	26,383,579	28,734,380	22,592,686	25,670,909

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

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 of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur 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 37. 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 Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standard and the Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost conversion, unless otherwise indicated in the summary of significant accounting policies.

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

2.2 Statement of Compliance

During the financial year, the Group and the Company have adopted the following applicable new MFRSs, Issues Committee ("IC") Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 3: Business Combinations
(IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10: Consolidated Financial Statements
MFRS 12: Disclosure of interests in Other Entities
MFRS 13: Fair Value Measurement
MFRS 119 (2012): Employee Benefits
(as amended by IASB in June 2011)
MFRS 127 (2012): Separate Financial Statements
(as as amended by IASB in May 2011)
MFRS 128 (2012): Investment in Associate and Joint Ventures
(as amended by IASB in May 2011)
MFRS 127: Consolidated and Separate Financial Statements
(IAS 27 as revised by IASB in December 2003)
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1: First-time Adoption of Malaysian
Financial Reporting Standards – Government Loans
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets
and Financial Liabilities
Amendments to MFRSs 10,11 and 12: Consolidated of Financial Statements, Join
Arrangement and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MRFS101: Presentation of Items of Other Comprehensive Income
Amendments to MFRSs contained in the document entitled "Annual
Improvements 2009 – 2011 Cycle"

<u>MFRS 10 Consolidated Financial Statements and MFRS 11 Joint Arrangements</u>

Under MFRS 10, an investor controls an investee when the investor has:
(i) The power by investor over an investee;

2. Summary of significant accounting policies (continued)

2.2 Statement of Compliance (Continued)

(ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and
(iii) Ability to affect those returns through its power over investee.

This new control model differs from how previously companies were assessed to be a subsidiary. Under MFRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Upon adoption of the two new MFRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under MFRS 10 than under MFRS 127, and noted no material differences were found.

As required under MFRS 10 and MFRS 11, the change in policy has been applied retrospectively.

<u>MFRS 12 Disclosure of Interests in Other Entities</u>

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.

<u>MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)</u>

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, joint controlled entities and associates in separate financial statements. This standard affects disclosures only and has no impact on the Group's financial position or performance.

<u>MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)</u>

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. This standard affects disclosures only and has no impact on the Group's financial position or performance.

<u>MFRS 13 Fair Value Measurement</u>

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. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

2. Summary of significant accounting policies (continued)

2.2 Statement of Compliance (Continued)

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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.

The Group and the Company have not applied the following MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

	Effective for annual periods beginning on or after
Amendment to MFRS 10: Investment Entity	1 January 2014
Amendment to MFRS 12: Investment Entities	1 January 2014
Amendment to MFRS 127: Investment Entities	1 January 2014
Amendment to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendment to MFRS 136: Recoverable Amount Disclosures for Non-Financial Asset	1 January 2014
Amendment to MFRS 139: Novation of Derivatives and Continuation of Hedging	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to MFRS 119: Defines Benefits Plans: Employee Contribution	1 July 2014
Amendments to MFRSs contained in the document entitle " Annual Improvements 2010 - 2012 Cycle"	1 July 2014
Amendments to MFRSs contained in the document entitle " Annual Improvements 2011 - 2013 Cycle"	1 July 2014
Amendment to MFRS 7: Mandatory Date of MFRS 9 and Transition Disclosures	To be announced
MFRS 9 (IFRS 9 (2009)): Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 (IFRS 9 (2010)): Financial Instruments (IFRS 9 issued by IASB in November 2010)	To be announced

The Group and the Company intends to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 (IFRS 9 (2009)) replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on classification and measurement of financial asset. MFRS 9 requires financial asset to be measured at fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

2. Summary of significant accounting policies (continued)

2.2 Statement of Compliance (continued)

MFRS 9 (IFRS 9 (2010)) includes the requirements for the classification and measurement of financial liabilities and for derecognition. Measurement for financial liability designated as at fair value through profit or loss, requires the amount of change in the fair value of the financial liability, that is attributable to the change of credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Under MFRS 139, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

(i) Subsidiary Companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Consolidation

The acquisition method of accounting is used to account for business combination. The consideration transferred for acquisition of a subsidiary company is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition related costs are expensed off in the profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is recognised directly in equity.

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(iii) Non-controlling interest

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary company are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

2.4 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 Group and 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.

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.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency (continued)

(b) Foreign currency transactions (continued)

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.

2.5 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 Company 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 and the Company recognise 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.

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:

Leasehold land	remaining lease period
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% - 50%

2. Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

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.

2.6 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 2.5 up to the date of change in use.

2.7 Impairment of non-financial assets

The Group and the Company assess 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 and the Company make 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.

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. **Summary of significant accounting policies (continued)**

2.8 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.

2.9 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which it was acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, including derivative or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

(iv) Available-for-sales financial assest

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

2. **Summary of significant accounting policies (continued)**

2.9 Financial assets (continued)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

(v) Regular way purchase or sale of financial assets

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 marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

(vi) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

2.10 Impairment of financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company and investment on associate company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

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 receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets 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 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 defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

2. Summary of significant accounting policies (continued)

2.10 Impairment of financial assets (continued)

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.

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline of fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investment that is carried at cost are not reversed in profit or loss in the subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.11 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 and the Company's cash management.

2.12 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.

2.13 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. Summary of significant accounting policies (continued)

2.14 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.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's and the Company's obligation.

2.15 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 statements 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

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

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 and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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 and the Company, 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.

Derecognition of financial liabilities

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)

2.16 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.

2.17 Employee benefits

(a) Defined contribution plans

The Group and the Company participate 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 ("EPF") 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. Once the contributions have been paid, the Group has no further payment obligations.

(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 and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(c) Share- based payments

<u>Equity-settled Share-based Payment Transaction</u>

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

(d) 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)

2.18 Leases

(a) As lessee

Finance leases, which transfer to the Group and to the Company 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 or the Company 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 and the Company retain 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 2.20.

2.19 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets which have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives. The useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses, are not amortised but tested for impairment annually. The assessment of indefinite useful lives is reviewed annually to determine whether the indefinite useful lives continue to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company 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.

2. Summary of significant accounting policies (continued)

2.20 Revenue (continued)

(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 2.12.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the Group's and the Company'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.

(g) Management fee

Management fee is recognised when services are rendered

2.21 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.

2. Summary of significant accounting policies (continued)

2.21 Income taxes (continued)

(b) Deferred tax (continued)

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.

(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.

2.22 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. Summary of significant accounting policies (continued)

2.23 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.

2.24 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.

2.25 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 and of the Company.

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

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements require 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.

3.1 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) Useful lives of property, plant and equipment

Management estimates the useful lives of the property, plant and equipment to be within 2 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2013 management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, which resulting the adjustment to the Group’s assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(c) 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 and the Company 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.

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(d) 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 are disclosed in Note 18.

(e) Contracts accounting

The Group and the Company recognise 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 and the Company evaluate based on past experience.

(f) Maintenance warranties

The Group and the Company give 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.

(g) Material litigations

The Group and the Company determine 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 statements of financial position date. On the basis of such evidence, the Group and the Company evaluate if a provision needs to be recognised in the financial statements.

(h) Allowance for bad and doubtful debts

The Group and the Company make allowance for doubtful debts based on objective evidence and the circumstances that affect the recoverability of receivables and counterparties.

(i) Amortisation of intangible assets

Management estimates the useful lives of the intangible assets to be within 5 years and reviews the useful lives of the assets at the end of each reporting period. At 31 December 2013, the management assesses that the useful lives represent the expected utilisation of the assets to the Company. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in the adjustment to the Company's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of intangible assets.

(j) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4. REVENUE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Construction contracts	26,792,554	28,314,011	18,516,060	13,423,136
Sale of goods	15,992,332	22,363,890	8,841,642	11,338,465
Rendering of services	16,259	-	-	-
	42,801,145	50,677,901	27,357,702	24,761,601

5. COST OF SALES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Construction contract costs	24,367,568	19,565,435	16,250,223	9,156,484
Cost of goods sold	10,538,148	13,783,417	5,828,167	7,452,157
Cost of services rendered	98,930	-	-	-
	35,004,646	33,348,852	22,078,390	16,608,641

6. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Written back of allowance for doubtful debts	1,078,906	234,622	110,000	95,000
Bad debts recovered	21,020	-	-	-
Trade and other payables written off	-	82,528	-	-
Gain on disposal of property, plant and equipment	3,971,931	19,482	2,148,974	-
Gain on foreign exchange				
- Realised	14,600	2,395	-	-
- Unrealised	144,974	30,343	127,000	-
Interest income				
- Fixed deposits and short term deposits	148,343	587,937	133,136	586,320
- Subsidiary	-	-	25,798	25,811
Rental income				
- Third parties	101,400	-	-	-
- Subsidiary	-	-	108,000	166,000
Dividend income				
- Subsidiary	-	-	-	2,200,000
Gain on disposal of quoted investments	3,898,544	-	3,898,544	-
Gain on disposal of unquoted investments	999,999	-	999,999	-
Reversal of impairment loss on transferable membership	-	6,000	-	6,000
Gain on disposal of a subsidiary	-	-	20,000	-

7. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest expense:				
- Bank overdrafts	85,756	42,144	18,534	18,941
- Term loans	6,296	8,977	-	-
- Hire purchase	13,191	16,963	10,682	13,682
	105,243	68,084	29,216	32,623
Other finance costs	107,264	83,885	81,236	48,225
	212,507	151,969	110,452	80,848

8. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Employee benefits expenses				
- Included in administrative expenses	14,443,091	12,839,912	8,303,608	7,989,290
- included in cost of sales	-	157,470	-	-
Non-executive directors' remuneration (Note 10)	94,500	122,500	94,500	119,500
Allowance for doubtful debts				
- Third parties	253,320	432,700	-	103,215
- Related companies	-	-	-	1,215,398
Auditors' remuneration				
- Statutory auditors	110,000	163,000	62,000	74,500
- Other auditors	93,614	75,102	62,000	60,000
- Overprovision in prior years	(14,250)	(9,500)	(11,500)	(5,000)
	189,364	228,602	112,500	129,500
Bad debts written off	38,291	1,740	-	-
Amortisation of intangible assets	191,567	-	-	-
Depreciation of property, plant and equipment				
- Included in cost of sales	51,005	72,438	-	-
- Included in administrative expenses	435,501	270,477	-	-
- Including in other operating expenses	396,340	390,749	396,340	381,047
	882,846	733,664	396,340	381,047
(Reversal)/provision for maintaince warranties				
- Included in the cost of sales	(25,753)	37,013	(25,753)	37,013

8. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Depreciation of investment properties	39,763	39,761	4,695	4,695
Loss on foreign exchange				
- Realised	-	97,925	-	94,645
- Unrealised	60,049	18,819	-	16,913
Rent of premises	228,777	418,399	204,400	160,200
Property, plant and equipment written off	39,286	596	-	1
Write-down of inventories				
- Included in cost of sales	1,837,846	363,416	1,727,746	285,108
- Included in other expenses	-	23,266	-	-
Loss on disposal of subsidiaries	2,772	25,768	-	-
Impairment loss on Investment properties	249,863	-	-	-

9. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Wages and salaries	11,807,955	11,337,930	6,189,611	6,962,791
Social security contributions	68,921	97,701	48,495	61,026
Contributions to defined contribution plan	1,079,381	1,290,312	646,636	823,324
Estimated benefits-in-kind (Note 10)	-	13,325	-	13,325
Share based payment expenses	1,070,604	-	1,070,604	-
Termination benefits	227,040	-	227,040	-
Other benefits	189,190	258,114	121,222	128,824
	14,443,091	12,997,382	8,303,608	7,989,290

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,337,092 (2012: RM1,047,408) and RM98,560 (2012: RM314,928) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors of the Group:				
Executive directors' remuneration:				
- Salaries and other emoluments	2,239,995	1,002,403	88,000	269,923
- Defined contribution plan	97,097	31,680	10,560	31,680
- Estimated money value of benefits-in-kind	-	13,325	-	13,325
Total remuneration including benefits-in-kind (Note 9)	2,337,092	1,047,408	98,560	314,928
Non-executive directors' remuneration (Note 8):				
- Fees	69,000	92,000	69,000	89,000
- Overprovision in prior year	(89,000)	-	(89,000)	-
- Other emoluments	25,500	30,500	25,500	30,500
	5,500	122,500	5,500	119,500
Total directors' remuneration (Note 33(c))	2,7431,592	1,169,908	193,060	434,428
Directors of the Company:				
Executive directors' remuneration				
- Salaries and other emoluments	88,000	269,923	88,000	269,923
- Defined contribution plan	10,560	31,680	10,560	31,680
- Estimated money value of benefits-in-kind	-	13,325	-	13,325
	98,560	314,928	98,560	314,928
Non-executive directors' remuneration (Note 8):				
- Fees	69,000	92,000	69,000	89,000
- Overprovision in prior year	(89,000)	-	(89,000)	-
- Other emoluments	25,500	30,500	25,500	30,500
	5,500	122,500	5,500	119,500
	193,060	437,428	193,060	434,428

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

	Number of directors	
	2013	2012
Executive director:		
RM50,001 and below	2	-
RM50,001 - RM150,000	1	-
RM200,001 - RM300,000	-	-
RM300,001 - RM350,000	-	1
Non-executive directors:		
RM50,001 and below	9	4

11. INCOME TAX (CREDIT)/EXPENSES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	61,500	219,455	-	550,000
Foreign tax	-	34,324	-	-
Over provision in prior years	(83,510)	(700,231)	-	(64,412)
Income tax (credit)/expense	(22,010)	(446,452)	-	485,588
Deferred income tax (Note 18): (Reversal)/origination of temporary differences				
differences	(922,025)	63,279	(14,263)	-
Overprovision in prior year	-	(121,302)	-	-
	(922,025)	(58,023)	(14,263)	-
	(944,035)	(504,475)	(14,263)	485,588

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

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 2013 and 2012 is as follows:

	2013	2012
	RM	RM
Group		
(Loss)/profit before tax	(6,407,680)	(1,880,818)
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	(1,601,920)	(470,205)
Different tax rate in other countries	457,608	(33,819)
Income not subject to tax	(2,093,593)	(143,230)
Non-deductible expenses	498,800	388,244
Crystalisation of deferred tax liabilities of revaluation surplus	(99,360)	-
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other temporary differences	-	(306,873)
Deferred tax assets not recognised in respect of current year’s tax losses and unabsorbed capital allowances	1,977,940	882,941
Overprovision of tax expense in prior year	(83,510)	(700,231)
Overprovision of deferred tax in prior years	-	(121,302)
Income tax credit recognised in profit or loss	(944,035)	(504,475)

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

	2013 RM	2012 RM
Company		
Profit/(Loss) before tax	1,125,662	(1,213,285)
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	281,416	(303,321)
Income not subject to tax	(1,604,916)	(84,476)
Non-deductible expenses	107,769	523,000
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,215,731	414,797
Crystalisation of deferred tax on revaluation surplus	(14,263)	-
Overprovision of tax expense in prior years	-	(64,412)
Income tax (credit)/ expense recognised in profit or loss	(14,263)	485,588

The Group and the Company has unutilised tax losses and unabsorbed capital allowances amounting to approximately RM19,360,152 and RM8,985,028 (2012: RM17,944,793 and RM4,122,104) and available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

Tax savings during the financial year arising from:

	Group	
	2013 RM	2012 RM
Utilisation of current year tax losses	-	131,185
Utilisation of previously unrecognised tax losses	-	306,873

12. LOSS PER SHARE

(a) Basic

Basic loss per share are calculated by dividing the loss 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	
	2013	**2012**
	RM	**RM**
Loss, net of tax attributable to owners of the parent (RM)	(4,343,609)	(2,242,663)
Weighted average number of ordinary shares in issue	95,299,766	95,263,000
Adjusted for treasury shares	-	(1,131,000)
	95,299,766	94,132,000
Basic loss per share (sen)	(4.56)	(2.38)

(b) Diluted

Diluted loss per share are calculated by dividing the loss 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 plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2013	**2012**
	RM	**RM**
Loss, net of tax attributable to owners of the parent (RM)	(4,343,609)	(2,242,663)
Weighted average number of ordinary shares in issue	92,798,788	95,263,000
Adjusted for:		
Treasury shares	-	(1,131,000)
Shares issuance scheme	1,713,234	-
	94,512,022	94,132,000
Diluted loss per share (sen)	(4.60)	(2.38)

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 2013										
Cost or valuation										
At 1 January 2013										
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
	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
Additions	-	-	-	-	8,850	-	707,850	247,427	719,318	1,683,445
Disposals	-	-	(1,150,000)	(1,550,000)	(121,331)	-	(905,338)	(194,443)	(500)	(3,921,612)
Written off	-	-	-	-	(565,260)	(4,490)	-	(125,768)	(201,974)	(897,492)
Revaluation Surplus	9,550,000	1,925,000	-	-	-	-	-	-	-	11,475,000
Exchange differences	-	-	-	-	-	-	1,711	1,661	1,929	5,301
At 31 December 2013	15,160,000	8,040,000	-	-	3,359,823	953,536	2,575,038	2,468,646	2,369,313	34,926,356
Representing:										
At cost	-	-	-	-	3,359,823	953,536	2,575,038	2,468,646	2,369,313	11,726,356
At valuation	15,160,000	8,040,000	-	-	-	-	-	-	-	23,200,000
At 31 December 2013	15,160,000	8,040,000	-	-	3,359,823	953,536	2,575,038	2,468,646	2,369,313	34,926,356
Accumulated depreciation										
At 1 January 2013	-	322,275	37,904	52,203	3,475,030	836,906	2,587,880	2,267,376	1,645,964	11,225,538
Depreciation for the year	-	122,301	12,114	15,222	150,720	15,833	181,334	111,116	274,206	882,846
Disposals	-	-	(50,018)	(67,425)	(50,700)	-	(905,334)	(168,865)	(499)	(1,242,841)
Written off	-	-	-	-	(577,714)	(3,863)	-	(108,223)	(168,406)	(858,206)
Elimination of accumulated depreciation on revaluation	-	(444,576)	-	-	-	-	-	-	-	(444,576)
Exchange differences	-	-	-	-	-	-	1,654	2,235	6,914	10,803
At 31 December 2013	-	-	-	-	2,997,336	848,876	1,865,534	2,103,639	1,758,179	9,573,564
Net carrying amount										
At cost	-	-	-	-	362,487	104,660	709,504	365,007	611,134	2,152,792
At valuation	15,160,000	8,040,000	-	-	-	-	-	-	-	23,200,000
At 31 December 2013	15,160,000	8,040,000	-	-	362,487	104,660	709,504	365,007	611,134	25,352,792

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
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	2,539,815	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	2,539,815	1,850,540	26,581,714
Accumulated deprecation										
At 1 January 2012										
As restated	-	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 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 2013										
Cost or valuation										
At 1 January 2013										
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
	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
Additions	-	-	-	-	-	-	439,000	20,139	142,860	601,999
Disposals	-	-	(800,000)	(900,000)	-	-	(417,338)	(8,130)	-	(2,125,468)
Revaluation surplus	5,510,000	1,265,000	-	-	-	-	-	-	-	6,775,000
At 31 December 2013	8,450,000	5,850,000	-	-	42,890	115,890	2,069,578	1,259,997	1,277,750	19,066,105
Representing:										
At cost	-	-	-	-	42,890	115,890	2,069,578	1,259,997	1,277,750	4,766,105
At valuation	8,450,000	5,850,000	-	-	-	-	-	-	-	14,300,000
At 31 December 2013	8,450,000	5,850,000	-	-	42,890	115,890	2,069,578	1,259,997	1,277,750	19,066,105
At 31 December 2013										
Accumulated depreciation										
At 1 January 2013	-	229,250	24,844	27,950	42,585	100,992	1,869,825	1,120,089	955,876	4,371,411
Depreciation for the year	-	91,700	9,938	11,180	217	3,258	136,113	46,658	97,276	396,340
Disposal	-	-	(34,782)	(39,130)	-	-	(417,337)	(3,981)	-	(495,230)
Elimination of accumulated depreciation on revaluation	-	(320,950)	-	-	-	-	-	-	-	(320,950)
At 31 December 2013	-	-	-	-	42,802	104,250	1,588,601	1,162,766	1,053,152	3,951,571
Net carrying amount										
At cost	-	-	-	-	88	11,640	480,977	97,231	224,598	814,534
At valuation	8,450,000	5,850,000	-	-	-	-	-	-	-	14,300,000
At 31 December 2013	8,450,000	5,850,000	-	-	88	11,640	480,977	97,231	224,598	15,114,534

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
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)

(a) Freehold land and buildings were revalued on 31 December 2013 by the directors based on a valuation performed by a chartered surveyor and registered valuer, namely Messrs Stocker Roberts and Gupta 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.

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Freehold land and buildings	6,588,082	6,697,416	4,676,497	4,785,831
Leasehold buildings	-	633,758	-	560,532
	6,588,082	7,331,174	4,676,497	5,346,363

(b) During the financial year, the Group acquired motor vehicle with an aggregate cost of RM268,850 (2012:Nil) under hire purchase arrangements with the balance paid in cash.

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Plant and machinery	-	193,600	-	-
Motor vehicles	351,683	191,606	123,160	191,606
	351,683	385,206	123,160	191,606

(d) Freehold land and building of the Group with a net carrying amount of RM8,900,000 (2012: RM4,106,975) are pledged as securities for borrowings as disclosed in Note 27.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2013	2012
	RM	RM
Unquoted shares at cost	4,231,342	4,570,004
Less: Accumulated impairment losses	(309,227)	(647,885)
	3,922,115	3,922,119

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are disclosed in Note 37.

