

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your ITCB Shares, you should at once hand this Abridged Prospectus and the accompanying NPA and RSF to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue of ICULS with Warrants should be addressed to our Share Registrar, AGRITEUM Share Registration Services Sdn Bhd (578473-T) at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang.

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

The approval from our shareholders for the Rights Issue of ICULS with Warrants was obtained at the EGM held on 28 March 2014. Approval from Bursa Securities has been obtained on 18 February 2014 for, amongst others, the admission of the ICULS and the Warrants to the Official List of the Main Market of Bursa Securities as well as the listing of and quotation for the ICULS, the Warrants and the new ITCB Shares to be issued pursuant to the conversion of the ICULS and the exercise of the Warrants on the Main Market of Bursa Securities. Approval from the SC has also been obtained on 14 February 2014 for the issuance of the ICULS to the shareholders of ITCB. The official listing of and quotation for all the new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. Admission of the ICULS and the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICULS with Warrants.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus.

The Directors of ITCB have seen and approved all the documentation relating to the Rights Issue of ICULS with Warrants including this Abridged Prospectus and the accompanying NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in these documents false or misleading.

This Abridged Prospectus and the accompanying NPA and RSF are only despatched to our Entitled Shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 16 May 2014. This Abridged Prospectus and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICULS with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue of ICULS with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither ITCB, KAF nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Issue of ICULS with Warrants made by the Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.**

# IRE★TEX

## IRE-TEX CORPORATION BERHAD

(Company No. 576121-A)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 517,014,000 OR RM38,776,050 NOMINAL VALUE OF FIVE (5)-YEAR, 1%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AT 100% OF THE NOMINAL VALUE OF RM0.075 EACH ("RIGHTS ICULS") ON THE BASIS OF FOUR (4) RM0.075 NOMINAL VALUE OF RIGHTS ICULS FOR EVERY ONE (1) ORDINARY SHARE OF RM0.40 EACH IN IRE-TEX CORPORATION BERHAD HELD AT 5.00 P.M. ON 16 MAY 2014 TOGETHER WITH UP TO 64,626,750 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY EIGHT (8) RIGHTS ICULS SUBSCRIBED FOR PAYABLE IN FULL UPON ACCEPTANCE**

*Principal Adviser*

*Trustee*



**INVESTMENT BANK BERHAD (20657-W)**

**MALAYSIAN TRUSTEES**

Malaysian Trustees Berhad (21886-3)  
[A Member of RHB Banking Group]

**IMPORTANT RELEVANT DATES AND TIME:-**

Entitlement Date	:	Friday, 16 May 2014 at 5.00 p.m.
<b>Last date and time for:-</b>		
Sale of provisional allotment of rights	:	Friday, 23 May 2014 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 28 May 2014 at 4.00 p.m.
Acceptance and payment	:	Monday, 2 June 2014 at 5.00 p.m.*
Excess application and payment	:	Monday, 2 June 2014 at 5.00 p.m.*

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

***ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.***

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

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

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.**

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

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**DEFINITIONS**


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

“Abridged Prospectus”	: This Abridged Prospectus dated 16 May 2014 in relation to the Rights Issue of ICULS with Warrants
“Act”	: The Companies Act, 1965
“Amendments”	: Amendments to the Memorandum and Articles of Association of ITCB to facilitate the Share Split and the Increase in Authorised Share Capital
“Announcement LPD”	: 31 December 2013, being the latest practicable date prior to the announcement of, amongst others, the Rights Issue of ICULS with Warrants
“Board”	: Board of Directors of ITCB
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS Account(s)”	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
“CDS”	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CMSA”	: Capital Markets and Services Act 2007
“Code”	: Malaysian Code on Take-Overs and Mergers, 2010
“Corporate Exercises”	: The Share Split, the Increase in Authorised Share Capital, the Amendments and the Rights Issue of ICULS with Warrants, collectively
“Deed Poll”	: The deed poll executed by our Company on 2 May 2014 constituting the Warrants and governing the rights of the Warrant holders
“Director(s)”	: Has the meaning given in Section 2(1) of the CMSA
“Diversification”	: Diversification of the business of our Group into the Industrial Automation Business and Other E&E Related Manufacturing Business
“E&E”	: Electrical and electronic
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“EGM”	: Extraordinary General Meeting of ITCB in relation to the Corporate Exercises
“Entitled Shareholder(s)”	: Shareholders of ITCB, whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date, who shall be entitled to participate in the Rights Issue of ICULS with Warrants
“Entitlement Date”	: 16 May 2014, at 5.00 p.m., being the date on which the names of the shareholders of ITCB must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue of ICULS with Warrants
“EPS”	: Earnings per share

**DEFINITIONS (CONT'D)**

“ESOS”	:	Our Company’s employee share option scheme, which has expired on 16 January 2014
“Excess Rights ICULS with Warrants”	:	Rights ICULS with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s)/transferee(s) prior to excess application
“Existing HQ-cum-Factory Disposal”	:	Disposal by Ire-Tex (Malaysia) Sdn Bhd, a wholly-owned subsidiary of ITCB, of the Existing HQ-cum-Factory for a cash consideration of RM24,500,000, which was completed on 31 March 2014
“Existing HQ-cum-Factory”	:	Our Group’s existing corporate headquarters and factory for business operations erected on a parcel of leasehold land known as Lot No. PT 3048 (Plot 118), Daerah Seberang Perai Tengah, Mukim 11, Pulau Pinang held under HS(D) No. 40119 (formerly known as HS(D) No. 3644)
“FYE”	:	Financial year ended/ending 31 December
“ICULS” or “Rights ICULS”	:	Five (5)-year, 1%, irredeemable convertible unsecured loan stocks to be issued by our Company pursuant to the Rights Issue of ICULS with Warrants
“Increase in Authorised Share Capital”	:	Increase in the authorised share capital of ITCB from RM50,000,000 comprising 50,000,000 Pre-subdivided Shares to RM500,000,000 comprising 1,250,000,000 ITCB Shares
“Industrial Automation Business”	:	Provision of industrial automation solutions and services
“ITCB Group” or “Group”	:	ITCB and its subsidiaries, collectively
“ITCB Share(s)”	:	Subdivided ordinary share(s) of RM0.40 each in our Company, after the Share Split
“ITCB” or the “Company”	:	Ire-Tex Corporation Berhad
“KAF” or “Principal Adviser”	:	KAF Investment Bank Berhad
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	30 April 2014, being the latest practicable date prior to the issuance of this Abridged Prospectus
“Malaysian Trustees” or “Trustee”	:	Malaysian Trustees Berhad
“Market Day(s)”	:	A day on which Bursa Securities is open for trading in securities
“Maximum Subscription Level”	:	A maximum subscription level of RM38,776,050 nominal value of ICULS pursuant to the Rights Issue of ICULS with Warrants
“Minimum Subscription Level”	:	A minimum subscription level of RM18,634,170.60 nominal value of ICULS pursuant to the Rights Issue of ICULS with Warrants, based on the Undertakings
“NA”	:	Net assets
“NPA”	:	Notice of Provisional Allotment

**DEFINITIONS (CONT'D)**

“Official List”	: A list specifying all securities listed on the Main Market of Bursa Securities
“Other E&E Related Manufacturing Business”	: Provision of turnkey solutions to, amongst others, electrical and electronic industries and manufacture of, inter alia, tooling parts, jigs and fixtures for use in manufacturing industries
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“Placement Share(s)”	: Up to 11,750,000 new ITCB Shares, representing up to approximately 10% of the issued and paid-up share capital of ITCB, to be issued pursuant to the Private Placement
“Pre-subdivided Share(s)”	: Ordinary share(s) of RM1.00 each in our Company, prior to the Share Split
“Private Placement”	: Private placement of up to 11,750,000 Placement Shares, representing up to approximately 10% of the issued and paid-up share capital of ITCB, based on a shareholders’ mandate procured pursuant to Section 132D of the Act
“Provisional Allotment”	: Rights ICULS with Warrants provisionally allotted to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) pursuant to the Rights Issue of ICULS with Warrants
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Rights Issue of ICULS with Warrants”	: Renounceable rights issue of up to 517,014,000 or RM38,776,050 nominal value of ICULS at 100% of the nominal value of RM0.075 each on the basis of four (4) RM0.075 nominal value of Rights ICULS for every one (1) ITCB Share held by the Entitled Shareholders on the Entitlement Date together with up to 64,626,750 Warrants on the basis of one (1) Warrant for every eight (8) Rights ICULS subscribed
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RSF”	: Rights Subscription Form
“Rules of Bursa Depository”	: The rules of Bursa Depository as issued pursuant to the SICDA
“SC”	: Securities Commission Malaysia
“Share Split”	: Share split involving the subdivision of every one (1) Pre-subdivided Share into two and a half (2.5) ITCB Shares, which was completed on 14 April 2014
“SICDA”	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time, including the Securities Industry (Central Depositories) Amendment Act, 1998
“Sq. ft.”	: Square feet
“Trust Deed”	: The document constituting the ICULS executed by our Company and the Trustee on 2 May 2014
“Undertaking Shareholders”	: Tey Por Yee, Ooi Kock Aun and Teh Eng Huat, collectively

**DEFINITIONS (CONT'D)**

“Undertakings”	: Irrevocable written undertakings from the Undertaking Shareholders to subscribe for their respective entitlements of the Rights ICULS together with Warrants under the Rights Issue of ICULS with Warrants
“VWAMP”	: Volume weighted average market price
“Warrant(s)”	: Free detachable warrants in ITCB to be issued pursuant to the Rights Issue of ICULS with Warrants
“ZASB”	: Zoomic Automation (M) Sdn Bhd
“ZASB Acquisition”	: Acquisition by ITCB of the entire issued and paid-up share capital of ZASB from Teh Eng Huat and Khoo Hun Sniah for a cash consideration of RM8,200,000, which was completed on 24 April 2014
“Zoomic Acquisitions”	: Acquisitions by ITCB of the entire issued and paid-up share capital of ZASB and ZTSB from Teh Eng Huat and Khoo Hun Sniah for a total cash consideration of RM24,600,000, which were completed on 24 April 2014
“ZTSB”	: Zoomic Technology (M) Sdn Bhd

All references to “our Company” or “ITCB” in this Abridged Prospectus are made to Ire-Tex Corporation Berhad and references to “our Group” are made to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are made to our Company, or where the context requires, our Group or any of our subsidiaries. All references to “you” in this Abridged Prospectus are made to our Entitled Shareholders and/or where the context otherwise requires, their renounee(s) and/or transferee(s).

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

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

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
YM Raja Said Abidin Bin Raja Shahrome <i>(Chairman/Independent Non-Executive Director)</i>	12, Jalan SS3/50 Taman Univercity 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Dato' Dr Yap Tatt Keat <i>(Group Managing Director)</i>	11, Cangkat Minden Lorong 12 11700 Gelugor Penang	Malaysian	Company Director
See Toh Kean Yaw <i>(Executive Director)</i>	20, Lintang Delima 12 11700 Gelugor Penang	Malaysian	Accountant
Teh Eng Huat <i>(Executive Director)</i>	1, Jalan Bayan Mutiara 2 11700 Penang	Malaysian	Company Director
Fazrin Azwar Bin Dato' Md. Nor <i>(Independent Non-Executive Director)</i>	15, Jalan Setiamurni 2 Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Teh Eng Aun <i>(Independent Non-Executive Director)</i>	4A, Lorong Selamat 10400 Penang	Malaysian	Company Director
Na Chiang Seng <i>(Independent Non-Executive Director)</i>	175B, Jalan Aminuddin Baki Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Soo Tee Wei <i>(Independent Non-Executive Director)</i>	A-3A-33, IOI Boulevard Jalan Kenari 5 Bandar Puchong Jaya 47170 Puchong Selangor	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
YM Raja Said Abidin Bin Raja Shahrome	Chairman	Independent Non-Executive Director
Teh Eng Aun	Member	Independent Non-Executive Director
Fazrin Azwar Bin Dato' Md. Nor	Member	Independent Non-Executive Director

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**CORPORATE DIRECTORY (CONT'D)**

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- COMPANY SECRETARIES** : Lim Kim Teck (MAICSA 7010844)  
Kong Sown Kaey (MAICSA 7047655)
- 35, 1st Floor  
Jalan Kelisa Emas 1  
Taman Kelisa Emas,  
13700 Seberang Jaya  
Penang
- Tel No: 04-3976 672  
Fax No: 04-3976 675
- REGISTERED OFFICE** : 35, 1st Floor  
Jalan Kelisa Emas 1  
Taman Kelisa Emas,  
13700 Seberang Jaya  
Penang
- Tel No: 04-3976 672  
Fax No: 04-3976 675
- HEAD OFFICE** : Plot 118 Jalan Perusahaan  
Bukit Tengah Industrial Park  
14000 Bukit Mertajam  
Penang
- Tel No: 04-5022 752  
Fax No: 04-5022 751  
Website: [www.iretex.com.my](http://www.iretex.com.my)  
Email: [info@iretex.com.my](mailto:info@iretex.com.my)
- SHARE REGISTRAR AND PAYING AGENT** : **AGRITEUM Share Registration Services Sdn Bhd**  
2nd Floor, Wisma Penang Garden  
42 Jalan Sultan Ahmad Shah  
10050 Penang
- Tel No: 04-2282 321  
Fax No: 04-2272 391
- AUDITORS AND REPORTING ACCOUNTANTS** : **Grant Thornton (AF 0042)**  
Chartered Accountants  
51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang
- Tel No: 04-2287 828  
Fax No: 04-2279 828
- PRINCIPAL BANKERS** : **CIMB Bank Berhad**  
8th Floor, Bangunan KWSP  
Lot 3009, Off Lebuh Tenggiri 2  
Bandar Seberang Jaya  
13700 Seberang Jaya  
Penang
- Tel No: 04-3978 033  
Fax No: 04-3978 036

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**CORPORATE DIRECTORY (CONT'D)**

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**PRINCIPAL BANKERS (CONT'D)**

**Public Bank Berhad**  
11, Jalan Todak 2  
Pusat Bandar Seberang Jaya  
13700 Seberang Jaya  
Penang

Tel No: 04-3904 513/592  
Fax No: 04-3971 107

**Hong Leong Bank Berhad**  
1st Floor, No. 7 & 9, Tingkat Kikik 7  
Taman Inderawasih  
13600 Prai  
Penang

Tel No: 04-3996 188  
Fax No: 04-3906 913

**DUE DILIGENCE SOLICITORS**

: **David Lai & Tan**  
2-3, Jalan Arfah 2  
Seri Kuching Business Park  
Off Jalan Kuching  
51200 Kuala Lumpur

Tel No: 03-6257 6088  
Fax No: 03-6179 5088

**PRINCIPAL ADVISER**

: **KAF Investment Bank Berhad**  
14th Floor, Chulan Tower  
No. 3, Jalan Conlay  
50450 Kuala Lumpur

Tel No: 03-2168 8800  
Fax No: 03-2168 8009

**TRUSTEE**

: **Malaysian Trustees Berhad**  
Level 10, Tower One  
RHB Centre, Jalan Tun Razak  
50400 Kuala Lumpur

Tel No: 03-9287 8888  
Fax No: 03-9287 6507

**STOCK EXCHANGE LISTED AND LISTING SOUGHT**

: Main Market of Bursa Securities

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# IRE★TEX

**IRE-TEX CORPORATION BERHAD**

(Company No. 576121-A)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**  
35, 1st Floor  
Jalan Kelisa Emas 1  
Taman Kelisa Emas  
13700 Seberang Jaya  
Penang

**16 May 2014**

## BOARD OF DIRECTORS

YM Raja Said Abidin Bin Raja Shahrome (Chairman/Independent Non-Executive Director)  
Dato' Dr Yap Tatt Keat (Group Managing Director)  
See Toh Kean Yaw (Executive Director)  
Teh Eng Huat (Executive Director)  
Fazrin Azwar Bin Dato' Md. Nor (Independent Non-Executive Director)  
Teh Eng Aun (Independent Non-Executive Director)  
Na Chiang Seng (Independent Non-Executive Director)  
Soo Tee Wei (Independent Non-Executive Director)

### To: The Entitled Shareholders of ITCB

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 517,014,000 OR RM38,776,050 NOMINAL VALUE OF ICULS AT 100% OF THE NOMINAL VALUE OF RM0.075 EACH ON THE BASIS OF FOUR (4) RM0.075 NOMINAL VALUE OF RIGHTS ICULS FOR EVERY ONE (1) ITCB SHARE HELD AT 5.00 P.M. ON 16 MAY 2014 TOGETHER WITH UP TO 64,626,750 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY EIGHT (8) RIGHTS ICULS SUBSCRIBED FOR PAYABLE IN FULL UPON ACCEPTANCE**

### 1.0 INTRODUCTION

- 1.1 On 8 January 2014, KAF had, on behalf of our Board, announced that our Company proposed to undertake, amongst others, the Rights Issue of ICULS with Warrants.
- 1.2 On 17 February 2014, KAF had, on behalf of our Board, announced that the SC had, vide its letter dated 14 February 2014, approved the issuance of the ICULS pursuant to the Rights Issue of ICULS with Warrants under subsection 214(1) of the CMSA.

The approval of the SC is subject to the following conditions:-

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(1)	Prior to the issuance of the ICULS, KAF is required to submit a checklist of compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Private Debt Securities issued by the SC and any other condition imposed in any other letter issued in connection with the Rights Issue of ICULS with Warrants.	To be met

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(2)	The provisions under the CMSA, guidelines, notices and circulars issued or administered by the SC are an integral part of the SC's approval and must be complied with. KAF and ITCB are reminded that any contravention or non-compliance with any condition imposed by the SC will be subject to enforcement actions as provided under the CMSA.	Noted

On 18 February 2014, KAF had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 18 February 2014, resolved to approve, amongst others, the following:-

- (i) the admission of the ICULS and the Warrants to the Official List of the Main Market of Bursa Securities; and
- (ii) the listing of and quotation for the ICULS, the Warrants and the new ITCB Shares to be issued pursuant to the conversion of the ICULS and the exercise of the Warrants on the Main Market of Bursa Securities.