(a) Summarised financial information on subsidiaries with material non-controlling interests (NCI). Set out below are the Group's subsidisries that have material non-controlling interest:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2013	2012	2013	2012	2013	2012
	%	%	RM	RM	RM	RM
Ademco (M) Sdn. Bhd	5	5	46,889	(11,628)	152,244	105,355
Sukitronics Sdn Bhd and its subsidiaries	49	49	(779,490)	694,774	4,345,096	3,450,195
Primeworth (M) Sdn Bhd and its subsidiaries	30.8	30.8	(266,857)	66,648	504,653	485,252
Industronics Electric Pte Ltd.	30	30	(120,578)	116,526	497,990	724,373
Total non-controlling interest			(1,120,036)	866,320	5,499,983	4,765,174

Summarised financial information for each subsidiary that has non-controlling interest that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	Ademco (M) Sdn. Bhd		Sukitronics Sdn Bhd and its subsidiaries		Primeworth (M) Sdn Bhd and its subsidiaries		Industronics Electric Pte Ltd.	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM	RM	RM
Total assets	3,388,855	2,988,193	14,807,960	16,677,475	3,367,628	3,707,156	2,968,034	2,828,563
Total liabilities	(343,978)	(881,100)	(5,940,417)	(9,636,261)	(1,729,142)	(2,131,663)	(652,010)	(214,387)
Net assets	3,044,877	2,107,093	8,867,543	7,041,214	1,638,486	1,575,493	2,316,024	2,614,176
Equity attributable to owners of the Company	2,892,633	2,001,738	4,522,447	3,591,019	1,133,832	1,090,241	1,621,217	1,829,923
Non-controlling interests	152,244	105,355	4,345,096	3,450,195	504,653	485,252	694,807	784,253
	3,044,877	2,107,093	8,867,543	7,041,214	1,638,485	1,575,493	2,316,024	2,614,176
Revenue	1,831,552	2,363,995	8,821,969	14,113,711	2,690,344	5,738,235	2,907,275	3,047,768
Profit before taxation	861,990	(268,129)	(1,588,643)	793,894	(943,267)	392,835	(412,538)	422,752
Taxation	75,794	35,563	(2,153)	624,016	76,853	(176,444)	10,612	(34,324)
Net profit for the financial year	937,784	(232,566)	(1,590,796)	1,417,910	(866,414)	216,391	(401,926)	388,428
Other comprehensive income	-	-	(35,229)	11,651	1,008,594	-	-	-
Total comprehensive income	937,784	(232,566)	(1,626,025)	1,429,561	142,180	216,391	(401,926)	388,428
Net cash (used in) / generated from operating activities	(778,402)	157,841	(84,388)	(2,138,585)	(344,217)	295,232	756,646	623,808
Net cash generated from/ (used in) investing activities	2,683,053	(7,188)	332	211,449	19,030	3,983	44	(2,435)
Net cash (used in)/ from financing activities	-	(66,000)	(810,263)	1,749,000	40,800	(107,341)	(1,519,277)	-
Net increase / (decrease) in cash and cash equivalents	1,904,651	84,653	(894,319)	(178,136)	(284,387)	191,874	(762,587)	621,372

(b) Disposal of subsidiaries

(i) On 15 May 2013, the Group entered into a sale and purchase agreement to dispose of the entire issued and paid-up share capital of Industronics Automation Sdn Bhd (“Automation”), a wholly-owned subsidiary of the Company, comprising 1,000,000.00 ordinary shares of RM1.00 each (“Sale Shares”), to a third party for a cash consideration of RM20,000.

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Disposal of subsidiaries (continued)

The disposal had the following financial effects on the Group for financial year ended 31 December 2013:

	RM
Property, plant and equipment	(32,696)
Inventories	(7,642)
Trade and other receivables	(545,564)
Amount due from contract customers	(3,280)
Cash and bank balances	(17,725)
Trade and other payables	507,629
Amount due to contract customers	80,918
	(18,360)
Disposal proceeds	20,000
Gain on disposal to the Group	1,640

	RM
Disposal proceeds settled by:	
Cash	20,000

Cash inflow arising from disposal:	
Cash consideration	20,000
Cash and bank balances of subsidiary disposed	(17,725)
Net cash inflow from disposal to the Group	2,275

(b) Disposal of subsidiaries

(ii) On 1 July 2013, the Group entered into a Sale and Purchase of Shares Agreement to dispose of fifty five percent (55%) equity interest held in Dasar Spektrum (M) Sdn Bhd (DSSB) and Asian Advertising (M) Sdn Bhd ('AASB"), both are subsidiaries of the Company, comprising 110,000 and 165,000 ordinary shares of RM1.00 each respectively to a third party for a cash consideration of RM1 each respectively.

The disposal had the following financial effects on the Group for financial year ended 31 December 2013:

	DSSB RM	AASB RM	Total RM
Net asset at date of disposal	-	-	-
Disposal proceeds	1	1	2
Gain on disposal to the Group	1	1	2
Disposal proceeds settled by:-			
Cash	1	1	2
Cash inflow arising from disposals:			
Cash consideration, represented the net cash inflow from disposal to the Group	1	1	2

(b) Disposal of subsidiaries (continued)

(iii) On 13 September 2013, the Group entered into a Sale and Purchase of Shares Agreement to dispose of the entire issued and paid-up share capital of Industronics AIC Sdn Bhd (formerly known as Screenrental Sdn Bhd), a wholly-owned subsidiary of the Company, comprising 200,000 ordinary shares of RM1.00 each to third parties for a cash consideration of RM2.

The disposal had the following financial effects on the Group for financial year ended 31 December 2013:

	RM
Cash and bank balances	(5,916)
Trade and other payables	1,500
	4,416
Disposal proceeds	2
	(4,414)
Disposal proceeds settled by:-	
Cash	2
Cash outflow arising from disposals:	
Cash consideration	2
Cash and bank balances of subsidiary disposed	(5,916)
Net cash outflow from disposal to the Group	(5,914)

Summary of cash inflows/(outflows) on disposal of the subsidiary companies:

Disposal proceeds settled by:	
Cash	20,004
Cash outflow arising from disposal:	
Cash consideration	20,004
Cash and bank balances of the subsidiary disposed	(23,641)
Net cash outflow from disposal to the Group	(3,637)

(c) Acquisition of subsidiaries

On 20 March 2013, the Company had acquired one ordinary share of Hong Kong Dollar one (HK$ 1), representating 100% of the issued and paid-up share capital of Industronics (HK) Limited (formerly known as Famous (HK) Limited), for a total consideration of Hong Kong Dollar One (HK$ 1) to undertake the business of information technology and system development. The acquisition do not have significant effect to the Group.

On 24 June 2013, the Company had incorporated a new wholly-owned subsidiary, Industronics Technology Limited in Hong Kong with an issued and paid-up capital of Hong Kong Dollar one (HK$ 1) comprising one (1) ordinary share to undertake the development of IT applications.

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Winding up of a subsidiary

(i) On 24 July 2013, the Company had announced that Sukitronics Co. Ltd, a subsidiary of Sukitronics Sdn. Bhd. in Vietnam, which is in turn a 51% owned subsidiary of the Company, had received an official letter from the Department of Planning & Investment of Ho Chi Minh City that Sukitronics Co. Ltd had been officially dissolved on 10 July 2013.

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

(ii) On 21 August 2013, the Board of Directors ("Board")of the Company announces the commencement of the proposed dissolution of its wholly owned subsidiary, Industronics Corporation Limited ("ICL") .

The Board had decided to dissolve ICL as the business opportunities making loss. The Company was consolidated based on management account as at 30 June 2013, with the net loss of RM152,000. There was no revenue generated by ICL for the past six months ended 30 June 2013. Other than the above, there is no material impact to the Group on the proposed dissolution. The dissolution still in the process.

15. INVESTMENT PROPERTIES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	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	274,040	234,279	28,561	23,866
Depreciation for the year	39,763	39,761	4,695	4,695
At 31 December	313,803	274,040	33,256	28,561
Accumulated Impairment loss				
At 1 January	1,469,238	1,469,238	-	-
Impairment loss for the year	249,863	-	-	-
At 31 December	1,719,101	1,469,238	-	-
Carrying amount at 31 December	501,490	791,116	201,489	206,184
Estimated fair value	530,000	850,000	230,000	230,000

The impairment loss recorded in current and previous financial years 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 Messrs D B Das Gupta, a chartered surveyor and registered valuer of Stocker Roberts & Gupta Sdn. Bhd.

16. INTANGIBLE ASSETS

	Group 2013 RM	Group 2012 RM
Costs		
At 1 January	-	-
Additions	1,692,800	-
At 31 December	1,692,800	-
Amortisation		
At 1 January	-	-
Additions	191,567	-
Exchange difference	5,926	-
At 31 December	197,493	
Carrying amount		
At 31 December	1,495,307	-

Intangible assets of the Group are the mobile game application acquired during the year.

17. OTHER INVESTMENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Avaialble -for-sales				
Quoted shares in Malaysia	6,814,246	-	6,814,246	-
Unquoted shares in Malaysia	-	1	-	1
Transferable memberships in golf clubs, at cost	264,000	264,000	264,000	264,000
Less: Impairment losses	(147,000)	(147,000)	(147,000)	(147,000)
	117,000	117,000	117,000	117,000
	6,931,246	117,001	6,931,246	117,001

18. DEFERRED TAX ASSETS/LIABILITIES

(a) Deferred tax assets

	Group 2013 RM	Group 2012 RM
At 1 January	-	-
Recognised in profit or loss (Note 11)	822,665	-
Exchange difference	25,452	-
At 31 December	848,117	-

18. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

(a) Deferred tax assets (continued)

The net deferred tax assets and liability shown on the statements of the financial position after appropriate offsetting are as follows:

	Group	
	2013	**2012**
	RM	**RM**
Deferred tax assets	1,100,522	-
Deferred tax liability	(252,405)	-
	848,117	-

The components and movements of the deferred tax assets and liabilities are as follows:

Deferred tax assets of the Group:

	Group	
	2013	**2012**
	RM	**RM**
At 1 January	-	-
Recognised in profit or loss	1,100,522	-
At 31 December	1,100,522	-

Deferred tax liabilities of the Group:

	Group	
	2013	**2012**
	RM	**RM**
Accelerated capital allowance		
At 1 January	-	-
Recognised in profit or loss	252,405	-
At 31 December	252,405	-

(b) Deferred tax liabilities

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At 1 January	943,754	1,001,777	406,763	406,763
Recognised in profit or loss (Note 11)	(99,360)	(58,023)	(14,263)	-
Recognised in other Comprehensive income	1,069,895	-	671,988	-
At 31 December	1,914,289	943,754	1,064,488	406,763

18. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

(b) Deferred tax liabilities (continued)

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	(393,821)	(393,821)	-	-
Deferred tax liability	2,308,110	1,337,575	1,064,488	406,763
	1,914,289	943,754	1,064,488	406,763

Deferred tax liabilities of the Group:

	Accelerated capital allowances	Revaluation Surplus of Land and buildings	Total
	RM	**RM**	**RM**
At 1 January 2013	514,053	823,522	1,337,575
Recognised in profit or loss	-	(99,360)	(99,360)
Recognised in other comprehensive income	-	1,069,895	1,069,895
At 31 December 2013	514,053	1,794,057	2,308,110
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

Deferred tax assets of the Group:

	Unused tax Losses and unabsorbed capital allowances	Provisions	Total
	RM	**RM**	**RM**
At 1 January/31 December 2013	(49,835)	(343,986)	(393,821)
At 1 January/31 December 2012	(49,835)	(343,986)	(393,821)

18. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

(b) Deferred tax liabilities (continued)

Deferred tax liabilities of the Company:

	Revaluation surplus of land and building RM
At 1 January 2013	406,763
Recognised in profit or loss	(14,263)
Recognised in other comprehensive income	671,988
At 31 December 2013	1,064,488
At 1 January/ 31 December 2012	406,763

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	16,033,118	14,059,325	8,491,775	3,938,827
Unabsorbed capital allowance	3,327,034	3,885,468	493,253	183,277
Other deductible differences	5,281,895	5,977,964	2,942,315	2,942,315
	24,642,046	23,922,757	11,927,343	7,064,419

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.

19. INVENTORIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cost				
Finished goods	696,136	906,130	466,673	639,080
Raw materials	385,100	496,277	-	-
Work-in-progress	342,856	1,009,042	242,861	347,358
	1,424,092	2,411,449	709,534	986,438
Net realisable value				
Finished goods	414,872	857,406	-	-
Raw materials	1,564,273	3,947,180	1,560,006	3,901,304
	1,979,145	4,804,586	1,560,006	3,901,304
	3,403,237	7,216,035	2,269,540	4,887,742

During the year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM10,538,148 (2012: RM13,783,417) and RM5,828,167 (2012: RM7,452,157) respectively.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade receivables				
Third parties	7,165,871	12,663,891	5,066,262	5,629,228
Retention sum (Note 21)	5,831,167	6,026,277	3,195,231	3,483,710
	12,997,038	18,690,168	8,261,493	9,112,938
Less: Allowance for doubtful debts	(2,802,292)	(3,781,177)	(2,164,425)	(2,264,425)
Trade receivables, net	10,194,746	14,908,991	6,097,068	6,848,513
Other receivables				
Other receivables	509,110	579,083	473,377	376,851
Less: Allowance for doubtful debts	(35,633)	(137,425)	(35,633)	(122,459)
Other receivables, net	473,477	441,658	437,744	254,392
Deposits	361,066	306,863	163,489	193,441
Prepayments	171,391	187,696	79,655	95,060
	1,005,934	936,217	680,888	542,893
Total trade and other receivables	11,200,680	15,845,208	6,777,956	7,391,406

Trade receivables are generally on 30 to 90 day (2012: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(a) Trade receivables

Ageing analysis of trade receivables for the financial year ended are as follow:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Neither past due nor impaired	2,858,001	5,785,591	2,571,888	1,617,917
1 to 3 months past due but not impaired	1,418,298	2,737,731	835,938	949,017
4 to 6 months past due but not impaired	1,538,487	796,468	99,621	383,762
7 to 12 months past due but not impaired	368,371	1,947,949	69,226	928,725
More than 12 months past due but not impaired	4,011,589	3,641,252	2,520,395	2,969,092
	7,336,745	9,123,400	3,525,180	5,230,596
	10,194,746	14,908,991	6,097,068	6,848,513
Impaired	2,802,292	3,781,177	2,164,425	2,264,425
	12,997,038	18,690,168	8,261,493	9,112,938

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 RM7,336,745 (2012: RM9,123,400) and RM3,525,180 (2012: RM5,230,596) 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.

20. TRADE RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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 impairment on trade receivables' are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At 1 January	3,781,177	3,779,567	2,264,425	2,261,593
Charge for the year	253,320	428,192	-	103,215
Written off	(111,451)	(251,665)	-	(65,383)
Reversal of impairment losses	(1,068,906)	(174,622)	(100,000)	(35,000)
Subsidaries disposed off	(51,848)	-	-	-
Exchange differences	-	(295)	-	-
At 31 December	2,802,292	3,781,177	2,164,425	2,264,425

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.

Credit risk

The Group's and the Company's primary exposure to credit risk arises through their trade receivables. The Group and the Company seek to maintain strict control over its outstanding receivables and have 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 and the Company consider 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 35(a).

(b) Other receivables

Movement in impairment of other receivables are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At 1 January	137,425	192,917	122,459	182,459
Charge for the year	-	4,508	-	-
Written off	(91,792)	-	(76,826)	-
Reversal of impairment losses	(10,000)	(60,000)	(10,000)	(60,000)
At 31 December	35,633	137,425	35,633	122,459

21. AMOUNT DUE FROM /TO CUSTOMERS ON CONTRACTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Contract costs incurred to date	47,615,365	49,650,761	21,053,694	32,296,480
Attributable profits	10,812,075	15,050,297	7,100,974	10,632,108
	58,427,440	64,701,058	28,154,668	42,928,588
Less: Progress billings	(51,093,218)	(54,407,320)	(24,896,242)	(39,906,787)
	7,334,222	10,293,738	3,258,426	3,021,801
Presented as:				
Amount due from customers on contract	8,230,053	10,481,455	4,154,052	3,147,402
Amount due to customers on contract	(895,831)	(187,707)	(895,626)	(125,601)
	7,334,222	10,293,738	3,258,426	3,021,801
Retention sum on contract, included within trade receivables (Note 20)	5,831,167	6,026,277	3,195,231	3,483,710

22. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2013	2012
	RM	RM
Amount due from subsidiaries	10,632,852	10,214,259
Less: Accumulated impairments	(3,895,059)	(9,028,238)
	6,737,793	1,186,021
Amount due to subsidiaries	(1,825,521)	(4,657,652)

Movement in impairment on amount due from subsidiaries are as follows:

	Company	
	2013	2012
	RM	RM
At 1 January	9,028,238	7,776,840
Impairment made during the financial year	-	1,251,398
Disposal of subsidiaries	(5,133,179)	-
At 31 December	3,895,059	9,028,238

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 (2012: 60 to 90 days).

Further details on related party transactions are disclosed in Note 33.

23. CASH AND BANK BALANCES

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash on hand and at banks	16,015,376	7,854,175	13,198,970	4,596,049
Fixed deposit with licensed bank	11,529,102	21,899,389	9,500,000	21,885,820
Total cash and bank balances (Note 18)	27,544,478	29,753,564	22,698,970	26,481,869

The range of effective interest rates and maturities of deposits at the reporting date were as follows:

	Group 2013 Months	Group 2012 Months	Company 2013 Months	Company 2012 Months
Effective interest rates (%)	0.50 to 2.95	0.50 to 3.35	0.50 to 2.95	0.50 to 3.35
Maturities (months)	1 to 14	1 to 8	1	1 to 8

24. SHARE CAPITAL AND TREASURY SHARES

	Group/Company: Number of ordinary shares of RM0.50 each 2013	2012	Amount 2013 RM	2012 RM
Authorised share capital				
At 1 January/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 2013	95,263,000	(1,131,000)	47,631,500	(545,154)
Exercise of SIS	5,409,900	-	2,704,950	-
Sale of treasury shares	-	1,131,000	-	545,154
At 31 December 2013	100,672,900	-	50,336,450	-
At 1 January/ 31 December 2012	95,263,000	(1,131,000)	47,631,500	(545,154)

(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.

24. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) Treasury shares

This amount relates to the acquisition costs of treasury shares.

On 11 November 2013, the Company disposed off 1,131,000 treasury shares at RM0.62 per share. The gain arising from the disposal amounted to RM152,851, which it has been recognised in share premium.

As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

There was no treasury shares held as at 31 December 2013 after the disposal.

25. SHARE ISSUANCE SCHEME

The Company SIS was approved by the shareholders at the Extraordinary General Meeting held on 26 June 2013 and become effective on 12 November 2013. The scheme shall be in force for a period of three years from 12 November 2013.

The principal features of the SIS are as follows:

(a) The total number of shares offered under the scheme shall not exceed 15% of the total issued and paid up share capital of the Company excluding treasury shares at any one time during the duration of the scheme.

(b) The aggregate number of SIS options that may be offered to the eligible persons shall be determined at the sole and absolute discretion of the option committee.

(c) The eligible persons are directors or employee of any company in the Group excluding dormant subsidiaries. For employee, he/she must attain 18 years old, employed full time and has been confirmed. For director, the director must attain 18 years old, his/her name is in the register of directors and the allocation of new shares must have been approved by the shareholders in a general meeting. Subject to the By-laws, there are no performance target to be achieved by the grantee before the SIS options can be exercised.

(d) All the new ordinary shares issued arising from the SIS shall rank pari-passu in all respect with the existing ordinary shares of the Company.

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	At 1 January	Granted	Exercised	At 31 December	Exercisable At 31 December
First grant	-	**10,000,000**	**5,409,900**	**4,590,100**	**4,590,100**
Second grant	-	**4,119,800**	-	**4,119,800**	**4,119,800**
WAEP	-	**0.63**	**0.66**	**0.62**	**0.62**

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	First grant	Second grant
Fair value at grant date (RM)	0.816	0.618
Weighted average share price (RM)	0.65	0.635
Weighted average exercises price (RM)	0.656	0.572
Weighted average volatility	16.69%	16.15%
Expected weighted average option life	3 years	3 years
Expected dividends	-	-
Risk-free interest rate	3.55%	3.46%

26. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable				
Share premium (Note a)	946,674	732	946,674	732
Foreign currency translation reserve (Note b)	(64,312)	40,925	-	-
Revaluation reserves (Note c)	11,220,043	2,889,122	8,540,690	2,219,069
Share issuance scheme reserve (note d)	629,156	-	629,156	-
Fair value adjustment reserve (Note e)	2,938,533	-	2,938,533	-
	15,670,094	2,930,779	13,055,053	2,219,801
Distributable				
Accumulated losses	(4,051,422)	(422,399)	(6,017,762)	(7,260,028)
	11,618,672	2,508,380	7,037,291	(5,040,227)

(a) Share Premium

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	732	732	732	732
Exercise of SIS options	793,091	-	793,091	-
Disposal of treasury shares	152,851	-	152,851	-
At 31 December	946,674	732	946,674	732

(b) 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.

(c) Revaluation reserves

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	2,889,122	2,889,122	2,219,069	2,219,069
Additions	9,045,507	-	6,423,962	-
Realisation of revaluation	(714,586)	-	(102,341)	-
At 31 December	11,220,043	2,889,122	8,540,690	2,219,069

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.

26. RESERVES (CONTINUED)

(d) Share issuance scheme reserve

	Group/Company	
	2013	**2012**
	RM	**RM**
At 1 January	-	-
Share based payment expenses	1,070,604	-
Exercise of SIS options	(441,448)	-
At 31 December	629,156	-

Share issuance scheme reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(e) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes in the fair value of available-for-sale financial assets until they are disposed or impaired.

27. BORROWINGS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Current				
Secured:				
Term loans	16,688	113,081	-	-
Hire purchase liabilities (Note 28)	151,459	120,688	79,677	92,074
	168,147	233,769	79,677	92,074
Unsecured:				
Bank overdrafts	1,160,899	1,019,184	106,284	810,960
Bankers acceptances	984,000	2,235,000	-	486,000
	2,144,899	3,254,184	106,284	1,296,960
	2,313,046	3,487,953	185,961	1,389,034
Non-current				
Secured:				
Term loans	165,807	-	-	-
Hire purchase liabilities (Note 28)	137,919	114,641	34,964	114,641
	303,726	114,641	34,964	114,641
Total borrowings				
Bank overdrafts	1,160,899	1,019,184	106,284	810,960
Bankers acceptances	984,000	2,235,000	-	486,000
Term loans	182,495	113,081	-	-
Hire purchase liabilities (Note 28)	289,378	235,329	114,641	206,715
	2,616,772	3,602,594	220,925	1,503,675

27. BORROWINGS (CONTINUED)

The borrowings of the Group and of the Company are denominated in RM.

The maturity periods for these borrowings were as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Bank overdrafts	On demand	On demand	On demand	On demand
Bankers acceptances	Within 1 year	Within 1 year	Within 1 year	Within 1 year
Term loans	2024	2013	-	-
Hire purchase liabilities	2014 - 2016	2013 - 2015	2014 - 2015	2013 - 2015

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

		Group		Company	
	Type of	2013	2012	2013	2012
	rate	%	%	%	%
Bank overdrafts	Floating	8.10 - 8.60	8.10 - 8.60	8.10 - 8.35	8.10 - 8.35
Bankers acceptances	Floating	4.25 - 4.70	4.25 - 4.70	4.27 to 4.70	4.27 to 4.70
Term loans	Fixed	-	6.25	-	-
Term loans	Floating	BFR - 1.9	-	-	-

Term loans

The secured term loans of the Group is pledged against a freehold land and building of the Group at a carrying amount of RM8,900,000 (2012: RM4,106,975) as disclosed in Note 13(d). The term loan is payable as follows:

	Group	
	2013	2012
	RM	RM
Analysis of maturity period of term loans:		
Not later than 1 year	16,688	113,081
Later than 1 year but not later than 2 years	17,489	-
Later than 2 years but not later than 5 years	57,671	-
5 years and more	90,647	-
	182,495	113,081
Less: Amount due within 12 months	(16,688)	(113,081)
Amount due after 12 months	165,807	-

Other information on financial risk of borrowings are disclosed in Note 35.

28 HIRE PURCHASE LIABILITIES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments:				
Not later than 1 year	165,166	132,027	84,634	102,756
Later than 1 year and not later than 2 years	116,239	84,634	35,707	84,634
Later than 2 years and not later than 5 years	26,830	35,707	-	35,707
Total minimum future lease payments	308,235	252,368	120,341	223,097
Less: Future finance charges	(18,857)	(17,039)	(5,700)	(16,382)
Present value of finance lease liabilities (Note 27)	289,378	235,329	114,641	206,715
Analysis of present value of finance lease liabilities:	151,459	120,688	79,677	92,074
Not later than 1 year				
Later than 1 year and not	111,414	79,677	34,964	79,677
later than 2 years				
Later than 2 years and not later than 5 years	26,505	34,964	-	34,964
Present value of finance lease liabilities	289,378	235,329	114,641	206,715
Less: Amount due within 12 months (Note 27)	(151,459)	(120,688)	(79,677)	(92,074)
Amount due after 12 months (Note 27)	137,919	114,641	34,964	114,641

These obligations are secured by a charge over the lease assets. The average discount rate implicit in the leases is 3.37% per annum (2012: 3.37% per annum).

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	3,232,629	8,031,140	1,034,967	1,129,609
Other payables				
Deposits	5,730	8,715	-	-
Accruals	8,110,112	9,840,662	5,794,971	5,338,000
Sundry payables	1,461,016	2,713,510	665,247	1,620,262
	9,576,858	12,562,887	6,460,218	6,958,262
Total trade and other payables	12,809,487	20,594,027	7,495,185	8,087,871

The normal trade credit terms granted to the Group ranges from 60 to 90 days (2012: 60 to 90 days).

30. 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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Future minimum rental payments:				
Not later than 1 year	569,588	130,690	-	35,800
Later than 1 year and not later than 5 years	164,200	-	-	-
	733,788	130,690	-	35,800

31. CONTINGENT LIABILITIES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Unsecured				
Potential liquidated ascertained damages chargeable by customers	510,212	260,212	250,000	-
Corporate guarantees given to the license banks for credit facility granted to subsidiary company - unsecured	-	-	5,000,000	-

32. CAPITAL COMMITMENTS

	Group / Company	
	2013	2012
	RM	RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	21,000

33. RELATED PARTY DISCLOSURES

In addition to the related party information disclosed in Note 22, the significant related party transactions of the Group and the Company are as follows:

(a) Group

	2013 RM	2012 RM
Sales to an entity connected with a director of a subsidiary of the Group	8,553,235	14,095,710

Outstanding balance arising from the above transactions with related party as at 31 December 2013 is as follows:

	2013 RM	2012 RM
Sales to an entity connected with a director of a subsidiary of the Group	2,264,880	4,131,199

(b) Company

	2013 RM	2012 RM
Sales to subsidiaries	910,432	1,407,295
Purchases from subsidiaries	(1,774,770)	(5,217,880)
Management fee receivable from a subsidiary	36,000	36,000
Secretarial fee receivable from subsidiaries	5,700	11,400
Loan to subsidiaries	7,016,000	300,000
Dividend income from a subsidiary	-	2,200,000
Interest income from a subsidiary	25,798	25,811
Recharge of costs from a subsidiary	1,083,533	-
Rental income from subsidiaries	108,000	166,000

(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	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	4,625,270	3,476,926	1,726,980	1,997,943
Defined contribution plan	374,836	402,012	204,150	228,296
Estimated money value of benefits-in-kind (Note 10)	-	13,325	-	13,325
	5,000,106	3,892,263	1,931,130	2,239,564

Included in the total key management personnel are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors' remuneration (Note 10)	2,342,592	1,156,583	104,060	421,103

34. 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 2013					
Financial liabilities:					
Hire purchase liabilities	27	137,919	128,358	34,964	32,607
At 31 December 2012					
Financial liabilities:					
Hire purchase liabilities	27	114,641	106,211	114,641	106,211

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 and floating rate term loans

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.The carrying amounts of non-current term loans are reasonable approximate of fair value as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(ii) Amount owing from/(to) subsidiaries

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

(b) Categories of financial instruments

	Loan and receivables RM	Available-for-sales financial assets RM	Other financial liabilities RM	Total RM
Group				
Financial assets				
2013				
Other investments	-	6,931,246	-	6,931,246
Trade and other receivables	11,200,680	-	-	11,200,680
Cash and bank balances	27,544,478	-	-	27,544,478
	38,745,158	6,931,246	-	45,676,404
2012				
Other investments	-	117,001	-	117,001
Trade and other receivables	15,845,208	-	-	15,845,208
Cash and bank balances	29,753,564	-	-	29,753,564
	45,598,772	117,001	-	45,715,773

34. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities				
2013				
Trade and other payables	-	-	12,809,487	12,809,487
Provisions for maintenance warranty	-	-	114,175	114,175
Borrowings	-	-	2,616,772	2,616,772
	-	-	15,540,434	15,540,434
2012				
Trade and other payables	-	-	20,594,027	20,594,027
Provisions for maintenance warranty	-	-	139,928	139,928
Borrowings	-	-	3,602,594	3,602,594
	-	-	24,336,549	24,336,549

Company				
Financial assets				
2013				
Other investments	-	6,931,246	-	6,931,246
Trade and other receivables	6,777,956	-	-	6,777,956
Amount due by subsidiaries	6,737,793	-	-	6,737,793
Cash and bank balances	22,698,970	-	-	22,698,970
	36,214,719	6,931,246	-	43,145,965
2012				
Other investments	-	117,001	-	117,001
Trade and other receivables	7,391,406	-	-	7,391,406
Amount due by subsidiaries	1,186,021	-	-	1,186,021
Cash and bank balances	26,481,869	-	-	26,481,869
	35,059,296	117,001	-	35,176,297
Financial Liabilities				
2013				
Trade and other payables	-	-	7,495,185	7,495,185
Provisions for maintenance warranty	-	-	78,087	78,087
Borrowings	-	-	220,925	220,925
Amount owing to subsidiaries company	-	-	1,825,521	1,825,521
	-	-	9,619,718	9,619,718
2012				
Trade and other payables	-	-	8,087,871	8,087,871
Provisions for maintenance warranty	-	-	103,840	103,840
Borrowings	-	-	1,503,675	1,503,675
Amount owing to subsidiaries company	-	-	4,657,652	4,657,652
	-	-	14,353,038	14,353,038

The fair value measurement hierarchies used to measure financial instruments at fair value in the statements of financial position are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments (Continued)

	Group / Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
Financial assets				
2013				
Quoted shares	6,814,246	-	-	6,814,246
Transferable				
Memberships in golf club	-	-	117,000	117,000
	6,814,246	-	117,000	6,931,246
2012				
Unquoted shares	-	-	1	1
Transferable				
Memberships in golf club	-	-	117,000	117,000
	-	-	117,001	117,001

35. 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 recognized in the statements of financial position

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20(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:

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risks (Continued)

	2013		2012	
	RM	% of total	RM	% of total
By business segments:				
Electronics and system integration	6,133,555	60%	6,957,992	47%
Security systems, mechanical and electrical engineering	3,111,278	31%	5,229,559	35%
Environmental and Scada system	-	0%	651,107	4%
Sheet metal fabrication	912,243	9%	1,957,844	13%
Other operations	37,670	0%	112,489	1%
	10,194,746	100%	14,908,991	100%

	2013		2012	
	RM	% of total	RM	% of total
By geographic regions:				
Malaysia	10,135,533	100%	14,734,171	100%
Singapore	27,290	0%	109,479	0%
Hong Kong	3,038	0%	-	0%
Vietnam	28,885	0%	65,341	0%
	10,194,746	100%	14,908,991	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 20. 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 20.