The approval of Bursa Securities for, amongst others, the Rights Issue of ICULS with Warrants is subject to the following conditions:-

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(1)	Shareholders' approval for the Rights Issue of ICULS with Warrants, Share Split and Amendments being obtained.	Met
(2)	ITCB and KAF must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Share Split, Private Placement and Rights Issue of ICULS with Warrants.	Noted
(3)	ITCB and KAF to inform Bursa Securities upon the completion of the Share Split, Private Placement and Rights Issue of ICULS with Warrants.	To be met
(4)	ITCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Share Split, Private Placement and Rights Issue of ICULS with Warrants are completed.	To be met
(5)	ITCB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the Rights ICULS and/or exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

- 1.3 On 28 March 2014, the shareholders of ITCB had approved, amongst others, the Rights Issue of ICULS with Warrants at the EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises passed at the EGM is set out in Appendix I of this Abridged Prospectus.
- 1.4 The official listing of and quotation for the ICULS and the Warrants to be issued pursuant to the Rights Issue of ICULS with Warrants will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renounee(s)/ transferee(s) have been duly credited and notices of allotment have been despatched to them.
- 1.5 On 30 April 2014, KAF had, on behalf of our Board, announced that the Entitlement Date for the Rights Issue of ICULS with Warrants has been fixed at 5.00 p.m. on 16 May 2014.

- 1.6 No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue of ICULS with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or KAF in connection with the Rights Issue of ICULS with Warrants.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2.0 DETAILS OF THE RIGHTS ISSUE OF ICULS WITH WARRANTS**

### **2.1 Details of the Rights Issue of ICULS with Warrants**

The Rights Issue of ICULS with Warrants, to be undertaken on a renounceable basis, entails the issuance of up to 517,014,000 or RM38,776,050 nominal value of ICULS at 100% of the nominal value of RM0.075 each on the basis of four (4) RM0.075 nominal value of Rights ICULS for every one (1) ITCB Share held by the Entitled Shareholders on the Entitlement Date together with up to 64,626,750 Warrants on the basis of one (1) Warrant for every eight (8) Rights ICULS subscribed for.

The Entitled Shareholders can fully or partially subscribe for and/or renounce their entitlements to the Rights ICULS together with Warrants. In addition to taking up their respective entitlements under the Rights Issue of ICULS with Warrants, the Entitled Shareholders may also apply for Excess Rights ICULS with Warrants under the excess application for Rights ICULS with Warrants. Any Rights ICULS together with Warrants which are not validly taken up or are not allotted for any reason whatsoever shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s).

The Warrants are attached to the Rights ICULS without any cost and will only be issued to the Entitled Shareholders and/or their renounee(s)/transferee(s) who subscribe for the Rights ICULS. The renunciation of the Rights ICULS by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights ICULS pursuant to the Rights Issue of ICULS with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights ICULS entitlements, they shall be entitled to the Warrants in proportion to the acceptance of their Rights ICULS entitlements. The Warrants will be immediately detached from the Rights ICULS upon issuance and will be separately traded.

Any fractional entitlements of the Rights ICULS and the Warrants under the Rights Issue of ICULS with Warrants will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit, expedient and in the best interests of our Company.

The ICULS will be issued in registered form and constituted by the Trust Deed, whilst the Warrants will be issued in registered form and constituted by the Deed Poll. The principal terms of the ICULS and the Warrants are set out in Sections 2.7 and 2.8 of this Abridged Prospectus respectively.

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

Any dealings in our securities will be subject to, inter-alia, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights ICULS with Warrants will, upon subscription, be credited directly into the respective CDS Accounts of the successful applicants. No physical loan stock or warrant certificates will be issued but notices will be despatched to the successful applicants. A notice of allotment will be despatched to you within eight (8) Market Days from the last date for acceptance of and payment for the Rights Issue of ICULS with Warrants or such period as may be prescribed by Bursa Securities.

## 2.2 Basis and justifications of arriving at the issue price and the conversion price of the ICULS

The Rights ICULS shall be issued at 100% of the nominal value of RM0.075 each and our Board has fixed the conversion price of the ICULS at RM0.60 for one (1) new ITCB Share. The conversion price of the ICULS was arrived at after taking into consideration the following:-

- (i) par value of ITCB Shares of RM0.40 each; and
- (ii) theoretical ex-price of RM0.69 per share in ITCB after the Share Split and the Rights Issue of ICULS with Warrants, calculated based on the five (5)-day VWAMP of the Pre-subdivided Shares up to and including the Announcement LPD of RM1.7340 per Pre-subdivided Share.

For illustration purposes, the conversion price of the ICULS of RM0.60 represents a discount of about RM0.08 or approximately 11.89% to the theoretical ex-price of RM0.681 per ITCB Share after the Rights Issue of ICULS with Warrants, calculated based on the five (5)-day VWAMP of the ITCB Shares up to and including the LPD of RM0.681 per ITCB Share. The discount of the conversion price to the theoretical ex-price of RM0.69 per share in ITCB after the Share Split and the Rights Issue of ICULS with Warrants serves to entice the Entitled Shareholders to subscribe for their entitlements to the Rights ICULS.

## 2.3 Basis and justifications of arriving at the issue price and the exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders and/or their renounee(s)/transferee(s) who subscribe for the Rights ICULS and our Board has fixed the exercise price of the Warrants at RM0.80 for one (1) new ITCB Share. The exercise price of the Warrants was arrived at after taking into consideration the following:-

- (i) par value of ITCB Shares of RM0.40 each;
- (ii) theoretical ex-price of RM0.69 per share in ITCB after the Share Split and the Rights Issue of ICULS with Warrants, calculated based on the five (5)-day VWAMP of the Pre-subdivided Shares up to and including the Announcement LPD of RM1.7340 per Pre-subdivided Share;
- (iii) the historical price movement of the Pre-subdivided Shares; and
- (iv) the potential future earnings of our Group.

For illustration purposes, the exercise price of the Warrants of RM0.80 represents a premium of about RM0.12 or approximately 17.47% to the theoretical ex-price of RM0.681 per ITCB Share after the Rights Issue of ICULS with Warrants, calculated based on the five (5)-day VWAMP of the ITCB Shares up to and including the LPD of RM0.681 per ITCB Share.

## 2.4 Ranking of the new ITCB Shares arising from the conversion of the ICULS and the exercise of the Warrants

The new ITCB Shares to be issued arising from the conversion of the ICULS and the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing ITCB Shares, save and except that such new ITCB Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new ITCB Shares.

## 2.5 Undertakings and public shareholding spread

The Rights Issue of ICULS with Warrants will be undertaken based on the Minimum Subscription Level, which was determined after taking into consideration the minimum level of funds required by our Group for the purposes stated in Section 5.0 of this Abridged Prospectus and the irrevocable undertakings procured by our Company on 15 January 2014 from the Undertaking Shareholders to subscribe for their respective entitlements of the Rights ICULS together with Warrants under the Rights Issue of ICULS with Warrants in full. The shareholdings of the Undertaking Shareholders in ITCB as at the LPD and their respective entitlements of the Rights ICULS and Warrants under the Rights Issue of ICULS with Warrants are as set out below:-

Undertaking Shareholders	Shareholdings as at the LPD		Rights ICULS entitled and undertaken to subscribe			No. of Warrants entitled
	No. of ITCB Shares	(1) %	No. of Rights ICULS	Nominal value of Rights ICULS (RM)	(2) %	
Tey Por Yee	32,517,500	27.67	130,070,000	9,755,250.00	25.16	16,258,750
Ooi Kock Aun	24,770,152	21.08	99,080,608	7,431,045.60	19.16	12,385,076
Teh Eng Huat	4,826,250	4.11	19,305,000	1,447,875.00	3.73	2,413,125
<b>Total</b>	<b>62,113,902</b>	<b>52.86</b>	<b>248,455,608</b>	<b>18,634,170.60</b>	<b>48.05</b>	<b>31,056,951</b>

**Notes:-**

- (1) Based on our Company's issued and paid-up share capital as at the LPD of RM47,001,400 comprising 117,503,500 ITCB Shares.
- (2) As a percentage of RM38,776,050, being the total nominal value of Rights ICULS to be issued pursuant to the Rights Issue of ICULS with Warrants under the Maximum Subscription Level based on the enlarged issued and paid-up share capital of ITCB after the Private Placement of RM51,701,400.

The Undertaking Shareholders have also provided written confirmations that they have sufficient financial resources to subscribe in full for their entitlements under the Rights Issue of ICULS with Warrants. As the Principal Adviser to ITCB in respect of the Rights Issue of ICULS with Warrants, KAF has verified the aforementioned confirmations.

In view that the Minimum Subscription Level can be achieved via the Undertakings, there will be no underwriting arrangement for the remaining portion of the Rights ICULS for which no irrevocable undertaking to subscribe has been obtained. For clarity, the Undertaking Shareholders have not provided any written confirmations that they will subscribe for additional Rights ICULS in excess of their respective entitlements under the Rights Issue of ICULS with Warrants.

In the event the Undertaking Shareholders fail to fulfil their obligations as stipulated in the Undertakings and the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Rights Issue of ICULS with Warrants and all subscription monies received pursuant to the Rights Issue of ICULS with Warrants will be immediately returned without interest to all subscribers. As at the LPD, our Company does not have any other alternative fund raising plan in the event that the Minimum Subscription Level is not achieved as aforementioned.

Pursuant to Paragraph 8.02 of the Listing Requirements, at least 25% of ITCB's total listed shares (excluding treasury shares) are required to be held by public shareholders. Although the eventual level of subscription for the Rights Issue of ICULS with Warrants is not determinable at this juncture, in the event where the other Entitled Shareholders and/or their renounee(s)/transferee(s) do not subscribe for their respective entitlements to the Rights Issue of ICULS with Warrants and that the Undertaking Shareholders convert and exercise all of their ICULS and Warrants respectively into new ITCB Shares after the Rights Issue of ICULS with Warrants, the shareholding spread of ITCB may fall below the permitted threshold percentage of at least 25% of its total listed shares are held by public shareholders. In such situation, our Board would initiate relevant course of action, such as placement of new ITCB Shares to third party investors, in order to comply with the provisions of the Listing Requirements for the continued listing of ITCB on the Main Market of Bursa Securities in addition to making an immediate announcement.

Nevertheless, the ability of our Company to successfully rectify the aforesaid public shareholding spread situation (if arises) may be subject to, amongst others, market conditions and sentiments and the relevant approvals from regulatory authorities, where applicable. Therefore, there can be no assurance that our Company will be able to address such situation within the time frame as may be allowed by the relevant authorities or that the relevant authorities will grant any further extension of time.



## 2.6 Take-over implications

As at the LPD, Tey Por Yee and Ooi Kock Aun (“**Concerning Parties**”) hold approximately 27.67% and 21.08% of the issued and paid-up share capital of ITCB respectively. Premised on the Undertakings procured and in the event that the other Entitled Shareholders and/or their renounee(s)/transferee(s) do not subscribe for their respective entitlements of Rights ICULS and/or the Excess Rights ICULS with Warrants, the individual shareholding of the Concerning Parties in ITCB could, upon conversion of their respective holdings of ICULS and exercise of their respective holdings of Warrants, potentially increase to above 33%\*. In relation thereto and pursuant to the Code, the Concerning Parties may individually, depending on their eventual shareholdings in ITCB, be obliged to extend a mandatory take-over offer for all the remaining ITCB Shares and convertible securities not already owned by them (“**Mandatory Offer Obligation**”).

Notwithstanding this, the Concerning Parties have confirmed that they will at all times observe and ensure compliance with the provisions of the Code and will seek necessary exemptions from the SC, i.e. under Paragraph 16.1(c) of Practice Note 9 of the Code, if required, from the obligation of having to undertake a mandatory offer for all the remaining ITCB Shares and convertible securities not already held by them if a Mandatory Offer Obligation is triggered pursuant to the conversion of the ICULS and/or exercise of the Warrants into new ITCB Shares.

**Note:-**

\* *The eventual individual percentage shareholding of the Concerning Parties in ITCB would depend on, amongst others, the timing and eventual holding of their ICULS being converted and Warrants being exercised into new ITCB Shares.*

## 2.7 Principal terms of the ICULS

Issuer	:	ITCB.
Issue Size	:	Up to 517,014,000 or RM38,776,050 nominal value of ICULS to be issued pursuant to the Rights Issue of ICULS with Warrants.
Issue Price	:	100% of the nominal value of RM0.075 each.
Form and Denomination	:	The ICULS will be issued in registered form in denomination of RM0.075 and multiples thereof, and constituted by the Trust Deed.
Basis of Allotment	:	Four (4) RM0.075 nominal value of ICULS for every one (1) ITCB Share held by the Entitled Shareholders on the Entitlement Date.
Tenure	:	Five (5) years commencing from and including the date of issue of the ICULS.
Maturity Date	:	The date immediately preceding the fifth (5 <sup>th</sup> ) anniversary date of first issue of the ICULS, and if such date is not a Market Day, then on the immediate preceding Market Day.
Coupon Rate and Payment	:	1% per annum on the nominal value of the ICULS payable on an annual basis.
Conversion Rights	:	Each registered holder of the ICULS shall have the right at any time during the Conversion Period to convert such amount of ICULS held into fully paid-up new ITCB Shares at the Conversion Price.  Any remaining ICULS not converted at the end of the Conversion Period shall be mandatorily converted into new ITCB Shares at the Conversion Price on the Maturity Date.  Any fractional new ITCB Shares arising from the conversion of the ICULS will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit, expedient and in the best interests of our Company.

- Conversion Price : The conversion price of the ICULS is RM0.60 for every one (1) new ITCB Share.
- Conversion Period : The ICULS shall be convertible into new ITCB Shares on any Market Day from and including the date of the issue of the ICULS up to and including the Maturity Date.
- Conversion Mode : The ICULS may be converted into new ITCB Shares in the following manner:-
- (i) by surrendering nominal value of ICULS equivalent to the Conversion Price; or
  - (ii) by surrendering such number of ICULS together with cash such that in aggregate it amounts to the Conversion Price.
- Conversion Price Adjustment : Our Company shall make the necessary adjustment to the Conversion Price in the event of any alteration to the share capital of ITCB on or before the Maturity Date, whether by way of rights issues, bonus issues, consolidation of shares, sub-division of shares or capital distribution whether on a reduction of capital or otherwise, in accordance with the provisions of the Trust Deed.
- Redeemability : The ICULS will not be redeemable for cash. All outstanding ICULS will be mandatorily converted into new ITCB Shares on the Maturity Date.
- Purchase or Cancellation : ITCB and/or its subsidiaries may at any time purchase the ICULS on the Main Market of Bursa Securities at the market price prevailing at the time of purchase.
- All ICULS purchased by ITCB and/or its subsidiaries shall be cancelled, subject to regulatory procedures and cannot be resold or be convertible into new ITCB Shares.
- Status of ICULS : The ICULS shall constitute direct, unconditional and unsecured obligations of ITCB and subject to the provisions contained in the Trust Deed, must at all times rank pari passu, without discrimination, preference or priority between themselves and must rank at least pari passu with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of ITCB except for those which are preferred by law.
- ICULS holders' rights to participate in any distribution and/or offer of further securities in our Company : The ICULS holders are not entitled to participate in any distribution and/or offer of securities in ITCB until and unless such ICULS holders convert the ICULS into new ITCB Shares.
- Event of default : Any event of default as listed in the Trust Deed which includes, amongst others, failure to pay any interest owing on the ICULS by our Company, breach of obligations under the Trust Deed by our Company and any activity involving the winding up, dissolution or liquidation of our Company.

Rights of the ICULS holders on liquidation	:	In the event of the ICULS becoming payable upon the occurrence of an event of default, the amount which is immediately due and payable by ITCB to the holders of the ICULS or which the holders of the ICULS may prove for in the liquidation shall be the nominal value of the outstanding ICULS. Save as aforementioned, the ICULS shall not be liable to be redeemed in cash but only by conversion into fully paid new ITCB Shares in accordance with the provisions of the Trust Deed.
Maximum number of new ITCB Shares to be issued arising from the full conversion of the ICULS	:	Based on the Conversion Price of RM0.60 for one (1) new ITCB Share, the maximum number of new ITCB Shares to be issued is 517,014,000 new ITCB Shares.
Listing	:	Bursa Securities had on 18 February 2014 granted its approval for the admission of the ICULS to the Official List of Main Market of Bursa Securities and for the listing of and quotation for the ICULS and the new ITCB Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities.
Board Lot	:	The ICULS are tradable in board lots of RM7.50 nominal value of ICULS, or such denomination as may be determined by Bursa Securities upon listing.
Rating	:	The ICULS will not be rated.
Governing Law	:	Laws and regulations of Malaysia.

## 2.8 Principal terms of the Warrants

Form and Denomination	:	The Warrants will be issued in registered form and constituted by the Deed Poll.
Number of Warrants	:	Up to 64,626,750 Warrants.
Exercise Price	:	The exercise price of the Warrants has been fixed at RM0.80, subject to further adjustments (where applicable) in accordance with the provisions of the Deed Poll.
Exercise Period	:	Five (5) years commencing from and inclusive of the date of issuance of the Warrants. Any Warrants which are not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose.
Method of Exercise	:	The Warrant holders are required to lodge at our Company's registrar an exercise form, as set out in the Deed Poll, duly completed and signed, together with payment of the Exercise Price for the total number of new ITCB Shares subscribed by banker's draft or cashier's order or money order or postal order issued by a post office in Malaysia.
Expiry Date	:	The date immediately preceding the fifth (5 <sup>th</sup> ) anniversary date of first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day.
Exercise Rights	:	Each Warrant entitles its holder to subscribe for one (1) new ITCB Share at the Exercise Price at any time during the Exercise Period subject to the provisions in the Deed Poll.
Board Lot	:	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 Warrants.