(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 22.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points (2012: 10 basis points) lower/higher, with all other variables held constant, the Group’s loss net of tax would have been RM43 (2012: RM588) lower/higher, arising mainly as a result of lower/higher interest income from deposit with financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 flow

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 two years RM	Two to five years RM	After five years RM	Total Contracted Cash Flow RM	Carrying Amount RM
At 31 December 2013						
Group						
Trade and other payables	12,809,482	-	-	-	12,809,482	12,809,482
Provision for maintenance warranty	114,175	-	-	-	114,175	114,175
Borrowings	2,339,200	141,344	102,145	104,605	2,687,294	2,616,772
Total undiscounted financial liabilities	15,262,857	141,344	102,145	104,605	15,610,951	15,540,429
Company						
Trade and other payables	7,565,055	-	-	-	7,565,055	7,565,055
Provision for maintenance warranty	78,087	-	-	-	78,087	78,087
Borrowings	190,918	35,707	-	-	226,625	220,925
Acount owing to subsidiaries	1825,521	-	-	-	1,825,521	1,825,521
Total undiscounted financial liabilities	7,834,060	35,707	-	-	7,869,767	7,864,067
At 31 December 2012						
Group						
Trade and other payables	20,594,027	-	-	-	20,594,027	20,594,027
Provision for maintenance warranty	114,175	-	-	-	114,175	139,928
Borrowings	3,506,359	84,634	35,707	-	3,626,700	3,602,594
Total undiscounted financial liabilities	24,214,561	84,634	35,707	-	24,334,902	24,336,549
Company						
Trade and other payables	8,087,871	-	-	-	8,087,871	8,087,871
Provision for maintenance warranty	103,840	-	-	-	103,840	103,840
Borrowings	1,399,716	84,634	35,707	-	1,520,057	1,503,675
Acount owing to subsidiaries	4,657,652	-	-	-	4,657,652	4,657,652
Total undiscounted financial liabilities	14,249,079	84,634	35,707	-	14,369,420	14,353,038

35. 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	United States Dollar	Thai Baht	Philippines Peso	Hong Kong Dollar	Others	Total
	RM	RM	RM	RM	RM	RM	RM
Functional currency of Group companies At 31 December 2013							
Ringgit Malaysia							
Cash and bank balances	407,988	2,536,745	3,247,911	-	1,084,445	80,700	7,357,789
Trade receivables	-	535,714	-	998,034	-	-	1,533,748
Trade payables	(48,054)	(535,050)	-	-	-	(7,342)	(590,446)
Singapore Dollar							
Cash and bank balances	-	383,759	-	-	-	-	383,759
Trade receivables	-	20,020	-	-	-	-	20,020
Trade payables	-	-	-	-	-	-	-
	359,934	2,941,188	3,247,911	998,034	1,084,445	73,358	8,704,870
At 31 December 2012							
Ringgit Malaysia							
Cash and bank balances	7,285	95,178	3,283,837	-	-	3669	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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continue)

Sensitivity analysis for foreign currency risk

A 10% (2012: 10%) strengthening of RM against the following currencies at the reporting date would have increased/(decreased) the loss before tax by the amount shown below and increase would have an equal but opposite effect.

	Group	
	2013 RM	2012 RM
Singapore Dollar	35,993	(8,698)
United States Dollar	294,119	32,840
Thai Baht	324,791	363,180
Philippines Peso	99,803	100,530
Hong Kong Dollar	108,445	-
Others	7,336	(5,684)
Increase/(decrease) in (loss)/profit before tax	870,487	482,168

36. 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.

36. 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.

36. SEGMENT INFORMATION (CONTINUED)

Business segments:

	Electronics and System Integration		Security Systems and M&E		Environmental & Scada System		Sheet Metal Fabrication		Other operations		Adjustments and eliminations		Per consolidated financial statements	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Revenue														
External customers	29,335	26,369	10,592	16,164	250	2,004	2,473	5,545	151	596	-	-	42,801	50,678
Inter-segment	3,500	3,852	61	314	79	4,035	217	193	100	127	(3,958)	(8,521)	-	-
Total revenue	32,835	30,221	10,653	16,478	329	6,039	2,690	5,738	251	723	(3,958)	(8,521)	42,801	50,678
Results														
Interest income	133	613	15	1	-	-	-	-	-	-	-	(26)	148	588
Finance costs	136	102	49	23	-	1	53	48	1	4	(25)	(26)	213	152
Depreciation	416	413	114	131	-	15	119	150	234	64	-	-	883	773
Amortization	-	-	-	-	-	-	-	-	192	-	-	-	192	-
Reversal of Impairment	-	-	-	-	-	-	-	-	-					
on investments	-	(6)	-	-	-	-	-	-	-	-	-	-	-	(6)
Impairment loss on investment property	-	-	250	-	-	-	-	-	-	-	-	-	250	-
Write-down of inventories	1,838	364	-	23	-	-	-	-	-	-	-	-	1,838	387
Allowance for doubtful debts	-	103	135	69	-	-	118	261	-	-	-	-	253	433
Reversal of allowance for doubtful debts	(110)	(95)	(969)	(109)	-	(12)	-	-	-	(19)	-	-	(1,079)	(235)
Segment (loss)/profit	910	(825)	(727)	526	(229)	(445)	(883)	393	(5,325)	(505)	(11)	(1,025)	(6,264)	(1,881)
Assets														
Segment assets	48,291	31,632	15,624	18,690	-	708	3,284	3,660	2,280	296	(12,372)	(5,178)	57,106	49,807
Unallocated assets	24,569	28,794	2,573	960	-	141	68	47	1,523	139	-	-	28,733	30,082
Total assets	72,860	60,426	18,197	19,650	-	849	3,351	3,707	3,803	435	(12,372)	(5,178)	85,839	79,889
Segment liabilities	(9,047)	(11,064)	(4,681)	(8,288)	-	(2,508)	(1,222)	(2,072)	(11,598)	(7,690)	12,495	10,500	(14,053)	(21,122)
Borrowings	(404)	(1,614)	(1,713)	(1,755)	-	-	(266)	(113)	-	-	-	-	(2,383)	(3,482)
Unallocated liabilities	(1,099)	(442)	(693)	(458)	-	-	(157)	(26)	-	-	-		(1,948)	(925)
Total Liabilities	(10,550)	(13,119)	(7,087)	(10,501)	-	(2,508)	(1,644)	(2,211)	(11,598)	(7,690)	12,495	10,500	(18,385)	(25,529)
Capital expenditure	602	49	362	22	-	1	-	4	2,412	1	-	-	3,376	77

Geographical segments:

	Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Revenue												
Revenue from external customers	39,880	47,314	34	-	2,887	3,015	-	349	-	-	42,801	50,678
Total assets	91,115	82,052	3,818	-	3,171	2,844	107	171	(12,372)	(5,178)	85,839	79,889
Capital expenditure	964	74	2,412	-	-	3	-	-	-	-	3,376	77

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.

37. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest 2013 %	Equity interest 2012 %	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
* Industronics (HK) Limited (formerly known as Famous (HK) Limited)	Hong Kong	100	-	Undertake the business of information technology and system development
* Industronics Technology Limited	Hong Kong	100	-	Undertake the development of IT applications
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	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
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 UHY.

\# Subsidiary which is in the process of dissolution and the company being consolidated based on management account.

38. SIGNIFICANT EVENTS

During the financial year, the following significant events took place for the Company:

(a) On 20 March 2013, the Company had acquired one ordinary share of Hong Kong Dollar one (HK$ 1), representing 100% of the issued and paid-up share capital of Industronics (HK) Limited (formerly known as Famous (HK) Limited), for a total consideration of Hong Kong Dollar One (HK$1), consequently it become wholly-owned subsidiary of the Company.

(b) On 15 May 2013, the Group entered into a sale and purchase agreement to dispose of the entire issued and paid-up share capital of Industronics Automation Sdn Bhd (“Automation”), a wholly-owned subsidiary of the Company, comprising 1,000,000.00 ordinary shares of RM1.00 each (“Sale Shares”), to a third party for a cash consideration of RM20,000, consequently Automation has ceased to be subsidiary of the Company.

(c) On 24 June 2013, the Company had incorporated a new wholly-owned subsidiary, Industronics Technology Limited in Hong Kong with an issued and paid-up capital of Hong Kong Dollar one (HK$ 1) comprising one (1) ordinary share.

(d) On 1 July 2013, the Group entered into a Sale and Purchase of Shares Agreement to dispose of fifty five percent (55%) equity interest held in Dasar Spektrum (M) Sdn Bhd (DSSB) and Asian Advertising (M) Sdn Bhd ('AASB"), both are subsidiaries of the Company, comprising 110,000 and 165,000 ordinary shares of RM1.00 each respectively to a third party for a cash consideration of RM1 each respectively.

(e) On 13 September 2013, the Group entered into a Sale and Purchase of Shares Agreement to dispose of the entire issued and paid-up share capital of Industronics AIC Sdn Bhd (formerly known as Screenrental Sdn Bhd), a wholly-owned subsidiary of the Company, comprising 200,000 ordinary shares of RM1.00 each to third parties for a cash consideration of RM2.

39. SUBSEQUENT EVENTS

(a) On 13 January 2014, the Company issued 812,000 ordinary shares of RM0.50 per share for cash pursuant to the Company's SIS at an exercise price of RM0.565 per ordinary share.

(b) On 14 February 2014, the Company issued 581,400 ordinary shares of RM0.50 per share for cash pursuant to the Company's SIS at an exercise price of RM0.565 per ordinary share.

(c) On 27 February 2014, the Company has incorporated a wholly-owned subsidiary in Hong Kong with the name "DSC IB Limited" with paid up capital of HKD500,000. The intended principal activities of DSC IB Limited is general business.

(d) On 5 March 2014, the Company issued 138,600 ordinary shares of RM0.50 per share for cash pursuant to the Company's SIS at an exercise price of RM0.565 per ordinary share.

(e) On 4 April 2014, the Company issued 557,900 ordinary shares of RM0.50 per share for cash pursuant to the Company's SIS at an exercise price of RM0.565 per ordinary share.

40. 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.

40. MATERIAL LITIGATION (CONTINUED)

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 Continued Arbitration Hearing was held on 22nd till 25th April 2013, 1st till 2nd August 2013, 18th till 22nd November 2013 and 20th till 23rd January 2014. The Arbitrator had further fixed the Arbitration for Continued Hearing on 19th till 23rd May 2014.

41. COMPARATIVE INFORMATION

The financial statements of the previous financial year which are presented for comparative purposes were examined and reported on by another firm of auditors.