- Maximum number of new ITCB Shares to be issued arising from the full exercise of the Warrants : Up to 64,626,750 new ITCB Shares.
- Listing : Bursa Securities had on 18 February 2014 granted its approval for the admission of the Warrants to the Official List of Main Market of Bursa Securities and for the listing of and quotation for the Warrants and the new ITCB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.
- Status of new ITCB Shares to be issued arising from the exercise of the Warrants : All new ITCB Shares to be issued upon the exercise of the Warrants shall, on allotment and issue, rank pari passu in all respects with the then existing ITCB Shares except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new ITCB Shares.
- Adjustment in the Exercise Price and/or the number of Warrants held by Warrant holders in the event of alteration to the share capital : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each Warrant holder shall be adjusted by our Board in consultation with an investment bank carrying on investment banking business in Malaysia and certified by the auditors appointed by our Company for the purposes of the Deed Poll in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll.
- Rights of Warrants : The Warrants do not entitle the Warrant holders thereof to any voting rights in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company unless the Warrant holder becomes a shareholder by exercising his/her Warrants.
- Modification of rights of Warrant holder : Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
- Rights of Warrant holders on winding-up, compromise or arrangement of our Company : Where a resolution has been passed for a members' voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one (1) or more companies, then every Warrant holder shall be entitled, upon and subject to the provisions of the Deed Poll, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company, or within six (6) weeks after (whichever is later) the court order or the last approval being granted for the compromise or arrangement, by irrevocable surrender of his Warrant(s) to our Company by submitting the Exercise Form(s) duly completed, authorising the debiting of his Warrant(s), together with payment of the relevant Exercise Price to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement (as the case may be) exercised the Exercise Rights and had on such date been the holder of the new ITCB Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. All Exercise Rights which have not been exercised within six (6) weeks of the passing of the resolution for members' voluntary winding-up or the granting of the court order shall lapse and cease to be valid for any purpose.
- Governing Law : Laws and regulations of Malaysia.

### **3.0 INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION**

#### **3.1 General**

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

#### **3.2 NPA**

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

#### **3.3 Last date and time for acceptance and payment**

The last date and time for acceptance and payment for the Provisional Allotment is at 5.00 p.m. on 2 June 2014, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

#### **3.4 Procedures for acceptance and payment**

Acceptance and payment for the Provisional Allotment by you as an Entitled Shareholder must be made on the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, EXCESS APPLICATION FOR THE RIGHTS ICULS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

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

You and/or your renounee(s)/transferee(s) (if applicable) who are accepting the Provisional Allotment are required to fill and complete Parts I and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:-

**AGRITEUM Share Registration Services Sdn Bhd**  
2nd Floor, Wisma Penang Garden  
42 Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No: 04-2282 321  
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so as to arrive not later than **5.00 p.m. on 2 June 2014**, being the last date and time for acceptance and payment for the Provisional Allotment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of the Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF must be used for the acceptance of the Provisional Allotment standing to the credit of more than one (1) CDS Account. If successful, Rights ICULS with Warrants subscribed by you or your renounee(s)/transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotment is standing to the credit.

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights ICULS and Warrants will comprise 100 Rights ICULS and 100 Warrants each respectively. Successful applicants of the Rights ICULS will be given free attached Warrants on the basis of one (1) Warrant for every eight (8) Rights ICULS successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights ICULS, the subscription or acceptance of which, however, will not be entitled for any free Warrants. Fractions of a Rights ICULS and/or Warrant which may arise from the Rights Issue of ICULS with Warrants will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit, expedient and in the best interests of our Company. Should you wish to secure one (1) free Warrant from the subscription of your entitlement, the minimum number of Rights ICULS with Warrants to be subscribed is eight (8) Rights ICULS with one (1) free Warrant.

If acceptance and payment for the Provisional Allotment from you and/or your renounee(s)/transferee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on 2 June 2014**, being the last date and time for acceptance and payment for the Provisional Allotment, or any other extended date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated time and date at its discretion, you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have declined the Provisional Allotment made to you and/or your renounee(s)/transferee(s) and it will be cancelled. In the event that the Rights ICULS with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights ICULS with Warrants to the applicants who have applied for Excess Rights ICULS with Warrants in the manner as set out in Section 3.8 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right to accept any application in full or in part only without providing any reasons.

You and/or your renounee(s)/transferee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our registered office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS ICULS WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "IRE-TEX CORPORATION BERHAD – ITCB RIGHTS ICULS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS TOGETHER WITH YOUR CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

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

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE OF ICULS WITH WARRANTS WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR RIGHTS ICULS WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPACHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICULS WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

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

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

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

### **3.5 Procedures for part acceptance**

You are entitled to accept part of your Provisional Allotment. The minimum number of securities that can be subscribed for or accepted is one (1) Rights ICULS, the subscription or acceptance of which, however, will not be entitled for any free Warrants. Should you wish to secure one (1) free Warrant from the subscription of your entitlement, the minimum number of Rights ICULS with Warrants to be subscribed is eight (8) Rights ICULS with one (1) free Warrant.

You must complete Parts I and II of the RSF by specifying the number of Rights ICULS with Warrants which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar, in the same manner as set out in Section 3.4 of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

### **3.6 Procedures for sale or transfer of Provisional Allotment**

As the Provisional Allotment are prescribed securities, you may sell or transfer all or part of your entitlement to the Rights ICULS with Warrants to one (1) or more person(s) through your stockbroker in the period up to the last date and time for sale or transfer of such Provisional Allotment, without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose of all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotment, you and/or your renounee(s)/transferee(s) (if applicable) need not deliver any document, including the RSF, to any stockbroker. However, you and/or your renounee(s)/transferee(s) (if applicable) must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

If you have sold or transferred only part of your Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the procedures for acceptance and payment.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar as stated above. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

### **3.7 Procedures for acceptance by renounee(s)/transferee(s)**

Renounee(s)/Transferee(s) who wish to accept the Provisional Allotment must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our registered office or from Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedures for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also apply to renounee(s)/transferee(s) who wish to accept the Provisional Allotment.

**RENOUNEE(S)/TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

### **3.8 Procedures for excess application**

You and/or your renounee(s)/transferee(s) (if applicable) may apply for Excess Rights ICULS with Warrants in addition to the Provisional Allotment by completing Parts I and II of the RSF and forward it (together with a separate remittance in RM for the full amount payable in respect of the Excess Rights ICULS with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on 2 June 2014**, being the last date and time for excess application and payment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

**PAYMENT FOR THE EXCESS RIGHTS ICULS WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED ABOVE, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "IRE-TEX CORPORATION BERHAD – ITCB EXCESS RIGHTS ICULS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS TOGETHER WITH YOUR CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR EXCESS APPLICATION AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**



Our Board reserves the right to allot any Excess Rights ICULS with Warrants applied for under Part I of the RSF on a fair and equitable basis and in such manner as it deems fit, expedient and in the best interests of our Company. As such, it is the intention of our Board to allot the Excess Rights ICULS with Warrants in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights ICULS with Warrants, on a pro-rata basis and in board lots, calculated based on priority as follows:-
  - (a) the shareholdings of the applicants in ITCB on the Entitlement Date; and
  - (b) the quantum of Excess Rights ICULS with Warrants applied for;and
- (iii) thirdly, for allocation to transferee(s) and/or renounee(s) who have applied for Excess Rights ICULS with Warrants, on a pro-rata basis and in board lots, based on the quantum of Excess Rights ICULS with Warrants applied for.

Subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in Sections 3.8(i)-(iii) of this Abridged Prospectus are achieved, our Board also reserves the right to accept any application for the Excess Rights ICULS with Warrants, in full or in part, without assigning any reason.

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

**APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.**

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

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

### **3.9 Form of issuance**

Bursa Securities has prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights ICULS and the Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights ICULS and the Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical loan stock or warrant certificate shall be issued to you under the Rights Issue of ICULS with Warrants. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date and time for acceptance and payment of the Rights Issue of ICULS with Warrants.

#### **Subscription of Rights ICULS with Warrants by Entitled Shareholders**

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

#### **Subscription of Rights ICULS with Warrants by a renounee/transferee**

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

#### **Application for the Excess Rights ICULS with Warrants by an Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable)**

The Excess Rights ICULS with Warrants, if allotted to the successful applicant who applies for the Excess Rights ICULS with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights ICULS with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8 of this Abridged Prospectus.

### **3.10 Laws of foreign jurisdictions**

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

The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of ICULS with Warrants only to the extent that it would be lawful to do so. KAF, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue of ICULS with Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. KAF, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

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

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

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

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICULS with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or renounee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- (iii) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are aware that the Rights ICULS and the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights ICULS and the Warrants; and
- (vi) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights ICULS and the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights ICULS and the Warrants.

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

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

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

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#### 4.0 RATIONALE FOR THE RIGHTS ISSUE OF ICULS WITH WARRANTS

Amongst various funding options available to our Company, our Board is of the opinion that the Rights Issue of ICULS with Warrants is the most appropriate avenue of fund raising for ITCB for the purposes stated in Section 5.0 of this Abridged Prospectus after taking into consideration the following:-

- (i) the Rights Issue of ICULS with Warrants enables our Group to raise funds without incurring high interest costs as compared to borrowings from financial institutions;
- (ii) the ICULS and the Warrants will provide the Entitled Shareholders with the opportunity to increase their equity participation in our Company at pre-determined conversion and exercise prices during the tenure of the ICULS and the Warrants. Proceeds to be received from the conversion of the ICULS and exercise of the Warrants, if any, will provide an additional source of funds for future working capital requirements and/or business expansion of our Group;
- (iii) the issuance of the ICULS together with the Warrants does not have an immediate dilutive effect on the EPS of our Group as opposed to the issuance of new ITCB Shares and it enables our Group to strengthen our eventual capital base upon full conversion of the ICULS and full exercise of the Warrants; and
- (iv) the free Warrants to be issued pursuant to the Rights Issue of ICULS with Warrants will provide the shareholders of ITCB with an incentive to subscribe for the Rights ICULS.

#### 5.0 UTILISATION OF PROCEEDS

The Rights Issue of ICULS with Warrants is expected to raise gross proceeds of between RM18.63 million (based on Minimum Subscription Level) and RM38.78 million (based on Maximum Subscription Level), which are proposed to be utilised as follows:-

Utilisation of proceeds	Expected time frame for utilisation	Minimum Subscription Level RM'000	Maximum Subscription Level RM'000
Working capital requirements of our Group <sup>(1)</sup>	Within 24 months	1,500	18,276
Repayment of bank borrowings <sup>(2)</sup>	Within 12 months	1,500	1,500
To part finance the construction costs for ITCB's new business premises in Kulim, Kedah <sup>(3)</sup>	Within 12 months	8,634	12,000
Purchase of machineries and equipment <sup>(4)</sup>	Within 12 months	6,000	6,000
Estimated expenses in relation to the Corporate Exercises and the Private Placement <sup>(5)</sup>	Within 3 months	1,000	1,000
<b>Total</b>		<b>18,634</b>	<b>38,776</b>

**Notes:-**

- (1) *Intended to be utilised for our Group's working capital requirements which consist of, amongst others, payment to creditors, salaries, purchase of raw materials and operating expenses. The exact proceeds to be utilised for each component of working capital are subject to the operating requirements of our Group at the time of utilisation and therefore has not been determined at this juncture.*

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Solely for illustration purposes and based on best estimates, the proceeds allocated for our Group's working capital requirements are anticipated to be utilised for each component of working capital as per the following breakdown:-

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Subscription Level RM'000</b>
Payment to trade creditors	1,500	7,000
Purchase of raw materials	-	8,000
Operating and administrative expenses which include, inter alia, staff costs, etc.	-	3,276
<b>Total</b>	<b>1,500</b>	<b>18,276</b>

(2) Proposed part repayment of our Group's existing borrowings, namely hire purchase facilities only, which are due for repayment in the next 12 months. Our Group's total outstanding borrowings stood at approximately RM36.17 million as at the LPD. Such repayment is expected to result in annual interest savings of about RM0.11 million based on the prevailing interest rates incurred by our Group of 7.60% per annum.

(3) The construction of ITCB's new business premises in Kulim, Kedah ("**ITCB New Premises**"), which comprises 2 main single storey factory buildings with total main floor area of about 244,000 sq. ft. and a double storey main office building with total main floor area of about 16,000 sq. ft. attached to a single storey factory building with total main floor area of about 66,000 sq. ft., has commenced in May 2013 and is targeted to complete by the third (3<sup>rd</sup>) quarter of 2014. The ITCB New Premises shall, upon completion of construction, house our Group's corporate headquarters and manufacturing plant with total production capacity of about 15,000 metric tonnes per annum. The ITCB New Premises serves to consolidate 3 of our Group's existing business premises in the Northern Region of Peninsular Malaysia, namely Prai, Sungai Petani and Kulim, mainly for, inter alia, costs saving purposes in anticipation of reduced logistics, manpower and stock holding costs. Solely for illustration purposes, the aforesaid consolidation of business premises is expected to result in savings in internal logistics costs of about RM0.60 million per annum, whilst cost savings from other aspects can only be determined at a later stage. Further, our Group is also expected to achieve savings in rental expenditure of about RM1.50 million per annum upon the said consolidation of business premises.

The estimated total costs relating to the construction and completion of ITCB New Premises (including costs for, amongst others, structural works, architectural works, mechanical and electrical works and interior fit-out) amount to about RM24.00 million and are to be funded in the following manner:-

- (i) RM11.00 million to be financed by borrowings;
- (ii) between RM8.63 million (based on Minimum Subscription Level) and RM12.00 million (based on Maximum Subscription Level) to be financed by proceeds from the Rights Issue of ICULS with Warrants, either as direct payment towards the construction costs pertaining to the ITCB New Premises and/or settlement of interim financing to be taken up for the construction of the ITCB New Premises, if any; and
- (iii) between RM1.00 million (based on Maximum Subscription Level) and RM4.37 million (based on Minimum Subscription Level) to be financed by our Group's internally generated funds ("**Portion from Internally Generated Funds**").

For clarity, the Portion from Internally Generated Funds is not intended to be sourced from the proceeds allocated for our Group's working capital requirements as set out in Note (1) above.

(4) Our Company intends to invest a total of RM6.00 million of the proceeds from the Rights Issue of ICULS with Warrants in new machineries and equipment for our business operations in packaging material manufacturing at the ITCB New Premises as follows:-

<b>Machinery/Equipment</b>	<b>Units/Sets</b>	<b>Estimated total costs (RM'000)</b>
In-line flexo printing slotter with stacker	2	4,000
Automatic tearing, gluing and stacking machine	2	2,000
<b>Total</b>		<b>6,000</b>

*The in-line flexo printing slotter with stacker is for the purposes of automating the slitting, printing, creasing, stacking and packing processes for corrugated carton boxes. Currently, such processes are being performed separately by our Group's existing 2 units of flexo printing machines, 1 unit of slitting machine and 1 unit of die-cutting machine.*

*On the other hand, the automatic tearing, glutting and stacking machine is for the purposes of automating the tearing, gluing and stocking processes for corrugated carton blocks. Currently, such processes are being performed separately by our Group's existing 4 units of tearing machines and 12 units of gluing machines.*

*The aforesaid new machineries and equipment serve to replace our Group's existing machines used in performing similar functions (on a separate basis as elaborated above) ("**Existing Machines**"). Upon the said replacement, our Group intends to retain some of the Existing Machines for contingency purposes, whilst the rest of the Existing Machines shall be disposed of.*

*The aforesaid new machineries and equipment are expected to enable our Group to achieve production capacity at the ITCB New Premises of 20,000 tonnes per annum, vis-à-vis the existing production capacity of 15,000 tonnes per annum based on the Existing Machines.*

- (5) *The estimated expenses in relation to the Corporate Exercises and the Private Placement of RM1.00 million consist of, amongst others, the estimated professional fees and fees payable to the relevant authorities.*

The proceeds to be received by ITCB pursuant to the conversion of the ICULS and the exercise of the Warrants are intended to be utilised for the working capital requirements and/or future business expansion of our Group. The eventual quantum of such proceeds cannot be determined at this juncture as it would be dependent on the mode of conversion of the ICULS into new ITCB Shares, i.e. the portion of cash receivable from the conversion of the ICULS as well as the total number of Warrants exercised during the tenure of the Warrants.

## **6.0 RISK FACTORS**

You and/or your renounee(s)/transferee(s) (if applicable) should carefully consider the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Rights Issue of ICULS with Warrants.

### **6.1 Risks relating to our Group**

#### **6.1.1 Business Risks**

Our Group is not insulated from general business risk as well as certain risks that are inherent within the industries in which it operates. These risks include, but are not limited to, general economic downturn in the global and regional economies, the entry of new players, the threat of new substitute products, changes in law and tax legislation affecting the industries, labour and raw material shortages, increases in the costs of labour and raw materials, changes in business and credit conditions as well as fluctuations in foreign exchange rates and interest rates.

Our Group seeks to limit these business risks through, inter-alia, the delivery of quality services and products to our clients so as to maintain good business relationships, establishment of a large pool of reliable and reputable suppliers and clients with long term relationships, expansion of customer base by increasing our range of products and services offered, effective cost control and increasing use of automation to improve the efficiency of our operations.

#### **6.1.2 Political, Economic and Regulatory Considerations**

Like all business entities, adverse changes in political, economic and regulatory conditions in Malaysia as well as other countries where our Group markets our products/services or sources our supplies could materially and unfavourably affect the financial and business prospects of

our Group. These risks include, among others, risks of war, changes in political leadership, changes in economic conditions, changes in interest rates and changes in government policies such as method of taxation, currency exchange rules and introduction of new regulations.

Whilst our Group may take effective measures to mitigate the aforementioned risks such as prudent financial management and diversification of our Group's range of products/services and markets, there is no assurance that adverse political, economic and regulatory conditions will not materially affect the business activities of our Group.

### **6.1.3 Dependency on Key Personnel**

Our Board believes that our Group's continuing success will depend, to a significant extent, on the abilities and continuing efforts/performance of our existing Directors and key management. The loss of any of our Directors or key members of the senior management without suitable and timely replacements could adversely affect our Group's continued ability to manage our operations effectively and competitively.

Our Group recognises the importance of our ability to attract and retain skilled personnel in the future growth and success of our Group. In this regard, continuous efforts are made to groom existing staff members to further support senior management and/or to shoulder further responsibilities in preparation for long term growth of our Group. In addition, our Group's middle management team is constantly exposed to various aspects of our business operations in order to ensure that they understand our Group's businesses and are adequately equipped with the knowledge necessary for them to assume senior management positions. Our Group also takes appropriate measures to promote long-term commitment amongst our key personnel and staff members through incentives, opportunities and development programs in all key functions of our Group's operations.

Notwithstanding this, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring smooth transition should changes occur.

### **6.1.4 Competition**

Our Group operates in competitive industries, namely the packaging material industry, industrial automation industry and manufacturing solutions and services industry, and is expected to face increasing competition from existing competitors, which include public listed and private companies, where some may have significantly greater resources or advantages in terms of market dominance, financial resources, technical knowledge and human resources. In addition, emerging companies may also enter the market, hence result in revenue erosion and loss of market share to our Group, any of which could materially and adversely affect our Group's businesses, operating results and financial condition.

While no assurance can be given that our Group would be able to maintain our competitive edge over our competitors and also our customer base, our Group believes that our existing business relationships with customers and experienced management would continue to be the key underlying factors for the future growth of our Group's business operations.

### **6.1.5 Dependency on the Manufacturing Sector**

To a large extent, the prospects of the industries in which our Group operates are highly correlated to the growth of the manufacturing sector, which in turn is dependent on the state of the Malaysian economy. The Malaysian economy and the manufacturing industry are cyclical in nature. Any downturn in the Malaysian economy in general or the manufacturing industry specifically could affect the overall demand for our Group's products/services, thereby adversely affecting our Group's financial performance.

Recognising this risk, our Group is continuously trying to increase our customer base by expanding our scope of products and services to cater for different application sub-sectors within the manufacturing sector, i.e. cyclical items such as semiconductor products in the E&E industry as well as non-cyclical items such as automation products/services in the



gloves, food processing and healthcare industry, so as to minimise any adverse impact on the overall demand for our Group's products/services potentially arising from a general downturn in the manufacturing industry. Notwithstanding this, should our Group be able to diversify our customer base, our Board is still unable to guarantee that it will be sufficient to mitigate any material adverse effect suffered as a consequence of any downturn in the Malaysian economy.

#### **6.1.6 Fluctuation in Raw Material Prices**

Our Group is exposed to fluctuation in raw material prices which may have an adverse impact on our financial results. The raw materials used by our Group include, inter alia, corrugated carton board, expanded polyethylene, expanded polyurethane, expanded polystyrene, expanded polypropylene, wooden crates, planks and pallets, which are sourced from manufacturers and/or suppliers. Any increase in raw material prices may affect our Group's profit margin if our Group is unable to pass on the cost to our customers.

Nevertheless, our Board believes that any fluctuation of our Group's raw material costs is manageable after taking into consideration the long-standing business and close working relationships between our Group and our customers which, to a certain extent, allow for negotiation of pricing for products and services should there be a major increase in raw material costs that could materially affect the profit margin of our Group.

Notwithstanding the above, no assurance can be given that any fluctuation in raw material prices will not affect the future profitability of our Group.

#### **6.1.7 Foreign Exchange Fluctuation Risk**

Our Group transacts certain sales in foreign currencies such as United States Dollar, Chinese Renminbi and Singapore Dollar, hence is exposed to potential foreign currency exchange losses or gains arising from timing differences. Any appreciation or depreciation of foreign currencies against the RM will expose our Group to incurring foreign currency exchange gains or losses due to fluctuations in the exchange of foreign currencies to RM.

The risk of foreign currency exchange fluctuation is, to a certain extent, mitigated by the managed float mechanism adopted by Bank Negara Malaysia on the RM as well as our Group's foreign exchange policies where our Group assesses, controls and monitors the risk via regular review of foreign exchange movements and our Group's foreign exchange exposure. For the past three (3) years up to the LPD, our Group has not encountered any significant foreign currency exchange fluctuation that has resulted in any material adverse impact to the financials of our Group. Nevertheless, there can be no assurance that any future significant fluctuation in exchange rates will not have an impact on our Group's earnings.

#### **6.1.8 Operational Risks**

Our Group's revenue and financial performance are dependent on our business operations running smoothly and efficiently without any significant disruptions. Our Group's business operations could be adversely affected by various factors such as changes in operating expenses, competition, unavailability of human resources, the ability of our Group in controlling unforeseen costs and managing production capacity, machine downtime/failure and other operational risks common to going concerns. Our Board believes that such operational risks can be controlled and monitored by the key management of our Group through, inter alia, effective cost management, regular inspection of operational facilities and adequate workforce planning.

Meanwhile, it is also important that electricity supply is available to ensure smooth operations of our Group's manufacturing and production activities. Our Group did not experience any electricity disruptions which have a significant effect on our business operations for the past three (3) years up to the LPD. Any electricity disruption to our Group will affect the prompt delivery of our Group's products to our customers. No assurance can be given that our Group will be completely sheltered against such crisis in the future, or that electricity disruptions will not adversely affect our Group's performance.

## **6.2 Risks relating to the Rights Issue of ICULS with Warrants**

### **6.2.1 Unsecured obligations/repayment risks of the ICULS**

The ICULS shall constitute direct, unconditional and unsecured obligations of our Company and subject to the provisions contained in the Trust Deed, must at all times rank pari passu, without discrimination, preference or priority between themselves and must rank at least pari passu with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of our Company except for those which are preferred by law. Moving forward, there is no assurance that the financial performance of our Group would be favourable to sustain the financial condition of our Group at a satisfactory level to support the value of the ICULS and generate sufficient cash flows to service the annual coupon when due.

In the event of the ICULS becoming payable upon the occurrence of an event of default pursuant to the Trust Deed, the amount which is immediately due and payable by our Company to the holders of the ICULS shall be the nominal value of the outstanding ICULS.

Our Company will endeavour to ensure that we will maintain prudent cash flow management and monitor our cash flow position regularly to minimise the event of default. However, there is no assurance that our Company will generate sufficient cash flow to mitigate the coupon payment risk of the ICULS.

### **6.2.2 Investment risks**

The market price of ITCB Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the industries in which our Group operates. The issue price and the conversion price of the Rights ICULS as well as the exercise price of the Warrants were arrived at after taking into consideration, amongst others, the par value of ITCB Shares, the theoretical ex-price of ITCB Shares after the Rights Issue of ICULS with Warrants, the historical price movement of the Pre-subdivided Shares and the potential future earnings of our Group.

The market prices of the ICULS and the Warrants, like all listed securities traded on Bursa Securities and being new securities to be issued by our Company, are subject to, inter-alia, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influenced by, amongst others, the market price, potential payments of dividends and volatility of the ITCB Shares, the remaining conversion period of the ICULS and the remaining exercise period of the Warrants. There is no assurance that the conversion price of the ICULS and/or the exercise price of the Warrants will be in-the-money during the tenure of the conversion period of the ICULS and/or the exercise period of the Warrants respectively.

### **6.2.3 Factors affecting the ICULS and the Warrants**

There is no prior market for the ICULS and the Warrants, and as such there is no assurance that an active market for the ICULS and the Warrants will develop upon their listing and quotation on the Main Market of Bursa Securities, or if developed, that such a market may be sustained or adequately liquid during the tenure of the ICULS and the Warrants. Our Board believes that a variety of factors could cause the future market price performance of the ICULS and the Warrants to fluctuate, including but not limited to trades of substantial amount of the ICULS and the Warrants on Bursa Securities in the future, fluctuation in the market price of the underlying ITCB Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the ICULS and the Warrants will also depend on various external factors, such as the prospects of industries in which our Group operates, the economic, monetary and political conditions of Malaysia, outlook of interest rates, the investors' sentiments and liquidity in the local stock market as well as the performance of regional and world bourses. Notwithstanding the above, it should be noted that our Group's

financial performance is not dependent on the market price performance of the ITCB Shares, the ICULS and/or the Warrants.

#### **6.2.4 Delay or failure in the completion of the Rights Issue of ICULS with Warrants**

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

- (i) force majeure events or events/circumstances, which are beyond the control of our Group, arising prior to the completion of the Rights Issue of ICULS with Warrants; or
- (ii) the Undertaking Shareholders, who have provided the Irrevocable Undertakings as set out in Section 2.5 of this Abridged Prospectus, do not fulfill or are not able to fulfill their obligation.

In the event of failure in the completion of the Rights Issue of ICULS with Warrants, all application monies received pursuant to the Rights Issue of ICULS with Warrants will be refunded to our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have subscribed for the Rights ICULS without interest.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue of ICULS with Warrants. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue of ICULS with Warrants.

### **6.3 Forward-looking statements**

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

## **7.0 INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

### **7.1 Overview and outlook of the Malaysian economy**

Global economic activity improved in the fourth quarter amid the gradual recovery in the major economies. Despite lingering fiscal uncertainties, the United States economy registered stronger growth as consumption and investment improved. In the euro area, modest improvements in exports supported growth, but structural and fiscal issues weighed down domestic demand. Growth across Asia continued as moderating domestic demand was offset by better export performance. Similarly, the Malaysian economy expanded by 5.1% in the fourth quarter of 2013 (3Q 2013: 5.0%), supported by private sector demand and improvement in exports. On the supply side, the major economic sectors grew further, supported by both domestic and trade activities. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 2.1% (3Q 2013: 1.7%). For the year 2013, the Malaysian economy grew by 4.7%.

Private consumption growth remained high in the fourth quarter, although the pace of expansion moderated (7.3%; 3Q 2013: 8.2%). Household spending continued to be supported by stable employment conditions and sustained wage growth, especially in the domestic oriented sectors. Growth in public consumption moderated to 5.1% (3Q 2013: 7.8%), reflecting lower Government spending on emoluments.

Gross fixed capital formation grew by 5.8% (3Q 2013: 8.6%), led by robust private sector capital spending amidst a contraction in public investment growth. Growth in private investment improved to 16.5% (3Q 2013: 15.2%), on account of higher capital spending in the services and manufacturing sectors. Public investment declined by 2.7% (3Q 2013: -1.3%), reflecting moderating capital spending by the public enterprises amid a smaller contraction in Federal Government development expenditure.

On the supply side, growth was supported by the major economic sectors. The services sector grew in tandem with the improvement in trade and manufacturing activities. The manufacturing sector expanded further, supported by higher growth in both export- and domestic-oriented industries. The construction sector growth remained firm, underpinned by the activity in the non-residential and residential sub-sectors. However, the commodities sector weakened, due to lower production of rubber, palm oil and crude oil.

For the Malaysian economy, domestic demand will remain supportive of growth. While domestic demand is expected to moderate following the ongoing fiscal consolidation, the external sector is expected to benefit from the improving global conditions. The growth momentum is therefore expected to remain on a steady trajectory.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2013, Bank Negara Malaysia)*

## 7.2 Overview and outlook of the Malaysian manufacturing industry

Growth in the manufacturing sector expanded by 5.1% (3Q 2013: 4.2%), supported by growth in both export- and domestic-oriented industries. Export-oriented industries expanded by 4.5% (3Q 2013: 4.2%) driven by demand for electronics and electrical products. Domestic-oriented industries grew at 5.6% (3Q 2013: 4.4%), mainly supported by the continued strength in demand for transport equipment.

Overall capacity utilisation rate in the manufacturing sector was sustained at 80% (3Q 2013: 80%). Export- and domestic-oriented industries were operating at 82% and 74% of total capacity, respectively (3Q 2013: 82% and 75%, respectively).

*(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2013, Bank Negara Malaysia)*

The outlook for the manufacturing sector is expected to improve, given the continued recovery in manufacturing activity, particularly the electrical and electronic subsector. In line with the gradual pickup in the global economy and improving intra-regional trade, export-oriented industries such as electrical and electronic, chemicals and resource-based industries are likely to provide support to growth. Likewise, domestic-oriented industries such as construction-related materials, transport equipment and food subsectors are also expected to remain resilient. The manufacturing sector is projected to grow 3.8% in 2014 (2013: 3.2%).

*(Source: Ministry of Finance Malaysia, Economic Report 2013/2014)*

Premised on the above, it is reasonably expected that the performance of the Malaysia's exports would affect the outlook of the Malaysian manufacturing industry. In this regard, the trade performance of Malaysia for the year of 2013 is illustrated below:-

*“The strong export growth of 14.4% in December 2013 marked the sixth consecutive month of export growth since July 2013. On the average, exports expanded by 8.9% in the second half of 2013, compensating for a lackluster first half performance. With this recovery, Malaysia's exports for the full year 2013 grew by 2.4% or RM17.17 billion to RM719.81 million. Amongst others, major contributors to this performance included:-*

- *strong uptake by ASEAN especially to Indonesia, Singapore, Thailand, Vietnam, Brunei, Myanmar and Lao PDR;*
- *improved demand as a result of pockets of recovery in the EU such as in the Netherlands, Germany, Italy, Belgium and Poland;*

- *growth in exports of manufacturing and mining sectors;*
- *new applications of semi-conductors driven by higher needs for digitalisation, mobility, connectivity, energy efficiency and miniaturisation, fuelled growth for E&E exports; and*
- *rising demand for other manufactured exports such as medical devices; manufactures of metal; chemicals and chemical products; as well as, machinery, appliances and parts.*

*Exports of E&E products rose by RM5.6 billion to RM236.76 billion accounted for 32.9% of total exports. This was driven by higher demand for:*

- *electronic integrated circuits;*
- *parts for electronic integrated circuits;*
- *computers and data processing equipment;*
- *photosensitive semiconductors;*
- *apparatus for transmission or reception of voice, images and data; and*
- *parts and accessories of telephone sets and telecommunication equipment.*

*The early signs of economic recovery in the EU and greater manufacturing activities in ASEAN, saw increased exports of E&E products to these markets. Exports of E&E products to the EU and ASEAN increased by RM4.06 billion and RM4.61 billion, respectively."*

*(Source: Trade Performance for The Year Of 2013 and The Month of December 2013, www.miti.gov.my)*

### **7.3 Prospects of our Group**

Prior to the Diversification, the principal activities of our Group are that of investment holding, design and manufacture of protective packing materials, packaging materials and other related products, as well as manufacture of wooden crates, pallets and other related wood products. The products of our Group are mainly used by various sub-sectors of the manufacturing industries for packing and packaging purposes.

In light of the current global economic condition and the respective outlook of the Malaysian economy and the manufacturing industry as mentioned above, our management expects the operating environment of our Group's packaging material manufacturing business to remain challenging and competitive due to weak global sentiments, the escalating production and labour costs as well as the fluctuating crude oil prices which has adversely affected the cost of petroleum-based raw materials. Given the continued uncertainties in the global economy, our Group endeavours to continue our efforts to strengthen and improve controls over procurement, manufacturing and marketing functions so as to maintain our price competitiveness as well as enhance our responsiveness to market needs, one of which is the consolidation of our Group's existing business premises in the Northern Region of Peninsular Malaysia into a single premises, i.e. the ITCB New Premises, for, inter alia, costs saving purposes, as further illustrated in Section 5.0 of this Abridged Prospectus. Moving forward, our Group will also continue to implement various strategies to achieve more cost-efficient manufacturing processes, better facilities and material utilisation rates as well as faster production cycles in order to enhance our Group's operational and financial performance. In this regard, our Company intends to invest a total of RM6.00 million of the proceeds from the Rights Issue of ICULS with Warrants in new machineries and equipment for our business operations in packaging material manufacturing, which are expected to enhance the operational efficiency and increase the production capacity of our Group. Notwithstanding that the prospects and outlook of our Group's packaging material manufacturing business appear to be challenging and competitive, our Board is of the opinion that the Rights Issue of ICULS with Warrants coupled with the aforesaid measures would assist our Group in weathering through the present economic and business environment, whilst allowing our Group to strengthen our operational and financial positions in preparation for future growth upon improvement of the global economic condition.

In addition to the above, our Group has also embarked on the diversification of our businesses into the Industrial Automation Business as well as the Other E&E Related Manufacturing Business so as to reduce our reliance on our existing packaging material manufacturing business through the ZASB Acquisition. Given that ZASB sells its products and services mainly to customers from various sub-sectors of the E&E industries, which by itself is a sub-sector within the manufacturing industry, it is expected that the prospects of ZASB are dependent on the outlook and prospects of the Malaysian manufacturing industry, which in turn is dependent on, amongst others, the overall state of economy of Malaysia. In other words, higher level of manufacturing activities in Malaysia is expected to benefit the business operations of ZASB in view of the generally anticipated higher demand for its industrial automation products and services. In this regard, the overview and outlook of the Malaysian economy and the Malaysian manufacturing industry are set out in Sections 7.1 and 7.2 of this Abridged Prospectus.

Our management is of the opinion that there are opportunities for growth in the businesses of ZASB over the long term with the continuing recovery of the global economy, which would in turn be expected to promote regional manufacturing activities and hence, the demand for ZASB's industrial automated machines and systems, tooling parts and services in relation to provision of turnkey solutions. Further, ZASB is also expected to benefit from the performance of the Malaysia's exports in 2014, which in turn is anticipated to continue to benefit from the recovery cycle of the E&E sector, taking into consideration that ZASB sells its products and services mainly to customers from various sub-sectors of the E&E industries. In this regard, our management believes that the recovery cycle in the E&E sector is expected to continue in 2014 after a strong export growth in 2013, which was driven by significant increases from export destinations such as Singapore, the Netherlands, Hong Kong, Thailand, Germany and Vietnam. Please refer to Section 7.2 of this Abridged Prospectus for an illustration on the trade performance of Malaysia in 2013.