42. 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.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 28 April 2014.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group and of the Company as at 31 December 2013 into realised 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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Accumulated losses of the				
Group and Company				
- Realised	(13,398,317)	(16,412,578)	(6,066,675)	(7,042,344)
- Unrealised	(771,397)	(306,679)	48,913	(217,684)
Less: Consolidation adjustments	10,118,292	16,296,858	-	-
(Accumulated losses)/retained earnings				
as per financial statements	(4,051,422)	(422,399)	(6,017,762)	(7,260,028)

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

OPTIONS OR CONVERTIBLE SECURITIES
During the financial year, the Company granted 14,119,800 units of options to eligible employees of the Group under the Industronics Berhad share issuance scheme.

DEPOSITORY RECEIPT (DR) PROGRAMME
The Company did not sponsor any DR programme for the financial year ended 31 December 2013.

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 2013.

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 2013.

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 2013 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.

On 11 November 2013, the Company resold 1,131,000 treasuary shares held by Industornics to the open market at average price of RM0.62 or a total consideration of RM701,220.00.

UTILISATION OF PROCEEDS
The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2013.

LIST OF PROPERTIES as at 31 December 2013

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	23 years	5,100,000	December 2013
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	16 years	9,200,000	December 2013
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	201,489	December 2013

LIST OF PROPERTIES as at 31 December 2013 (continued)

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	18 years	1,700,000	December 2013
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	16 years	5,000,000	December 2013
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	16 years	2,200,000	December 2013
#GF53, Jalan Persiaran Tun Sri Lanang, Daerah Sentral 80000 Johor Bahru Johor Darul Takzim	Leasehold (99 years) Expire in 2095	Shoplot (475 sq ft)	Vacant	13 years	-	December 2013
#GF53A, Jalan Persiaran Tun Sri Lanang, Daerah Sentral 80000 Johor Bahru Johor Darul Takzim	Leasehold (99 years) Expire in 2095	Shoplot (475 sq ft)	Vacant	13 years	-	December 2013
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)	Rented	12 years	300,000	December 2013

ANALYSIS OF SHAREHOLDING AS AT 2 MAY 2014

Authorised Capital	:	RM100,000,000
Issued and paid up capital	:	RM51,381,400
Class of shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One Vote per Share

DISTRIBUTION OF SHAREHOLDERS

Size of shareholdings (Number of Ordinary Shares)	*No. of shareholders*	*% of Shareholders*	*No. of shares*	*% Of Issued Share Capital*
Less than 100	11	0.90	346	0.00
100 – 1,000	101	8.22	45,554	0.04
1,001 – 10,000	791	64.36	3,894,600	3.79
10,001 – 100,000	214	17.41	5,987,900	5.83
100,001 to less than 5% of issued shares	107	8.71	34,143,800	33.23
5% and above of issued shares	5	0.40	58,690,600	57.11
	1,229	100.00	102,762,800	100.00

DIRECTORS' SHAREHOLDING

	←-------Direct interest-------→		*←-------Indirect interest-----→*	
In the Company	*No. of shares*	*%*	*No. of shares*	*%*
Liu Wing Yee Amy	0	0	0	0
Wong Yuk Ching Anna	0	0	0	0
Liau Lian Fatt	0	0	0	0
Tsui Kwok Ho	0	0	0	0
Tang Wai Man Raymond	0	0	0	0
Leung Kwok Kuen Jacob	0	0	0	0

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	←-------Direct interest-------→		*←-------Indirect interest-----→*	
	No. of shares	*%*	*No. of shares*	*%*
Sunny Luck International Limited	17,521,900	17.14	0	0
Zhou Qi Lin	9,278,700	9.03	0	0
Lissington Limited	8,547,800	8.32	0	0
Bloom Billion Sdn Bhd	10,000,000	9.73	0	0
Zipco Industrial Finance Pvt Ltd*	0	0	10,000,000 (1)	9.73
Ruia Sons Private Ltd*	0	0	10,000,000 (1)	9.73
Indo Wagon Engineering Ltd*	0	0	10,000,000 (1)	9.73
Pawan Kumar Ruia*	0	0	10,000,000 (1)	9.73
Tan Tian Sin	6,151,900	5.99	0	0
Cranberry Star Asia Investment Limited (formerly known as CKLY Equity Holdings Ltd)	9,745,600	9.48	0	0

Note: (1) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 via Bloom Billions Sdn Bhd

THIRTY (30) LARGEST SHAREHOLDERS AS AT 2 MAY 2014

No.	Name of Shareholders	No. of Shares	%
1.	Affin Nominees (Asing) Sdn Bhd Exempt An for Philip Securities (Hong Kong) Ltd	17,826,500	17.35
2.	Maybank Securities Nominees (Asing) Sdn Bhd Exempt An for Maybank Kim Eng Securities Pte Ltd	17,632,200	17.16
3.	Bloom Billions Sdn Bhd	10,000,000	9.73
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Hong Kong	7,080,000	6.89
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Tian Sin	6,151,900	5.99
6.	Tan Lee Chin	1,454,700	1.42
7.	Lim Jit Chow	1,239,900	1.21
8.	Khor Sew Kiang	1,128,900	1.10
9.	Sow Ban Leong	1,099,700	1.07
10.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Siu Hiu Ki Jamie	1,040,600	1.01
11.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Henrick Kwok-Hang Yau Heilesen	1,000,000	0.97
12.	RHB Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Champley Reill Edward	900,000	0.88
13.	Lionel Koh Kok Peng	858,200	0.84
14.	Gan Wee Peng	855,700	0.83
15.	Khor Sew Khing	822,700	0.80
16.	JP Apex Nominees (Securities) Sdn Bhd Pledged securities account for Khor Lee Wen	753,300	0.73
17.	Zecon Engineering Berhad	689,500	0.67
18.	Lee Guat Eng	624,000	0.61
19.	Sek Chian Nee	600,000	0.58
20.	Tan Li Li	580,000	0.56
21.	Mah Seong Huak	550,600	0.54
22.	Yow Lai Cheng	523,800	0.51
23.	Gan Lai Meng	510,000	0.50
24.	Wealth Overseas Pte. Ltd.	507,900	0.49
25.	Choong Hang Theng	464,500	0.45
26.	Leow Ngan Ching	462,000	0.45
27.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Yau Chi Shing	447,600	0.44
28.	Chu Too Kiew	402,000	0.39
29.	Maybank Securities Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Low Teck Yin	397,000	0.39
30.	Soo Chow Seng	367,500	0.36
	Total	**76,970,700**	**74.92**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Ninth (39th) Annual General Meeting of the shareholders of Industronics Berhad will be held at **Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** at **10:30 a.m.** on **Wednesday**, **25 June 2014** for purpose of transacting the following businesses:-

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 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 2013.	**Resolution 1**
3.	To re-elect Ms. Wong Yuk Ching Anna who retire pursuant to Article 97 of the Company's Articles of Association and, being eligible, have offered herself for re-election.	**Resolution 2**
4.	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) Mr. Tsui Kwok Ho;	**Resolution 3**
	(b) Ms. Liu Wing Yee Amy;	**Resolution 4**
	(c) Mr. Leung Kwok Kuen Jacob; and	**Resolution 5**
	(d) Mr. Tang Wai Man Raymond.	**Resolution 6**
5.	To re-appoint Messrs UHY as the Company's Auditors for the financial year ending 31 December 2014 and to authorise the Directors to fix their remuneration.	**Resolution 7**

AS SPECIAL BUSINESS

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

6. **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."

7. **ORDINARY RESOLUTION – PROPOSED AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** **Resolution 9**

"THAT subject to Section 67A of the Companies Act 1965 ("the Act") and Part IIIA of the Companies Regulations 1966, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to make purchase(s) of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital on Bursa Malaysia Securities Berhad ("Bursa Securities") subject to the following:

(i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company ("Shares") for the time being;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and/or share premium account of the Company based on latest audited financial statements as at 31 December 2013;

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and, unless renewed by an ordinary resolution passed by the shareholders of the Company in general meeting, will expire:

(a) at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting; or

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

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements or any other relevant authority; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

(a) cancel the Shares so purchased; or

(b) retain the Shares so purchased as treasury shares; or

(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or

(d) distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

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

By Order of the Board
INDUSTRONICS BERHAD

TAN TONG LANG (MAICSA No. 7045482)
CHONG VOON WAH (MAICSA No. 7055003)
Company Secretaries
Kuala Lumpur
3 June 2014

1. NOTES

a. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2014 ("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 Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur 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 Eighth Annual General Meeting held on 26 June 2013, which will lapse at the conclusion of the Thirty Ninth Annual General Meeting.

b. ***Resolution 9***

The Proposed Resolution 9, if passed, will empowers the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital of the Company for the time being by utilising the funds allocated out of the retained profits and the share premium account of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by the law to be held, whichever occurs first.

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

a. The following are the Directors standing for re-election at the Thirty Ninth Annual General Meeting:-
(i) Ms. Wong Yuk Ching Anna;
(ii) Mr. Tsui Kwok Ho;
(iii) Ms. Liu Wing Yee Amy;
(iv) Mr. Leung Kwok Kuen Jacob; and
(v) Mr. Tang Wai Man Raymond

b. Further details of the Director seeking re-election at the Thirty Ninth Annual General Meeting is set out in the Profile of Directors appearing in pages 22 to 25 and the details of his interests in the securities of the Company and its subsidiaries are on pages 105 of the Annual Report.

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 Ninth (39th) Annual General Meeting** of the Company to be held at **Function Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** on **Wednesday, 25 June 2013** at **10:30 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 2013.		
2.	To re-elect the Director, Ms. Wong Yuk Ching Anna who retires pursuant to Article. 97 of the Company's Articles of Association.		
3	To re-elect the Director, Mr. Tsui Kwok Ho who retires pursuant to Article 102 of the Company's Articles of Association.		
4.	To re-elect the Director, Ms. Liu Wing Yee Amy who retires pursuant to Article 102 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr. Leung Kwok Kuen Jacob who retires pursuant to Article 102 of the Company's Articles of Association.		
6.	To re-elect the Director, Mr. Tang Wai Man Raymond who retires pursuant to Article 102 of the Company's Articles of Association.		
7.	To re-appoint Messrs UHY as the Company's Auditors and to authorise the Directors to fix their remuneration.		
8.	As Special Business To approve the ordinary resolution pertaining to the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	To approve the Proposed Authority to buy back its own shares by 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 _________________ 2014

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2014 ("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 Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

Fold this flap for sealing

Affix
Stamp

The Company Secretaries
INDUSTRONICS BERHAD (23699-X)
Suite 10.03, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

2nd fold here

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

ADDENDUM TO ANNUAL REPORT 2013

Date : 17 June 2014

TO THE SHAREHOLDER OF INDUSTRONICS BERHAD

Dear Sir/Madam,

The Board of Directors of Industronics Berhad ("the Company") wishes to inform the shareholders of the following amendment to the Annual Report 2013 which was circulated to the shareholders on 3 June 2014 :-

1. NOTICE OF ANNUAL GENERAL MEETING

To insert the following Ordinary Resolution as an additional agenda in accordance to the item No. 4(e) of the Notice of the Thirty Ninth (39th) Annual General Meeting of the Company to be held at Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur at 10:30 a.m. on Wednesday, 25 June 2014:-

NO.	AGENDA	
4.	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) Mr. Tsui Kwok Ho;	(Resolution 3)
	(b) Ms. Liu Wing Ying Yee Amy;	(Resolution 4)
	(c) Mr. Leung Kwok Kuen Jacob;	(Resolution 5)
	(d) Mr. Tang Wai Man Raymond; and	(Resolution 6)
	(e) Ms. Lu Zhi Qin.	(Resolution 7)

2. PROFILES OF DIRECTORS

To insert the following Directors' Profile for Ms. Lu Zhi Qin in the Annual Report 2013 :-

"MS. LU ZHI QIN
Independent Non-Executive Director

Ms. Lu Zhi Qin, a Canadian nationality, aged 41, is an Independent Non-Executive Director of the Company. She was appointed to the Board on 16 June 2014. Ms Lu was graduated from Baiyun College Shanghai. She is an entrepreneur in food & beverage industries and owned several restaurant.