Premised on the above and barring any unforeseen circumstances which may have an adverse impact on our businesses, our Group's prospects appear to be favourable.

*(Source: The management of ITCB)*

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**8.0 EFFECTS OF THE RIGHTS ISSUE OF ICULS WITH WARRANTS**

For illustration purposes, the effects of the Rights Issue of ICULS with Warrants shall be based on the following two (2) scenarios:-

- Minimum Scenario** :
- (i) Assuming no Placement Shares are placed out prior to the Entitlement Date;
  - (ii) Assuming only the Undertaking Shareholders subscribe for their entitlements pursuant to the Rights Issue of ICULS with Warrants based on the Minimum Subscription Level;
  - (iii) RM18,634,170.60 nominal value of ICULS issued pursuant to the Rights Issue of ICULS with Warrants based on the Undertakings are all converted into 31,056,951 new ITCB Shares by surrendering RM0.60 nominal value of ICULS for one (1) new ITCB Share; and
  - (iv) 31,056,951 Warrants issued pursuant to the Rights Issue of ICULS with Warrants based on the Undertakings are all exercised into 31,056,951 new ITCB Shares at an exercise price of RM0.80 per Warrant.
- Maximum Scenario** :
- (i) Assuming all the Placement Shares are placed out prior to the Entitlement Date;
  - (ii) Assuming all the Entitled Shareholders subscribe for their entitlements pursuant the Rights Issue of ICULS with Warrants;
  - (iii) RM38,776,050 nominal value of ICULS issued pursuant to the Rights Issue of ICULS with Warrants are all converted into 517,014,000 new ITCB Shares by surrendering RM0.075 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.60 for one (1) new ITCB Share; and
  - (iv) 64,626,750 Warrants issued pursuant to the Rights Issue of ICULS with Warrants are all exercised into 64,626,750 new ITCB Shares at an exercise price of RM0.80 per Warrant.

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## 8.1 Share capital

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

	No. of ordinary shares	Par value (RM)	Total Value (RM)
<b>Minimum Scenario:-</b>			
Issued and paid-up share capital as at the LPD	117,503,500	0.40	47,001,400
To be issued pursuant to the Private Placement	-	0.40	-
	117,503,500	0.40	47,001,400
To be issued pursuant to the Rights Issue of ICULS with Warrants	-	0.40	-
	117,503,500	0.40	47,001,400
To be issued upon full conversion of the ICULS	31,056,951	0.40	12,422,780
	148,560,451	0.40	59,424,180
To be issued upon full exercise of the Warrants	31,056,951	0.40	12,422,780
Enlarged issued and paid-up share capital	<b>179,617,402</b>	<b>0.40</b>	<b>71,846,960</b>
<b>Maximum Scenario:-</b>			
Issued and paid-up share capital as at the LPD	117,503,500	0.40	47,001,400
To be issued pursuant to the Private Placement	11,750,000	0.40	4,700,000
	129,253,500	0.40	51,701,400
To be issued pursuant to the Rights Issue of ICULS with Warrants	-	0.40	-
	129,253,500	0.40	51,701,400
To be issued upon full conversion of the ICULS	517,014,000	0.40	206,805,600
	646,267,500	0.40	258,507,000
To be issued upon full exercise of the Warrants	64,626,750	0.40	25,850,700
Enlarged issued and paid-up share capital	<b>710,894,250</b>	<b>0.40</b>	<b>284,357,700</b>

## 8.2 Earnings and EPS

The Rights Issue of ICULS with Warrants, which is anticipated to be completed by the second (2<sup>nd</sup>) quarter of 2014, is expected to contribute positively to the consolidated earnings of ITCB for the FYE 2014. Moving forward, our Group's future earnings would depend on, inter-alia, the returns to be generated from the proposed utilisation of proceeds arising from the Rights Issue of ICULS with Warrants as set out in Section 5.0 of this Abridged Prospectus as well as the proceeds from the conversion of the ICULS/exercise of the Warrants, if any.

The resultant increase in the number of ITCB Shares in issue upon conversion of the ICULS and exercise of the Warrants may accordingly dilute the consolidated EPS of ITCB if the earnings of our Group do not increase in tandem with such increase in the number of ITCB Shares. Nevertheless, the extent of dilution to the consolidated EPS of ITCB is dependent upon, amongst others, the eventual number of ITCB Shares to be issued pursuant to the conversion of the ICULS and the exercise of the Warrants vis-à-vis the future earnings of our Group.

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### 8.3 NA and gearing

The proforma effects of the Rights Issue of ICULS with Warrants on the gearing and NA per share of our Group based on the audited consolidated financial statements of our Company for the FYE 2013 are as follows:-

#### Minimum Scenario:-

	(I) Audited as at 31 December 2013 RM'000	(II) After (I) and completion of the HQ-cum-Factory Disposal	(III) After (II) and completion of the Zoomic Acquisitions	(IV) After (III) and the Rights Issue of ICULS with Warrants RM'000	(V) After (IV) and upon full conversion of the ICULS RM'000	(VI) After (V) and upon full exercise of the Warrants RM'000
Share capital	46,219	47,001	47,001	47,001	59,424	71,847
Share premium	4,922	5,233	5,233	5,233	8,166	24,052
Share options reserve	302	-	-	-	-	-
ICULS – equity portion	-	-	-	(6) 14,586	-	-
Warrant reserves	-	-	-	(6) 3,463	3,463	-
Retained profits	(320)	11,268	10,337	(7) 9,337	9,152	9,152
<b>Shareholders' equity/NA</b>	<b>51,123</b>	<b>63,502</b>	<b>62,571</b>	<b>79,620</b>	<b>80,205</b>	<b>105,051</b>
No. of shares ('000)	(2) 46,219	117,504	117,504	117,504	148,560	179,617
NA per share (RM)	1.11	0.44	0.53	0.68	0.54	0.58
Borrowings (RM'000) (1)	27,759	27,759	(5) 27,973	(8) 38,243	(8) 37,473	(8) 37,473
Gearing (times)	0.54	0.53	0.45	0.48	0.47	0.36

#### Notes:-

- (1) Comprises all interest-bearing borrowings and liability portion of the ICULS.
- (2) Ordinary shares of RM1.00 each prior to the implementation of the Share Split.
- (3) After adjusting for the issuance of 782,500 new Pre-subdivided Shares pursuant to the ESOS from 1 January 2014 up to 16 January 2014, being the expiry date of the ESOS, expiry of the ESOS and the Share Split.
- (4) Ordinary shares of RM0.40 each after the implementation of the Share Split.
- (5) Including borrowings of ZASB and ZTSB totalling RM0.21 million upon completion of Zoomic Acquisitions.
- (6) Kindly refer to the "Notes to the Proforma Consolidated Statements of Financial Position as at 31 December 2013", which is attached as Appendix III of this Abridged Prospectus, for the basis of arriving at the Warrant reserves and the equity and liability portions of the ICULS.
- (7) After deducting estimated expenses of RM1.00 million in relation to the Corporate Exercises.
- (8) Including borrowings of RM11.00 million for the construction and completion of ITCB New Premises as illustrated in Note (3)(i) of Section 5.0 of this Abridged Prospectus, solely for illustration purposes.

**Maximum Scenario:-**

	(I) Audited as at 31 December 2013 RM'000	(II) After (I) and completion of the Existing HQ-cum- Factory Disposal RM'000	(III) After (II) and completion of the Zoomic Acquisitions RM'000	(IV) After (III) and the Private Placement RM'000	(V) After (IV) and the Rights Issue of ICULS with Warrants RM'000	(VI) After (V) and upon full conversion of the ICULS RM'000	(VII) After (VI) and upon full exercise of the Warrants RM'000
Share capital	46,219	47,001	47,001	51,701	51,701	258,507	284,358
Share premium	4,922	5,233	5,233	(6) 7,818	7,818	104,398	137,455
Share options reserve	302	-	-	-	-	-	-
ICULS – equity portion	-	-	-	-	(7) 30,351	-	-
Warrant reserves	-	-	-	-	(7) 7,207	7,207	-
Retained profits	(320)	11,268	10,337	10,337	(8) 9,337	8,952	8,952
Shareholders' equity/NA	<b>51,123</b>	<b>63,502</b>	<b>62,571</b>	<b>69,856</b>	<b>106,414</b>	<b>379,064</b>	<b>430,765</b>
No. of shares ('000)	(2) 46,219	117,504	117,504	129,254	129,254	646,268	710,894
NA per share (RM)	1.11	0.44	0.53	0.54	0.82	0.59	0.61
Borrowings (RM'000) (1)	27,759	27,759	(5) 27,973	27,973	(9) 39,076	(9) 37,473	(9) 37,473
Gearing (times)	0.54	0.53	0.45	0.40	0.37	0.10	0.09

**Notes:-**

- (1) Comprises all interest bearing borrowings and liability portion of the ICULS.
- (2) Ordinary shares of RM1.00 each prior to the implementation of the Share Split.
- (3) After adjusting for the issuance of 782,500 new Pre-subdivided Shares pursuant to the ESOS from 1 January 2014 up to 16 January 2014, being the expiry date of the ESOS, expiry of the ESOS and the Share Split.
- (4) Ordinary shares of RM0.40 each after the implementation of the Share Split.
- (5) Including borrowings of ZASB and ZTSB totalling RM0.21 million upon completion of Zoomic Acquisitions.
- (6) Based on the indicative issue price of RM0.62 per Placement Share, which represents a discount of approximately 8.96% to the five (5)-day VWAMP of the ITCB Shares up to and including the LPD of RM0.681 per ITCB Share.
- (7) Kindly refer to the "Notes to the Proforma Consolidated Statements of Financial Position as at 31 December 2013", which is attached as Appendix III of this Abridged Prospectus, for the basis of arriving at the Warrant reserves and the equity and liability portions of the ICULS.
- (8) After deducting estimated expenses of RM1.00 million in relation to the Corporate Exercises.
- (9) Including borrowings of RM11.00 million for the construction and completion of ITCB New Premises as illustrated in Note (3)(f) of Section 5.0 of this Abridged Prospectus, solely for illustration purposes.

#### 8.4 Substantial shareholders' shareholdings

The proforma effects of the Rights Issue of ICULS with Warrants on the substantial shareholders' shareholdings in our Company are as follows:-

##### Minimum Scenario:-

	As at the LPD		(I) After the Rights Issue of ICULS with Warrants	
	Direct No. of shares	%	Direct No. of shares	Indirect No. of shares
Dato' Dr Yap Tatt Keat	14,535,887	12.37	14,535,887	-
Ooi Kock Aun	24,770,152	21.08	24,770,152	-
Tey Por Yee	32,517,500	27.67	32,517,500	-
Teh Eng Huat	4,826,250	4.11	4,826,250	(1) 1,608,250
				1.37

	(II) After (I) and upon full conversion of the ICULS		(III) After (II) and upon full exercise of the Warrants	
	Direct No. of shares	%	Direct No. of shares	Indirect No. of shares
Dato' Dr Yap Tatt Keat	14,535,887	9.78	14,535,887	-
Ooi Kock Aun	37,155,228	25.01	49,540,304	-
Tey Por Yee	48,776,250	32.83	65,035,000	-
Teh Eng Huat	7,239,375	4.87	9,652,500	(1) 1,608,250
				0.90

##### Note:-

(1) Deemed interest by virtue of the shareholding of his spouse pursuant to the Section 6A of the Act.

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## 9.0 DETAILS OF OTHER CORPORATE EXERCISES

Save for the Rights Issue of ICULS with Warrants and the Private Placement, there are no other corporate exercises which has been approved by the relevant regulatory authorities but yet to be implemented as at the LPD.

## 10.0 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 10.1 Working Capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from operations, current cash in hand, existing banking facilities available and the proceeds of the Rights Issue of ICULS with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

### 10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM36.17 million, all of which are denominated in RM and interest-bearing. The details of the outstanding borrowings of our Group are as follows:-

	RM'000
<b>Long term borrowings:-</b>	
Secured	12,207
Unsecured	-
	12,207
<b>Short term borrowings:-</b>	
Secured	23,967
Unsecured	-
	23,967
<b>Total borrowings</b>	<b>36,174</b>

To the best of our Board's knowledge and belief, after having made all reasonable enquiries, there has been no default on payments of either interest and/or principal sums in respect of any borrowings for the FYE 2013 and the subsequent financial period up to the LPD.

### 10.3 Contingent liabilities

As at the LPD, save as disclosed below, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Group, which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of our Group:-

<u>Contingent Liabilities</u>	<u>RM'000</u>
Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries	63,697
Corporate guarantee extended to banks and financial institutions for credit facilities granted to a former subsidiary*	9,401

<b>Contingent Liabilities</b>	<b>RM'000</b>
Corporate guarantee extended to a supplier of a subsidiary	1,000
<b>Total</b>	<b>74,098</b>

**Note:-**

- \* *Our Company is in the process of discharging the corporate guarantee given to the banks and financial institutions for credit facilities granted to Eppor-Pack Sdn Bhd, a former subsidiary of our Company which was disposed of via a sale and purchase agreement dated 11 November 2013.*

**10.4 Material commitments**

As at the LPD, save as disclosed below, our Board is not aware of any other material commitments for capital expenditure contracted or known to be contracted by our Group which may have a material and adverse impact on the financial results/position of our Group:-

<b>Material Commitment</b>	<b>RM'000</b>
Capital commitment:	
Contracted but not provided for:	
- Property, plant and equipment	*7,963
Authorised but not provided for:	
- Property, plant and equipment	*12,014
<b>Total</b>	<b>19,977</b>

**Note:-**

- \* *Anticipated to be funded through a combination of internally generated funds, bank borrowings and government grant (where applicable), the exact mix of which has yet to be determined at this juncture.*

**11.0 TERMS AND CONDITIONS**

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

**12.0 FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board  
**IRE-TEX CORPORATION BERHAD**



**DATO' DR YAP TATT KEAT**  
Group Managing Director

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 28 MARCH 2014**

*Certified True Copy*

**IRE-TEX CORPORATION BERHAD (576121-A)**  
(Incorporated in Malaysia)

Secretary  
Lim Kim Teck  
(MAICSA 7010844)

**CERTIFIED EXTRACT OF RESOLUTIONS PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON 28 MARCH 2014**

1 APR 2014

**SPECIAL RESOLUTION 1**

**PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF IRE-TEX CORPORATION BERHAD ("ITCB" OR THE "COMPANY") ("PROPOSED AMENDMENTS")**

It was resolved that the following resolution be passed as Special Resolution :-

THAT subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, Clause V of the Company's Memorandum of Association and Article 3 of the Company's Articles of Association be amended as follows:-

Existing	Proposed Amendments
<p><b><u>Memorandum of Association</u></b> <i>Clause V</i></p> <p>"The share capital of the Company is Ringgit Malaysia Fifty Million (RM50,000,000/-) divided into Fifty Million (50,000,000) ordinary shares of Ringgit Malaysia One (RM1/-) each. The Company shall have power to increase or reduce its capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company, liable to be redeemed."</p> <p><b><u>Articles of Association</u></b> <i>Article 3</i></p> <p>"The authorised share capital of the Company at the date of adoption of these Articles, is Ringgit Malaysia Fifty Million (RM50,000,000.00) divided into Fifty Million (50,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each."</p>	<p><i>Clause V</i></p> <p>"The share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into One Billion Two Hundred Fifty Million (1,250,000,000) ordinary shares of Forty Sen (RM0.40) each. The Company shall have power to increase or reduce its capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company, liable to be redeemed."</p> <p><i>Article 3</i></p> <p>"The authorised share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into One Billion Two Hundred Fifty Million (1,250,000,000) ordinary shares of Forty Sen (RM0.40) each."</p>

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 28 MARCH 2014 (CONT'D)****IRE-TEX CORPORATION BERHAD (576121-A)**  
(Incorporated in Malaysia)

AND THAT any one Director of ITCB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Amendments with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Amendments.

**ORDINARY RESOLUTION 1**

**PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH IN ITCB ("EXISTING SHARE(S)") INTO TWO AND A HALF (2.5) ORDINARY SHARES OF RM0.40 EACH IN ITCB ("RESULTANT SHARES" OR "ITCB SHARES") ("PROPOSED SHARE SPLIT")**

It was resolved that the following resolution be passed as an Ordinary Resolution :-

THAT subject to the passing of Special Resolution 1, Ordinary Resolution 2 and the approvals of all relevant authorities, approval be and is hereby given for the Board of Directors of ITCB ("Board") to subdivide every one (1) Existing Share held by the shareholders of ITCB whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, into two and a half (2.5) Resultant Shares;

THAT pursuant to the Proposed Share Split, all the issued Resultant Shares shall rank pari passu in all respects with each other;

AND THAT any one Director of ITCB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Share Split with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Split.

**ORDINARY RESOLUTION 2**

**PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF ITCB FROM RM50,000,000 COMPRISING 50,000,000 EXISTING SHARES TO RM500,000,000 COMPRISING 1,250,000,000 RESULTANT SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")**

It was resolved that the following resolution be passed as an Ordinary Resolution :-

THAT subject to the passing of Special Resolution 1 and Ordinary Resolution 1, the authorised share capital of the Company be increased from RM50,000,000 (Ringgit Malaysia Fifty Million only) divided into 50,000,000 Existing Shares to RM500,000,000 (Ringgit Malaysia Five Hundred Million only) divided into 1,250,000,000 Resultant Shares;



**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 28 MARCH 2014 (CONT'D)****IRE-TEX CORPORATION BERHAD. (576121-A)**

(Incorporated in Malaysia)

AND THAT any one Director of ITCB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Increase in Authorised Share Capital with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

**ORDINARY RESOLUTION 3**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 517,014,000 OR RM38,776,050 NOMINAL VALUE OF FIVE (5)-YEAR, 1%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AT 100% OF THE NOMINAL VALUE OF RM0.075 EACH ("RIGHTS ICULS") ON THE BASIS OF FOUR (4) RM0.075 NOMINAL VALUE OF RIGHTS ICULS FOR EVERY ONE (1) ITCB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AFTER THE PROPOSED SHARE SPLIT, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER TOGETHER WITH UP TO 64,626,750 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY EIGHT (8) RIGHTS ICULS SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE OF ICULS WITH WARRANTS")**

It was resolved that the following resolution be passed as an Ordinary Resolution :-

THAT subject to the passing of Special Resolution 1, Ordinary Resolution 1, Ordinary Resolution 2 and the approvals of all relevant authorities including the approval in-principle granted by Securities Commission Malaysia and Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Board to:-

- (i) provisionally allot and issue by way of renounceable rights issue of up to 517,014,000 or RM38,776,050 nominal value of ICULS at 100% of the nominal value of RM0.075 each on the basis of four (4) RM0.075 nominal value of Rights ICULS for every one (1) ITCB Share held by the entitled shareholders of the Company after the Proposed Share Split, on an entitlement date to be determined later together with up to 64,626,750 Warrants on the basis of one (1) Warrant for every eight (8) Rights ICULS subscribed for;
- (ii) enter into and execute the trust deed to be executed by the Company and the trustee appointed by ITCB constituting the ICULS ("Trust Deed") and to do all acts, deed and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Trust Deed;
- (iii) enter into and execute the deed poll to be executed by the Company constituting the Warrants ("Deed Poll") and to do all acts, deed and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll;
- (iv) create and issue the ICULS at the conversion price of RM0.60 for every one (1) new ITCB Share (or such price adjusted in accordance with the Trust Deed) and the Warrants at the exercise price of RM0.80 for every one (1) new ITCB Share (or such price adjusted in accordance with the Deed Poll), based on the indicative principal terms of the ICULS and the Warrants as set out in Appendix I and Appendix II of the circular to shareholders of the Company dated 6 March 2014 ("Circular") respectively and the terms and conditions of the Trust Deed as well as the terms and conditions of the Deed Poll; and

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 28 MARCH 2014 (CONT'D)****IRE-TEX CORPORATION BERHAD (576121-A)**

(Incorporated in Malaysia)

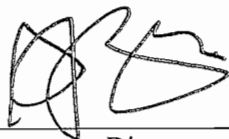
- (v) allot and issue new ITCB Shares arising from the conversion of the ICULS (including further ICULS arising from any adjustments under the provisions of the Trust Deed) and from the exercise of the Warrants (including further Warrants arising from any adjustments under the provisions of the Deed Poll);

THAT any fractional entitlements under the Proposed Rights Issue of ICULS with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit, expedient and in the best interests of the Company;

THAT the proceeds of the Proposed Rights Issue of ICULS with Warrants be utilised for the purposes as set out in Section 2.5.7 of the Circular, and the Board be and is hereby authorised to revise the manner and purpose of utilisation of proceeds as it may deem fit, expedient and in the best interests of the Company subject to the approval of any relevant authorities (where required);

THAT the new ITCB Shares arising from the conversion of the ICULS and exercise of the Warrants will, upon allotment and issue, rank pari passu in all respects with the then existing ITCB Shares, save and except that such new ITCB Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new ITCB Shares arising from conversion of the ICULS and the exercise of the Warrants;

AND THAT any one Director of ITCB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue of ICULS with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of ICULS with Warrants.

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\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

**INFORMATION ON ITCB****1. HISTORY AND PRINCIPAL ACTIVITIES**

ITCB was incorporated in Malaysia under the Act on 4 April 2002 as a private limited company under the name of Ire-Tex Corporation Sdn Bhd. On 23 May 2002, it was converted to a public limited company and has since then assumed its present name. ITCB was listed on the Second Board of Kuala Lumpur Stock Exchange (currently known as the Main Market of Bursa Securities) on 18 February 2004.

Presently, the principal activities of our Group are that of investment holding, design and manufacture of protective packing materials, packaging materials and other related products, manufacture of wooden crates, pallets and other related wood products, trading of agricultural waste related products, trading of raw materials, components and finished products, provision of asset management services, and design, manufacture and systems consultant for all types of industrial machineries and automation systems. Further details on the principal activities of our subsidiaries are set out in Section 5 of this Appendix II.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

Type	No. of Shares	Par value (RM)	Total (RM)
Authorised	1,250,000,000	0.40	500,000,000
Issued and paid-up	117,503,500	0.40	47,001,400

Details of the changes in the authorised share capital as well as issued and fully paid-up share capital of ITCB for the past three (3) years prior the LPD are as follows:-

**Authorised share capital**

Date of creation	No. of shares created	Cumulative no. of authorised shares	Par value (RM)	Total created (RM)	Cumulative authorised share capital (RM)
b/f	-	50,000,000	1.00	-	50,000,000
28.03.2014	450,000,000	500,000,000	1.00	450,000,000	500,000,000
28.03.2014*	750,000,000	1,250,000,000	0.40	-	500,000,000

Note:-

\* Share Split.

**Issued and fully paid-up share capital**

Date of allotment	No. of shares allotted	Par value (RM)	Type of issue/ Consideration	Cumulative issued and paid-up share capital (RM)
b/f	-	1.00	-	44,817,000

## INFORMATION ON ITCB (CONT'D)

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value (RM)</b>	<b>Type of issue/ Consideration</b>	<b>Cumulative issued and paid-up share capital (RM)</b>
14.02.2011	20,000	1.00	Cash (Exercise of ESOS options)	44,837,000
21.03.2011	40,000	1.00	Cash (Exercise of ESOS options)	44,877,000
14.05.2012	40,000	1.00	Cash (Exercise of ESOS options)	44,917,000
14.06.2012	40,000	1.00	Cash (Exercise of ESOS options)	44,957,000
15.08.2012	54,000	1.00	Cash (Exercise of ESOS options)	45,011,000
12.06.2013	250,000	1.00	Cash (Exercise of ESOS options)	45,261,000
21.06.2013	205,000	1.00	Cash (Exercise of ESOS options)	45,466,000
17.07.2013	162,000	1.00	Cash (Exercise of ESOS options)	45,628,000
24.09.2013	233,900	1.00	Cash (Exercise of ESOS options)	45,861,900
21.10.2013	35,000	1.00	Cash (Exercise of ESOS options)	45,896,900
29.11.2013	165,000	1.00	Cash (Exercise of ESOS options)	46,061,900
20.12.2013	157,000	1.00	Cash (Exercise of ESOS options)	46,218,900
13.01.2014	782,500	1.00	Cash (Exercise of ESOS options)	47,001,400
14.4. 2014	117,503,500	0.40	Share Split	47,001,400

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## INFORMATION ON ITCB (CONT'D)

## Maximum Scenario:-

	As at the LPD				(I) After the Private Placement				(II) After (I) and the Rights Issue of ICULS with Warrants			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Dato' Dr Yap Tatt Keat	14,535,887	12.37	-	-	14,535,887	11.25	-	-	14,535,887	11.25	-	-
Ooi Kock Aun	24,770,152	21.08	-	-	24,770,152	19.16	-	-	24,770,152	19.16	-	-
Tey Por Yee	32,517,500	27.67	-	-	32,517,500	25.16	-	-	32,517,500	25.16	-	-
Teh Eng Huat	4,826,250	4.11	(1) 1,608,250	1.37	4,826,250	3.73	(1) 1,608,250	1.24	4,826,250	3.73	(1) 1,608,250	1.24
	After (II) and upon full conversion of the ICULS				(III) After (III) and upon full exercise of the Warrants				(IV) After (III) and upon full exercise of the Warrants			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Dato' Dr Yap Tatt Keat	72,679,435	11.25	-	-	79,947,378	11.25	-	-	-	-	-	-
Ooi Kock Aun	123,850,760	19.16	-	-	136,235,836	19.16	-	-	-	-	-	-
Tey Por Yee	162,587,500	25.16	-	-	178,846,250	25.16	-	-	-	-	-	-
Teh Eng Huat	24,131,250	3.73	(1) 8,041,250	1.24	26,544,375	3.73	(1) 8,845,375	1.24	-	-	-	-

## Note:-

(1) Deemed interest by virtue of the shareholding of his spouse pursuant to the Section 6A of the Act.

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**INFORMATION ON ITCB (CONT'D)****4. DIRECTORS**

The particulars of our Directors as at the LPD are set out below:-

<b>Name</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>	<b>Designation</b>
YM Raja Said Abidin Bin Raja Shahrome	12, Jalan SS3/50 Taman Univercity 47300 Petaling Jaya Selangor Darul Ehsan	69	Malaysian	Company Director	Chairman/ Independent Non- Executive Director
Dato' Dr Yap Tatt Keat	11, Cangkat Minden Lorong 12 11700 Gelugor Penang	48	Malaysian	Company Director	Group Managing Director
See Toh Kean Yaw	20, Lintang Delima 12 11700 Gelugor Penang	40	Malaysian	Accountant	Executive Director
Teh Eng Huat	1, Jalan Bayan Mutiara 2 11700 Penang	45	Malaysian	Company Director	Executive Director
Fazrin Azwar Bin Dato' Md. Nor	15, Jalan Setiamurni 2 Bukit Damansara 50490 Kuala Lumpur	47	Malaysian	Company Director	Independent Non- Executive Director
Teh Eng Aun	4A, Lorong Selamat 10400 Penang	62	Malaysian	Company Director	Independent Non- Executive Director
Na Chiang Seng	175B, Jalan Aminuddin Baki Taman Tun Dr. Ismail 60000 Kuala Lumpur	37	Malaysian	Company Director	Independent Non- Executive Director
Soo Tee Wei	A-3A-33, IOI Boulevard Jalan Kenari 5 Bandar Puchong Jaya 47170 Puchong Selangor	39	Malaysian	Company Director	Independent Non- Executive Director

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**INFORMATION ON ITCB (CONT'D)**
**5. SUBSIDIARY AND ASSOCIATED COMPANIES**

As at the LPD, our subsidiaries are set out below:-

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Ire-TEX (Malaysia) Sdn Bhd	15.07.1995 Malaysia	2,266,200	100.00	Design and manufacture of protective packing materials and other related products and investment holding.
Ire-TEX Electronics Sdn Bhd	19.09.1998 Malaysia	600,000	100.00	Contract manufacturing services.
Ire-TEX (Johor) Sdn Bhd	25.10.1999 Malaysia	3,000,000	70.00	Design and manufacture of packaging materials and other related products.
Cal-Test Laboratory Sdn Bhd	12.08.2000 Malaysia	100,000	100.00	Provide services of calibration and testing of equipment and general products.
GH Packaging Sdn Bhd	17.10.1992 Malaysia	700,000	100.00	Manufacture of corrugated packaging materials and other related products.
Styrotex (Asia Pacific) Sdn Bhd	10.06.2003 Malaysia	7,000,000	50.01	Investment holding and sales commission agent.
TFH Corporate Sdn Bhd	24.09.2009 Malaysia	500,000	50.00	Sales and marketing of agricultural waste related products.
Jumbo Universe Sdn Bhd	03.06.2009 Malaysia	340,000	70.00	Manufacture of wooden crates, pallets and other related wood products.
Ire-TEX (Vietnam) Co, Ltd	29.03.2011 Vietnam	USD80,000	100.00	Dormant.
Ire-TEX Paper Packaging Sdn Bhd	02.08.2012 Malaysia	2,000,000	100.00	Manufacture of corrugated packaging materials and other related products.
Ire-TEX (KL) Sdn Bhd	11.08.2009 Malaysia	200,000	70.00	Design and manufacture of protective packaging materials and other related products.
Ire-TEX Distribution Sdn Bhd	01.03.2002 Malaysia	500,000	100.00	Sourcing, distributing and trading of raw materials, components and finished products.
Ire-TEX Asset Management Sdn Bhd	16.01.2014 Malaysia	2	100.00	Provide assets management services and investment holding.
Suzhou Styrotex Plastic Co, Ltd	09.01.2006 China	USD932,436	100.00	Design and manufacture of protective packaging materials.
Zoomic Technology (M) Sdn Bhd	24.2.1992 Malaysia	12,300,000	100.00	Investment holding.

## INFORMATION ON ITCB (CONT'D)

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Zoomic Automation (M) Sdn Bhd	20.12.2002 Malaysia	1,000,000	100.00	Design, manufacture and systems consultant for all types of industrial machineries and automation systems

As at the LPD, ITCB does not have any associated company.

## 6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to FYE 2013:-

	←----- Audited ----->		
	FYE 2011 RM	FYE 2012 RM	FYE 2013 RM
Revenue	128,866,924	124,893,445	115,440,082
Gross profit	22,528,918	21,685,769	20,022,905
Other income	2,164,765	1,772,657	2,214,867
Share of profits of associates	194,328	-	-
EBITDA	8,253,927	9,567,332	8,079,549
Less: Depreciation & amortisation	3,943,663	4,036,961	4,377,405
Finance costs	1,292,236	1,214,435	1,412,945
PBT	3,018,028	4,315,936	2,289,199
Taxation	(1,011,277)	(1,016,954)	(426,173)
<b>PAT</b>	<b>2,006,751</b>	<b>3,298,982</b>	<b>1,863,026</b>
<b>Attributable to:</b>			
Equity holders of the Company	2,087,163	2,791,696	1,022,693
Minority Interest	(80,412)	507,286	840,333
Gross profit margin (%)	17.48	17.36	17.34
PBT margin (%)	2.34	3.46	1.98
Weighted average number of Pre-subdivided Shares in issue	44,847,000	44,944,000	45,420,680
Basic EPS (sen) <sup>(1)</sup>	4.65	6.21	2.25
Diluted EPS (sen) <sup>(2)</sup>	-	-	2.24
Gross dividend per Pre-subdivided Share (sen)	1.50	1.50	-

**Notes:-**

- (1) Computed by dividing the PAT attributable to our shareholders by the weighted average number of Pre-subdivided Shares in issue.
- (2) Computed by dividing the PAT attributable to our shareholders by the weighted average number of Pre-subdivided Shares in issue, adjusted to assume conversion of all dilutive potential ordinary shares arising from ESOS granted to employees and executive directors.
- \* Diluted EPS had not been computed as the effect of the share options under the ESOS was anti-dilutive in nature.

**INFORMATION ON ITCB (CONT'D)****Commentaries on Past Financial Performance****(i) FYE 2011 as compared to FYE 2010**

In the FYE 2011, our Group achieved a revenue of RM128.87 million, which was 29.62% higher than the revenue of RM99.42 million recorded in the FYE 2010, mainly attributable to the continued higher sales contribution from heavy duty packaging for solar and aerospace industries and continued recovery from computer and electronics industries. Nevertheless, our Group recorded a lower PAT attributable to equity holders of RM2.09 million as compared to RM3.20 million for the FYE 2010 due to goodwill written off as a result of the acquisition of a subsidiary amounting to about RM0.80 million and losses on the disposal of investment in subsidiaries amounting to about RM1.10 million.

**(ii) FYE 2012 as compared to FYE 2011**

In the FYE 2012, our Group's revenue of RM124.89 million was marginally lower by 3.09% against our Group's revenue of RM128.87 million recorded in the FYE 2011 mainly due to weak demand in heavy duty packaging in conjunction with the slowdown in solar industry as a result of massive oversupply and overcapacity globally. Notwithstanding this, our Group recorded a higher PAT attributable to equity holders of RM2.79 million as compared to RM2.09 million for the FYE 2011 due to the improved results recorded in our Group's trading division especially on agricultural waste products.

**(iii) FYE 2013 as compared to FYE 2012**

In the FYE 2013, our Group's revenue of RM115.44 million was 7.57% lower than the revenue of RM124.89 million recorded in the FYE 2012 mainly due to continued lower demand for our Group's heavy duty packaging products from the solar industry as well as the deconsolidation of the financial results of 2 subsidiaries which were disposed of during the FYE 2013. In tandem with the lower revenue and partly due to a loss on disposal of investment in subsidiaries of about RM0.68 million, our Group recorded a lower PAT attributable to equity holders of RM1.02 million as compared to RM2.79 million for the FYE 2012.

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**INFORMATION ON ITCB (CONT'D)**


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**7. HISTORICAL SHARE PRICE**

The monthly highest and lowest prices of the Pre-subdivided Shares\*/ITCB Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b><u>2013</u></b>		
May	0.760	0.456
June	0.780	0.600
July	0.640	0.592
August	0.608	0.580
September	0.704	0.588
October	0.704	0.660
November	0.708	0.640
December	0.704	0.640
<b><u>2014</u></b>		
January	0.672	0.604
February	0.620	0.604
March	0.700	0.600
April	0.715	0.600

**Note:-**

\* *Adjusted for the Share Split.*

The last transacted price of the Pre-subdivided Shares on 8 January 2014, being the latest Market Day preceding the announcement of the Rights Issue of ICULS with Warrants, was RM1.62 per Pre-subdivided Share (or equivalent to RM0.648 per ITCB Share adjusted for the Share Split).

The last transacted price of the ITCB Shares on 30 April 2014, being the LPD was RM0.665 per ITCB Share.

The last transacted price of the ITCB Shares on 12 May 2014, being the date prior to the ex-date for the Rights Issue of ICULS with Warrants was RM0.73 per ITCB Share.