Ms. Lu does not hold any directorships in any other public companies. She 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."

3. PROXY FORM

To insert the following Ordinary Resolution as an additional agenda in accordance to the item No. 4(e) of the Notice of the Thirty Ninth (39th) Annual General Meeting of the Company to be held at Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur at 10:30 a.m. on Wednesday, 25 June 2014:-

NO.	RESOLUTIONS	FOR	AGAINST
7.	To re-elect the Directors, Ms Lu Zhi Qin who retires pursuant to Article 102 of the Company's Articles of Association.		

A copy of the revised Notice of the Thirty Ninth (39th) Annual General Meeting and Proxy Form are attached herewith for your information and reference.

Yours faithfully,
For and on behalf of
INDUSTRONICS BERHAD

LIU WING YEE AMY
Executive Director

Notes to the Addendum :-

(a) A copy of the Revised Notice of Annual General Meeting and Proxy Form is attached herewith for the Shareholders who are entitled to attend and vote at the Annual General Meeting of the Company who wish to appoint a proxy to attend and vote in his place.

(b) The Revised Proxy Form does not invalidate the Proxy Form which was circulated together with the Notice of the Thirty Ninth (39th) Annual General Meeting dated 3 June 2014 ("Original Proxy Form").

(c) In the event that the Company does not receive the duly executed Revised Proxy Form, the Shareholder is deemed to have appointed and authorised his proxy under the Original Proxy Form to vote at the proxy's discretion.

(d) Should the Company receive both the Original Proxy Form and the Revised Proxy Form, the later shall supersede the former.

INDUSTRONICS BERHAD
(Company No: 23699-X)
(Incorporated In Malaysia)

REVISED NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Ninth (39th) Annual General Meeting of the shareholders of Industronics Berhad will be held at **Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** at **10:30 a.m.** on **Wednesday**, **25 June 2014** for purpose of transacting the following businesses:-

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 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 2013.	**Resolution 1**
3.	To re-elect Ms. Wong Yuk Ching Anna who retire pursuant to Article 97 of the Company's Articles of Association and, being eligible, have offered herself for re-election.	**Resolution 2**
4.	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) Mr. Tsui Kwok Ho;	**Resolution 3**
	(b) Ms. Liu Wing Ying Yee Amy;	**Resolution 4**
	(c) Mr. Leung Kwok Kuen Jacob;	**Resolution 5**
	(d) Mr. Tang Wai Man Raymond; and	**Resolution 6**
	(e) Ms. Lu Zhi Qin	**Resolution 7**
5.	To re-appoint Messrs UHY as the Company's Auditors for the financial year ending 31 December 2014 and to authorise the Directors to fix their remuneration.	**Resolution 8**

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION - GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 9**

"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."

7. **ORDINARY RESOLUTION – PROPOSED AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** **Resolution 10**

"THAT subject to Section 67A of the Companies Act 1965 ("the Act") and Part IIIA of the Companies Regulations1966, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to make purchase(s) of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital on Bursa Malaysia Securities Berhad ("Bursa Securities") subject to the following:

(i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company ("Shares") for the time being;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and/or share premium account of the Company based on latest audited financial statements as at 31 December 2013;

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and, unless renewed by an ordinary resolution passed by the shareholders of the Company in general meeting, will expire:

(a) at the conclusion of the next AGM of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting; or

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

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements or any other relevant authority; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

(a) cancel the Shares so purchased; or

(b) retain the Shares so purchased as treasury shares; or

(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or

(d) distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

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

By Order of the Board
INDUSTRONICS BERHAD

TAN TONG LANG (MAICSA No. 7045482)
CHONG VOON WAH (MAICSA No. 7055003)
Company Secretaries
Kuala Lumpur
3 June 2014

1. NOTES

a. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2014 ("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 Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur 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 9***

The proposed Resolution 9, 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 Eighth Annual General Meeting held on 26 June 2013, which will lapse at the conclusion of the Thirty Ninth Annual General Meeting.

b. ***Resolution 10***

The Proposed Resolution 10, if passed, will empowers the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital of the Company for the time being by utilising the funds allocated out of the retained profits and the share premium account of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by the law to be held, whichever occurs first.

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

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

(i) Ms. Wong Yuk Ching Anna;
(ii) Mr. Tsui Kwok Ho;
(iii) Ms. Liu Wing Yee Amy;
(iv) Mr. Leung Kwok Kuen Jacob;
(v) Mr. Tang Wai Man Raymond; and
(vi) Ms. Lu Zhi Qin

b. Further details of the Director seeking re-election at the Thirty Ninth Annual General Meeting is set out in the Directors' Profile appearing in pages 22 to 25 and the details of his interests in the securities of the Company and its subsidiaries are on pages 105 of the Annual Report.

REVISED 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 Ninth (39th) Annual General Meeting** of the Company to be held at **Function Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** on **Wednesday, 25 June 2014** at **10:30 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 2013.		
2.	To re-elect the Director, Ms. Wong Yuk Ching Anna who retires pursuant to Article. 97 of the Company's Articles of Association.		
3	To re-elect the Director, Mr. Tsui Kwok Ho who retires pursuant to Article 102 of the Company's Articles of Association.		
4.	To re-elect the Director, Ms. Liu Wing Yee Amy who retires pursuant to Article 102 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr. Leung Kwok Kuen Jacob who retires pursuant to Article 102 of the Company's Articles of Association.		
6.	To re-elect the Director, Mr. Tang Wai Man Raymond who retires pursuant to Article 102 of the Company's Articles of Association.		
7.	To re-elect the Director, Ms. Lu Zhi Qin who retires pursuant to Article 102 of the Company's Articles of Association.		
8.	To re-appoint Messrs UHY as the Company's Auditors and to authorise the Directors to fix their remuneration.		
9.	As Special Business To approve the ordinary resolution pertaining to the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	To approve the Proposed Authority to buy back its own shares by 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 _________________ 2014

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2014 ("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 Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

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The Company Secretaries
INDUSTRONICS BERHAD (23699-X)
Suite 10.03, Level 10, The Garden South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

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industronics

KLR 0402963 (Certified)

Date : 11 June 2014

To the Shareholder of Industronics Berhad

Dear Sir/Madam,

ERRATA TO THE 2013 ANNUAL REPORT

Reference is made to the Company's 2013 Annual Report which was despatched to shareholders on 3 June 2014. We wish to inform that there were typo errors as follows:

1) In Page 61 of the 2013 Annual Report, the total directors' remuneration of the Group should appear as **RM2,431,592** instead of RM2,7431,592.

2) In Page 98 of the 2013 Annual Report, the 2013 equity interest % in Industronics Automation Sdn Bhd should appear as - instead of 100.

3) In the Proxy Form enclosed in the 2013 Annual Report, the date of Annual General Meeting should appear as **25 June 2014** instead of 25 June 2013.

A copy of the amended pages 61, 98 and Proxy Form are attached herewith for your information and reference.

The errors are regretted and we apologise for any inconvenience caused.

Thank you.

Yours faithfully,
For and on behalf of
Industronics Berhad

LIU WING YEE AMY
Executive Director

INDUSTRONICS BERHAD (23699-X)
9, Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Tel: 03-8961 3024 Telefax: 03-8961 6409 E-Mail: contact@industronics.com.my Website: www.industronics.com.my

10. DIRECTORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors of the Group:				
Executive directors' remuneration:				
- Salaries and other emoluments	2,239,995	1,002,403	88,000	269,923
- Defined contribution plan	97,097	31,680	10,560	31,680
- Estimated money value of benefits-in-kind	-	13,325	-	13,325
Total remuneration including benefits-in-kind (Note 9)	2,337,092	1,047,408	98,560	314,928
Non-executive directors' remuneration (Note 8):				
- Fees	69,000	92,000	69,000	89,000
- Overprovision in prior year	(89,000)	-	(89,000)	-
- Other emoluments	25,500	30,500	25,500	30,500
	5,500	122,500	5,500	119,500
Total directors' remuneration (Note 33(c))	2,431,592	1,169,908	193,060	434,428
Directors of the Company:				
Executive directors' remuneration				
- Salaries and other emoluments	88,000	269,923	88,000	269,923
- Defined contribution plan	10,560	31,680	10,560	31,680
- Estimated money value of benefits-in-kind	-	13,325	-	13,325
	98,560	314,928	98,560	314,928
Non-executive directors' remuneration (Note 8):				
- Fees	69,000	92,000	69,000	89,000
- Overprovision in prior year	(89,000)	-	(89,000)	-
- Other emoluments	25,500	30,500	25,500	30,500
	5,500	122,500	5,500	119,500
	193,060	437,428	193,060	434,428

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

	Number of directors	
	2013	2012
Executive director:		
RM50,001 and below	2	-
RM50,001 - RM150,000	1	-
RM200,001 - RM300,000	-	-
RM300,001 - RM350,000	-	1
Non-executive directors:		
RM50,001 and below	9	4

37. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest 2013 %	2012 %	Principal activities
Held by the Company:				
Industronics Automation Sdn Bhd	Malaysia	-	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
* Industronics (HK) Limited (formerly known as Famous (HK) Limited)	Hong Kong	100	-	Undertake the business of information technology and system development
* Industronics Technology Limited	Hong Kong	100	-	Undertake the development of IT applications
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	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
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 UHY.

\# Subsidiary which is in the process of dissolution and the company being consolidated based on management account.

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 Ninth (39th) Annual General Meeting** of the Company to be held at **Function Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur** on **Wednesday, 25 June 2014** at **10:30 a.m.** or at any adjournment thereof.

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Signature/Seal of Shareholder(s)

Signed this ____________ day of _________________ 2014

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