*(Source: Bloomberg)*

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**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**



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**ASSURANCE REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(Prepared for inclusion in the abridged prospectus to be dated 16 MAY 2014 )*

Date: **07 MAY 2014**

**The Board of Directors**  
**Ire-Tex Corporation Berhad**  
 Plot 118 Jalan Perusahaan  
 Bukit Tengah Industrial Park  
 14000 Bukit Mertajam  
 Penang

**Grant Thornton** (AF:0042)  
 51-8-A, Menara BHL Bank  
 Jalan Sultan Ahmad Shah  
 10050 Penang, Malaysia

T +6 (04) 228 7828  
 F +6 (04) 227 9828  
 www.gt.com.my

Dear Sirs,

**Ire-Tex Corporation Berhad (“ITCB” Or “The Company”) and its subsidiaries (“the Group”) Report on the compilation of proforma consolidated statements of financial position included in the abridged prospectus to shareholders**

We have completed our assurance engagement to report on the compilation of proforma consolidated statements of financial position of ITCB by the Directors. The proforma consolidated statements of financial position of ITCB as at 31 December 2013 and related notes are attached to this report, which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Directors have compiled the proforma consolidated statements of financial position are described in the accompanying notes.

The proforma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the Proposals (as defined below) on Company’s consolidated financial position as at 31 December 2013 as if the Proposals had taken place at that date. As part of this process, information about the Company’s consolidated financial position have been extracted by the Directors from the Company’s financial statements for the financial year ended 31 December 2013, on which an audit report has been published.

(i) **Private Placement**

Private placement of up to 11,750,000 new ITCB Shares, representing up to approximately 10% of the issued and paid-up share capital of ITCB after the Share Split, based on a shareholders’ mandate procured pursuant to Section 132D of the Companies Act, 1965.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)****Grant Thornton**

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**(ii) Rights Issue of ICULS with Warrants**

Renounceable rights issue of up to RM38,776,050 nominal value of five (5)-year, 1%, irredeemable convertible unsecured loan stocks (“**ICULS**”) at 100% of the nominal value of RM0.075 each (“**Rights ICULS**”) on the basis of four (4) RM0.075 nominal value of the Rights ICULS for every one (1) ITCB Share held on 16 May 2014 together with up to 64,626,750 free detachable warrants (“**Warrants**”) on the basis of one (1) Warrant for every eight (8) Rights ICULS subscribed for.

The Private Placement and the Rights Issue of ICULS with Warrants are collectively defined as “the Proposals”.

**The Directors’ Responsibility for the Proforma Consolidated Statements of Financial Position**

The Directors are responsible for compiling the proforma consolidated statements of financial position on the basis as set out in the notes.

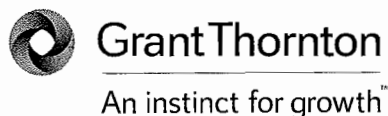
**Our Responsibilities**

Our responsibilities is to express an opinion about whether the proforma consolidated statements of financial position has been compiled, in all material respects, by the Directors on the basis as set out in the notes.

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

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

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

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

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

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

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

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

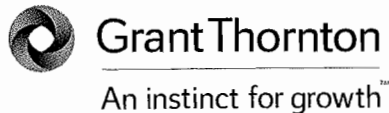
We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:


- (a) The proforma consolidated statements of financial position have been properly compiled, in all material respects, on the basis stated in the accompanying notes to the proforma consolidated statements of financial position, using the audited financial statements of the Group as at 31 December 2013, which were prepared in accordance with Malaysian Financial Reporting Standards, and in a manner consistent with both the format of the consolidated statement of financial position and accounting policies of ITCB; and
- (b) The adjustments made to the information used in the preparation of the proforma consolidated statements of financial position are appropriate for the purposes of preparing the proforma consolidated statements of financial position.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)****Other matters**

This letter is issued for the sole purpose of complying with the *Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission* in connection with the Rights Issue of ICULS with Warrants. Our work had been carried out in accordance with Malaysian Approved standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposals described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposals.

Yours faithfully,



Grant Thornton  
No. AF: 0042  
Chartered Accountants  
Penang

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

## IRE-TEX CORPORATION BERHAD

Company No. 576121-A  
(Incorporated in Malaysia)

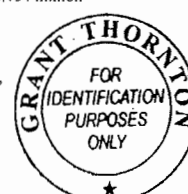
## PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

## Minimum Scenario

	(I)	(II)	(III)	(IV)	(V)	(VI)	
	Audited as at 31 December 2013 RM'000	Adjusted as at 31 December 2013 RM'000 <sup>(e)</sup>	After (I) and completion of Existing HQ- cum-Factory Disposal RM'000	After (II) and completion of the Zoomic Acquisitions RM'000	After (III) and the Rights Issue of ICULS with Warrants RM'000	After (IV) and upon full conversion of the ICULS RM'000	After (V) and upon full exercise of the Warrants RM'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	18,302	18,302	18,302	21,231	51,231 <sup>(e)</sup>	51,231	51,231
Investment properties	5,318	5,318	5,318	27,318	27,318	27,318	27,318
Goodwill on consolidation	-	-	-	4,847	4,847	4,847	4,847
Other investments	2,029	2,029	2,029	2,029	2,029	2,029	2,029
Deferred tax assets	229	229	229	229	414	229	229
	<u>25,878</u>	<u>25,878</u>	<u>25,878</u>	<u>55,654</u>	<u>85,839</u>	<u>85,654</u>	<u>85,654</u>
<b>Current assets</b>							
Inventories	6,649	6,649	6,649	7,650	7,650	7,650	7,650
Trade receivables	22,796	22,796	22,796	31,113	31,113	31,113	31,113
Other receivables, deposits and prepayments	7,802	7,802	7,802	4,428	4,428	4,428	4,428
Tax recoverable	460	460	460	514	514	514	514
Fixed deposits with licensed banks	4,826	4,826	4,826	5,083	5,083	5,083	5,083
Cash and bank balances	12,477	13,384	37,130	17,923	15,057	15,057	39,903
	<u>55,010</u>	<u>55,917</u>	<u>79,663</u>	<u>66,711</u>	<u>63,845</u>	<u>63,845</u>	<u>88,691</u>
Non-current assets held for sale	12,274	12,274	-	-	-	-	-
	<u>67,284</u>	<u>68,191</u>	<u>79,663</u>	<u>66,711</u>	<u>63,845</u>	<u>63,845</u>	<u>88,691</u>
<b>TOTAL ASSETS</b>	<b>93,162</b>	<b>94,069</b>	<b>105,541</b>	<b>122,365</b>	<b>149,684</b>	<b>149,499</b>	<b>174,345</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Company</b>							
Share capital	46,219	47,001	47,001	47,001	47,001	59,424	71,847
Share premium	4,922	5,233	5,233	5,233	5,233	8,166	24,052
Share options reserve	302	-	-	-	-	-	-
ICULS - Equity	-	-	-	-	14,586	-	-
Warrant reserves	-	-	-	-	3,463	3,463	-
(Accumulated losses)/ Retained profit	(320)	(204)	11,268 <sup>(e)</sup>	10,337	9,337	9,152	9,152
	<u>51,123</u>	<u>52,030</u>	<u>63,502</u>	<u>62,571</u>	<u>79,620</u>	<u>80,205</u>	<u>105,051</u>
Non-controlling interests	31	31	31	31	31	31	31
<b>Total equity</b>	<b>51,154</b>	<b>52,061</b>	<b>63,533</b>	<b>62,602</b>	<b>79,651</b>	<b>80,236</b>	<b>105,082</b>
<b>Non-current liabilities</b>							
Borrowings	7,205	7,205	7,205	7,326	7,326	7,326	7,326
Deferred tax liabilities	431	431	431	1,440	1,440	1,440	1,440
	<u>7,636</u>	<u>7,636</u>	<u>7,636</u>	<u>8,766</u>	<u>8,766</u>	<u>8,766</u>	<u>8,766</u>
<b>Current liabilities</b>							
Trade payables	7,252	7,252	7,252	10,919	10,919	10,919	10,919
Other payables and accruals	6,308	6,308	6,308	11,621	11,621	11,621	11,621
Amount due to directors	-	-	-	7,446	7,446	7,446	7,446
Derivative financial liabilities	202	202	202	202	202	202	202
Borrowings	20,554	20,554	20,554	20,647	30,147	30,147	30,147
ICULS - Liability	-	-	-	-	770	-	-
Provision for taxation	56	56	56	162	162	162	162
	<u>34,372</u>	<u>34,372</u>	<u>34,372</u>	<u>50,997</u>	<u>61,267</u>	<u>60,497</u>	<u>60,497</u>
<b>Total liabilities</b>	<b>42,008</b>	<b>42,008</b>	<b>42,008</b>	<b>59,763</b>	<b>70,033</b>	<b>69,263</b>	<b>69,263</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>93,162</b>	<b>94,069</b>	<b>105,541</b>	<b>122,365</b>	<b>149,684</b>	<b>149,499</b>	<b>174,345</b>
No. of shares in issue ('000)	46,219 <sup>(b)</sup>	117,504 <sup>(d)</sup>	117,504 <sup>(d)</sup>	117,504 <sup>(d)</sup>	117,504 <sup>(d)</sup>	148,560 <sup>(d)</sup>	179,617
NA per share (RM)	1.11	0.44	0.54	0.53	0.68	0.54	0.58
Borrowings (RM'000) <sup>(e)</sup>	27,759	27,759	27,759	27,973 <sup>(f)</sup>	38,243 <sup>(g)</sup>	37,473	37,473
Gearing (times) - excluding non-controlling interests	0.54	0.53	0.44	0.45	0.48	0.47	0.36

## Notes:

- (a) Comprise of all interest-bearing borrowings and liability portion of the ICULS.  
(b) Based on par value of RM1.00 each per ordinary share prior to implementation of the Share Split.  
(c) After adjusting for the issuance of 782,500 new Pre-subdivided Shares from 1 January 2014 up to 16 January 2014 pursuant to the Company's ESOS and the Share Split. The remaining unexercised ESOS has expired on 16 January 2014.  
(d) Based on par value of RM0.40 per ordinary share after implementation of the Share Split.  
(e) After incorporating the net gain on disposal of approximately RM11.472 million arising from the Existing HQ-cum-Factory Disposal (net of expenses of RM0.754 million relating to the disposal).  
(f) After deducting estimated expenses of RM1,000,000 in relation to the Proposals.  
(g) After consolidating the outstanding borrowings of ZASB and ZTSB as at 31 December 2013 upon completion of Zoomic Acquisitions.  
(h) After incorporating the acquisition of machinery/ equipment and the construction of Kulim factory amounting to RM6 million and RM24 million respectively, of which borrowings of RM11 million was obtained to construct the Kulim factory.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

Company No. 576121-A  
(Incorporated in Malaysia)

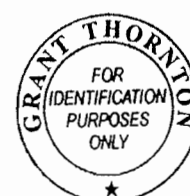
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

**Maximum Scenario**

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	
	Audited as at 31 December 2013 RM'000	Adjusted as at 31 December 2013 <sup>(c)</sup> RM'000	After (I) and completion of Existing HQ- cum-Factory Disposal RM'000	After (II) and completion of the Zoomic Acquisitions RM'000	After (III) and the Proposed Private Placement RM'000	After (IV) and the Rights Issue of ICULS with Warrants RM'000	After (V) and upon full conversion of the ICULS RM'000	After (VI) and upon full exercise of the Warrants RM'000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment	18,302	18,302	18,302	18,302	18,302	48,302 <sup>(i)</sup>	48,302	48,302
Investment properties	5,318	5,318	5,318	30,247	30,247	30,247	30,247	30,247
Goodwill on consolidation	-	-	-	4,847	4,847	4,847	4,847	4,847
Other investments	2,029	2,029	2,029	2,029	2,029	2,029	2,029	2,029
Deferred tax assets	229	229	229	229	229	614	229	229
	<u>25,878</u>	<u>25,878</u>	<u>25,878</u>	<u>55,654</u>	<u>55,654</u>	<u>86,039</u>	<u>85,654</u>	<u>85,654</u>
<b>Current assets</b>								
Inventories	6,649	6,649	6,649	7,650	7,650	7,650	7,650	7,650
Trade receivables	22,796	22,796	22,796	31,113	31,113	31,113	31,113	31,113
Other receivables, deposits and prepayments	7,802	7,802	7,802	4,428	4,428	4,428	4,428	4,428
Tax recoverable	460	460	460	514	514	514	514	514
Fixed deposits with licensed banks	4,826	4,826	4,826	5,083	5,083	5,083	5,083	5,083
Cash and bank balances	12,477	13,384	37,130	17,923	25,208	42,484	313,916	365,617
	<u>55,010</u>	<u>55,917</u>	<u>79,663</u>	<u>66,711</u>	<u>73,996</u>	<u>91,272</u>	<u>362,704</u>	<u>414,405</u>
Non-current assets held for sale	12,274	12,274	-	-	-	-	-	-
	<u>67,284</u>	<u>68,191</u>	<u>79,663</u>	<u>66,711</u>	<u>73,996</u>	<u>91,272</u>	<u>362,704</u>	<u>414,405</u>
<b>TOTAL ASSETS</b>	<b>93,162</b>	<b>94,069</b>	<b>105,541</b>	<b>122,365</b>	<b>129,650</b>	<b>177,311</b>	<b>448,358</b>	<b>500,059</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owners of the parent</b>								
Share capital	46,219	47,001	47,001	47,001	51,701	51,701	258,507	284,358
Share premium	4,922	5,233	5,233	5,233	7,818 <sup>(g)</sup>	7,818	104,398	137,455
ESOS reserve	302	-	-	-	-	-	-	-
ICULS - Equity	-	-	-	-	-	30,351	-	-
Warrant reserve	-	-	-	-	-	7,207	7,207	-
(Accumulated losses)/ Retained profit	(320)	(204)	11,268 <sup>(c)</sup>	10,337	10,337	9,337 <sup>(h)</sup>	8,952	8,952
	<u>51,123</u>	<u>52,030</u>	<u>63,502</u>	<u>62,571</u>	<u>69,856</u>	<u>106,414</u>	<u>379,064</u>	<u>430,765</u>
Non-controlling interests	31	31	31	31	31	31	31	31
<b>Total equity</b>	<b>51,154</b>	<b>52,061</b>	<b>63,533</b>	<b>62,602</b>	<b>69,887</b>	<b>106,445</b>	<b>379,095</b>	<b>430,796</b>
<b>Non-current liabilities</b>								
Borrowings	7,205	7,205	7,205	7,326	7,326	7,326	7,326	7,326
Deferred tax liabilities	431	431	431	1,440	1,440	1,440	1,440	1,440
	<u>7,636</u>	<u>7,636</u>	<u>7,636</u>	<u>8,766</u>	<u>8,766</u>	<u>8,766</u>	<u>8,766</u>	<u>8,766</u>
<b>Current liabilities</b>								
Trade payables	7,252	7,252	7,252	10,919	10,919	10,919	10,919	10,919
Other payables and accruals	6,308	6,308	6,308	11,621	11,621	11,621	11,621	11,621
Amount due to directors	-	-	-	7,446	7,446	7,446	7,446	7,446
Derivative financial liabilities	202	202	202	202	202	202	202	202
Borrowings	20,554	20,554	20,554	20,647	20,647	30,147	30,147	30,147
ICULS - Liability	-	-	-	-	-	1,603	-	-
Provision for taxation	56	56	56	162	162	162	162	162
	<u>34,372</u>	<u>34,372</u>	<u>34,372</u>	<u>50,997</u>	<u>50,997</u>	<u>62,100</u>	<u>60,497</u>	<u>60,497</u>
<b>Total liabilities</b>	<b>42,008</b>	<b>42,008</b>	<b>42,008</b>	<b>59,763</b>	<b>59,763</b>	<b>70,866</b>	<b>69,263</b>	<b>69,263</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>93,162</b>	<b>94,069</b>	<b>105,541</b>	<b>122,365</b>	<b>129,650</b>	<b>177,311</b>	<b>448,358</b>	<b>500,059</b>
No. of shares ('000)	46,219 <sup>(b)</sup>	117,504 <sup>(d)</sup>	117,504 <sup>(d)</sup>	117,504 <sup>(d)</sup>	129,254 <sup>(d)</sup>	129,254 <sup>(d)</sup>	646,268 <sup>(d)</sup>	710,894 <sup>(d)</sup>
NA per share (RM)	1.11	0.44	0.54	0.53	0.54	0.82	0.59	0.61
Borrowings (RM'000) <sup>(a)</sup>	27,759	27,759	27,759	27,973 <sup>(i)</sup>	27,973	39,076 <sup>(i)</sup>	37,473	37,473
Gearing (times) - excluding non-controlling interests	0.54	0.53	0.44	0.45	0.40	0.37	0.10	0.09

**Notes:**

- (a) Comprise of all interest bearing borrowings and liability portion of ICULS.  
(b) Based on par value of RM1.00 each per ordinary share prior to implementation of the Share Split.  
(c) After adjusting for the issuance of 782,500 new Pre-subdivided Shares from 1 January 2014 up to 16 January 2014 pursuant to the Company's ESOS and the Share Split. The remaining unexercised ESOS has expired on 16 January 2014.  
(d) Based on par value of RM0.40 per ordinary share after implementation of the Share Split.  
(e) After incorporating the net gain on disposal of approximately RM11.472 million arising from the Existing HQ-cum-Factory Disposal (net of expenses of RM0.754 million relating to the disposal).  
(f) After consolidating the outstanding borrowings of ZASB and ZTSB as at 31 December 2013 upon completion of Zoomic Acquisitions.  
(g) Based on the indicative issue price of RM0.62 per Placement Share.  
(h) After deducting estimated expenses of RM1,000,000 in relation to the Proposals.  
(i) After incorporating the acquisition of machinery/ equipment and the construction of Kulim factory amounting to RM6 million and RM24 million respectively, of which borrowings of RM11 million was obtained to construct the Kulim factory.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

**BASIS OF PREPARATION**

The proforma consolidated statements of financial position of ITCB as at 31 December 2013 as illustrated, for which the Board of Directors of ITCB ("Board") are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of ITCB in connection with the Proposals.

The proforma consolidated statements of financial position illustrates the effect of the Proposals, assuming the Proposals had been implemented and completed on 31 December 2013. The proforma consolidated statements of financial position have been properly compiled using the audited consolidated statement of financial position of ITCB as at 31 December 2013 which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and in a manner consistent with both the format of the financial statements and the accounting policies of ITCB.

The proforma consolidated statements of financial position are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Pursuant to the Rights Issue of ICULS with Warrants, the fair value of the ICULS and Warrants are derived as follows:

**(a) Valuation of ICULS**

ICULS is segregated into equity and liability components. The following fair value of the liability component of the ICULS is arrived at by discounting the annually coupon payments over the tenure of 5 years at a discount rate of 6.70%, being the weighted average cost of capital of ITCB.

	<b>Minimum Scenario RM</b>	<b>Maximum Scenario RM</b>
Liability component of ICULS	<u>770,214</u>	<u>1,602,748</u>

The fair value of the ICULS – equity component is determined based on the proceeds from the issuance of ICULS, net of ICULS liability component and the deferred tax asset arising from the temporary differences on the liability component of the ICULS.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

	<b>Minimum Scenario RM</b>	<b>Maximum Scenario RM</b>
Proceeds from ICULS	18,634,171	38,776,050
Deferred tax asset arising from the temporary differences of the ICULS – liability component, computed based on 24%	184,851	384,659
	<u>18,819,022</u>	<u>39,160,709</u>
Less: ICULS – liability portion	(770,214)	(1,602,748)
Fair value allocated to Warrants	<u>(3,463,471)</u>	<u>(7,207,174)</u>
ICULS – equity portion	<u>14,585,337</u>	<u>30,350,787</u>

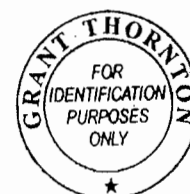
**(b) Fair value of Warrants**

The fair value assigned to the Warrants of RM0.137 each is determined using the Trinomial option pricing model based on the following input computed as at 30 April 2014, being the latest practicable date (“LPD”):

- (a) Exercise price : RM0.80
- (b) Theoretical share price : RM0.618
- (c) Tenure : 5 years from the date of issuance of Warrants
- (d) Volatility rate : 24.193%
- (e) Period of volatility assessment : Last 50 market days to LPD
- (f) Risk free interest rate : 4.012% per annum
- (g) Dividend yield : 0.898%

	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>
No. of Warrants	31,056,951	64,626,750
Warrants reserve (RM) #	3,463,471	7,207,174

# In arriving at the Warrants reserve, the fair values of the Rights ICULS and free Warrants were proportionately adjusted to the issue price of RM0.075 per Rights ICULS on the basis of 1 Warrant for every 8 ICULS.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)****SCENARIOS ILLUSTRATED**

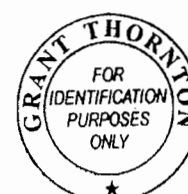
For the purpose of the preparation of the proforma consolidated statements of financial position, the following scenarios are illustrated on the assumption that they were effected on 31 December 2013:

**Minimum scenario**

- (i) Issuance of 782,500 new Pre-subdivided Shares from 1 January 2014 up to 16 January 2014 pursuant to the Company's ESOS and after Share Split. The remaining unexercised ESOS has expired on 16 January 2014;
- (ii) Completion of Existing HQ-cum-Factory Disposal on 31 March 2014;
- (iii) Completion of Zoomic Acquisitions on 24 April 2014;
- (iii) Rights Issue of ICULS with Warrants based on the minimum subscription level of RM18,634,171 nominal value of ICULS on the basis of 4 RM0.075 nominal value of Rights ICULS for every 1 ITCB Share together with 31,056,951 Warrants on the basis of 1 Warrant for every 8 Rights ICULS;
- (iv) RM18,634,171 nominal value of ICULS issued are all converted into 31,056,951 new ITCB Shares by surrendering RM0.60 nominal value of ICULS for 1 new ITCB Share; and
- (v) Full exercise of the Warrants at an exercise price of RM0.80 each.

**Maximum scenario**

- (i) Issuance of 782,500 new Pre-subdivided Shares from 1 January 2014 up to 16 January 2014 pursuant to the Company's ESOS and after Share Split. The remaining unexercised ESOS has expired on 16 January 2014;
- (ii) Completion of Existing HQ-cum-Factory Disposal on 31 March 2014;
- (iii) Completion of Zoomic Acquisitions on 24 April 2014;
- (iv) Private Placement of 11,750,000 Placement Shares at RM0.62 per share prior to the Rights Issue;
- (v) Rights Issue of ICULS with Warrants based on the full subscription of RM38,776,050 nominal value of ICULS on the basis of 4 RM0.075 nominal value of Rights ICULS for every 1 ITCB Share together with 64,626,750 Warrants by entitled shareholders on the basis of 1 Warrant for every 8 Rights ICULS;
- (vi) RM38,776,050 nominal value of the ICULS issued are all converted into 517,014,000 new ITCB Shares by surrendering RM0.075 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.60 for 1 new ITCB Share; and
- (vii) Full exercise of the Warrants at an exercise price of RM0.80 each.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

**MINIMUM SCENARIO**

**Proforma I**

Proforma I incorporates the effects of the issuance of 782,500 new Pre-subdivided Shares from 1 January 2014 up to 16 January 2014 pursuant to the Company's ESOS, with the remaining unexercised ESOS expired on 16 January 2014, based on the following exercise price:

<b>ESOS exercised</b>	<b>Exercise price</b>
471,000	RM 1.00
311,500	RM 1.40

Upon expiry of the Company's ESOS, the balance remaining in the ESOS reserve totalling RM115,790 is transferred to accumulated losses.

The Share Split has resulted in the increase of number of issued and paid-up share capital from 47,001,400 to 117,503,500 on the basis of every 1 Pre-subdivided Share is subdivided into 2.5 shares, with no effect on the proforma consolidated statements of financial position.

**Proforma II**

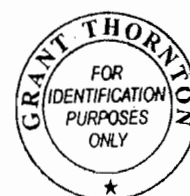
Proforma II incorporates proforma I and the effects of the completion of Existing HQ-cum-Factory Disposal, with a net gain on disposal of RM11,472,451.

**Proforma III**

Proforma III incorporates proforma II and the effects of Zoomic Acquisitions. The Zoomic Acquisitions are accounted for in the proforma consolidated statements of financial position, using the acquisition method of accounting based on their audited financial statements for the financial year ended 31 December 2013 and resulted in a goodwill on consolidation of RM4,846,565. The expenses incurred in relation to the Zoomic Acquisitions was RM931,733.

**Proforma IV**

Proforma IV incorporates Proforma III and the effects of the Rights Issue of ICULS with Warrants, together with the utilisation of proceeds as shown below:



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

	RM
Repayment of borrowings	1,500,000
Estimated expenses for the Proposals	1,000,000
Working capital	1,500,000
To part finance the construction costs of the Group's new business premises in Kulim, Kedah #	8,634,171
Purchase of machinery and equipment	6,000,000
	<u>18,634,171</u>

# The construction costs is estimated at RM24 million and will be funded via the following:

	RM
Borrowings	11,000,000
Proceeds from issuance of ICULS	8,634,171
The Group's internally generated funds	4,365,829
	<u>24,000,000</u>

**Proforma V**

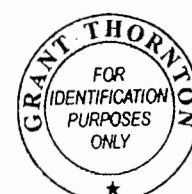
Proforma V incorporates Proforma IV and the effects arising from the full conversion of the ICULS issued into new ITCB Shares by surrendering RM0.60 nominal value of ICULS for 1 new ITCB Share.

Pursuant to the conversion of ICULS, the paid-up share capital and share premium accounts will be increased by RM12,422,780 and RM2,932,771 respectively.

**Proforma VI**

Proforma VI incorporates Proforma V and the effects of the full exercise of 31,056,951 Warrants at an exercise price of RM0.80 per Warrant. Upon completion, it will generate a total gross cash proceeds of RM24,845,561 for working capital purpose.

Pursuant to the full exercise of Warrants, the paid-up share capital and share premium accounts will be increased by RM12,422,780 and RM15,886,252 respectively. Correspondingly, the Warrant Reserve amounting to RM3,463,471 will be reversed in full to share premium account.





**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

**MAXIMUM SCENARIO**

**Proforma I**

Proforma I incorporates the effects of the issuance of 782,500 new Pre-subdivided Shares from 1 January 2014 up to 16 January 2014 pursuant to the Company's ESOS, with the remaining unexercised ESOS expired on 16 January 2014, based on the following exercise price:

<b>ESOS exercised</b>	<b>Exercise price</b>
471,000	RM 1.00
311,500	RM 1.40

Upon expiry of the Company's ESOS, the balance remaining in the ESOS reserve totalling RM115,790 is transferred to accumulated losses.

The Share Split has resulted in the increase of number of issued and paid-up share capital from 47,001,400 to 117,503,500 on the basis of every 1 Pre-subdivided Share is subdivided into 2.5 shares, with no effect on the proforma consolidated statements of financial position.

**Proforma II**

Proforma II incorporates proforma I and the effects of the completion of Existing HQ-cum-Factory Disposal, with a net gain on disposal of RM11,472,451.

**Proforma III**

Proforma III incorporates proforma II and the effects of Zoomic Acquisitions. The Zoomic Acquisitions are accounted for in the proforma consolidated statements of financial position, using the acquisition method of accounting based on their audited financial statements for the financial year ended 31 December 2013 and resulted in a goodwill on consolidation of RM4,846,565. The expenses incurred in relation to the Zoomic Acquisitions was RM931,733.

**Proforma IV**

Proforma IV incorporates proforma III and the effects of the Private Placement of 11,750,000 Placement Shares at RM0.62 per share.

Pursuant to the Private Placement, the paid-up share capital and share premium accounts will be increased by RM4,700,000 and RM2,585,000 respectively.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

**Proforma V**

Proforma V incorporates Proforma IV and the effects of the Rights Issue of ICULS with Warrants, together with the utilisation of proceeds as shown below:

	RM
Repayment of borrowings	1,500,000
Estimated expenses for the Proposals	1,000,000
Working capital	18,276,050
To part finance the construction costs for the Group's new business premises in Kulim, Kedah #	12,000,000
Purchase of machinery and equipment	6,000,000
	<u>38,776,050</u>

# The estimated total costs relating to the construction and completion of the Group's new premises located at Kulim is RM24 million and is to be funded in the following manner:

	RM
Borrowings	11,000,000
Proceeds from issuance of ICULS	12,000,000
The Group's internally generated funds	1,000,000
	<u>24,000,000</u>

**Proforma VI**

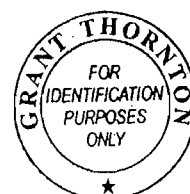
Proforma VI incorporates Proforma V and the effects arising from the full conversion of the ICULS issued into new ITCB Shares by surrendering RM0.075 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.60 for 1 new ITCB Share.

Pursuant to the conversion of ICULS, the paid-up share capital and share premium accounts will be increased by RM206,805,600 and RM96,580,285 respectively.

**Proforma VII**

Proforma VII incorporates Proforma VI and the effects of the full exercise of 64,626,750 Warrants at an exercise price of RM0.80 per Warrant. Upon completion, it will generate total gross cash proceeds of RM51,701,400 for working capital purpose.

Pursuant to the full exercise of Warrants, the paid-up share capital and share premium accounts will be increased by RM25,850,700 and RM33,057,874 respectively. Correspondingly, the Warrant Reserve amounting to RM7,207,174 will be reversed in full to share premium account.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

**DEFERRED TAX ASSETS**

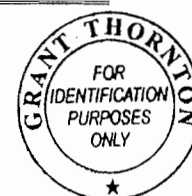
The movements in the deferred tax assets of ITCB Group are as follows:

	<b>Minimum Scenario RM</b>	<b>Maximum Scenario RM</b>
Audited as at 31 December 2013	229,000	229,000
Issuance of ICULS	184,851	384,659
As per Proforma IV / V	413,851	613,659
Transfer to accumulated losses upon conversion of ICULS to ITCB shares	(184,851)	(384,659)
As per Proforma V / VI	229,000	229,000

**CASH AND BANK BALANCES**

The movements in the cash and bank balances of ITCB Group are as follows:

	<b>Minimum Scenario RM</b>	<b>Maximum Scenario RM</b>
Audited as at 31 December 2013	12,477,457	12,477,457
Exercise of ESOS	907,100	907,100
As per Proforma I	13,384,557	13,384,557
Completion of Existing HQ-cum-Factory Disposal	23,746,153	23,746,153
As per Proforma II	37,130,710	37,130,710
Completion of Zoomic Acquisitions	(19,207,809)	(19,207,809)
As per Proforma III	17,922,901	17,922,901
Effect of Private Placement	-	7,285,000
As per Proforma III / IV	17,922,901	25,207,901
Issuance of ICULS	18,634,171	38,776,050
Repayment of borrowings	(1,500,000)	(1,500,000)
Estimated expenses for the Proposals	(1,000,000)	(1,000,000)
Construction of the Group's new business premises in Kulim, Kedah	(13,000,000)	(13,000,000)
Purchase of machinery and equipment	(6,000,000)	(6,000,000)
As per Proforma IV / V	15,057,072	42,483,951
Full conversion of ICULS	-	271,432,350
As per Proforma V / VI	15,057,072	313,916,301
Exercise of Warrants	24,845,562	51,701,400
As per Proforma VI / VII	39,902,634	365,617,701



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

**BORROWINGS – CURRENT LIABILITIES**

The movements in the short term borrowings of ITCB Group are as follows:

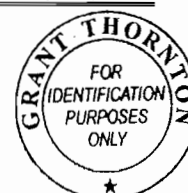
	Minimum Scenario RM	Maximum Scenario RM
Audited as at 31 December 2013	20,553,649	20,553,649
Completion of Zoomic Acquisitions	93,172	93,172
As per Proforma III	20,646,821	20,646,821
Drawdown of loan for the construction of the Group's new business premises in Kulim, Kedah	11,000,000	11,000,000
Repayment of borrowings	(1,500,000)	(1,500,000)
As per Proforma IV / V	30,146,821	30,146,821

**SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES**

The movements in the issued and paid-up share capital, share premium and other reserves of ITCB Group are as follows:

**Minimum Scenario:**

	Share capital RM	Share premium RM	ESOS reserve RM	ICULS - Equity RM	Warrant reserve RM	Accumulated losses
At 31 December 2013	46,218,900	4,921,765	301,923	-	-	(320,187)
Exercise of ESOS	782,500	310,733	(301,923)	-	-	115,790
Proforma I	47,001,400	5,232,498	-	-	-	(204,397)
Completion of Existing HQ-cum-Factory Disposal	-	-	-	-	-	11,472,451
Proforma II	47,001,400	5,232,498	-	-	-	11,268,054
Completion of Zoomic Acquisitions	-	-	-	-	-	(931,733)
Proforma III	47,001,400	5,232,498	-	-	-	10,336,321
Rights issue of ICULS with Warrants	-	-	-	14,585,337	3,463,471	(1,000,000)
Proforma IV	47,001,400	5,232,498	-	14,585,337	3,463,471	9,336,321
Conversion of ICULS into ITCB Shares	12,422,780	2,932,771	-	(14,585,337)	-	(185,851)
Proforma V	59,424,180	8,165,269	-	-	3,463,471	9,151,470
Exercise of Warrants	12,422,780	15,886,252	-	-	(3,463,471)	-
Proforma VI	71,846,960	24,051,521	-	-	-	9,151,470



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ITCB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

**Maximum Scenario:**

	Share capital RM	Share premium RM	ESOS reserve RM	ICULS - Equity RM	Warrant reserve RM	Accumulated losses
At 31 December 2013	46,218,900	4,921,765	301,923	-	-	(320,187)
Exercise of ESOS	782,500	310,733	(301,923)	-	-	115,790
Proforma I	47,001,400	5,232,498	-	-	-	(204,397)
Completion of Existing HQ-cum-Factory Disposal	-	-	-	-	-	11,472,451
Proforma II	47,001,400	5,232,498	-	-	-	11,268,054
Completion of Zoomic Acquisitions	-	-	-	-	-	(931,733)
Proforma III	47,001,400	5,232,498	-	-	-	10,336,321
Private placement	4,700,000	2,585,000	-	-	-	-
Proforma IV	51,701,400	7,817,498	-	-	-	10,336,321
Rights issue of ICULS with Warrants	-	-	-	30,350,788	7,207,174	(1,000,000)
Proforma V	51,701,400	7,817,498	-	30,350,788	7,207,174	9,336,321
Conversion of ICULS	206,805,600	96,580,285	-	(30,350,788)	-	(384,659)
Proforma VI	258,507,000	104,397,783	-	-	7,207,174	8,951,662
Exercise of Warrants	25,850,700	33,057,874	-	-	(7,207,174)	-
Proforma VI	284,357,700	137,455,657	-	-	-	8,951,662



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON**

**CERTIFIED TRUE COPY**



**John Lau Tiang Hua, Partner**  
**GRANT THORNTON**  
**CHARTERED ACCOUNTANTS**  
NO. AF: 0042

**IRE-TEX CORPORATION BERHAD**  
**Company No. 576121-A**  
**(Incorporated In Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**IRE-TEX CORPORATION BERHAD**  
**Company No. 576121-A**  
(Incorporated In Malaysia)

**CORPORATE INFORMATION**

<b>Directors</b>	<p>YM Raja Said Abidin Bin Raja Shahrome  (Chairman, Independent Non-Executive Director)</p> <p>Dato' Dr. Yap Tatt Keat  (Group Managing Director)</p> <p>See Toh Kean Yaw  (Executive Director)</p> <p>Teh Eng Huat  (Executive Director)</p> <p>Fazrin Azwar Bin Dato' Md. Nor  (Independent Non-Executive Director)</p> <p>Teh Eng Aun  (Independent Non-Executive Director)</p> <p>Na Chiang Seng  (Independent Non-Executive Director)</p> <p>Soo Tee Wei  (Independent Non-Executive Director)</p>
<b>Secretaries</b>	<p>Lim Kim Teck  Kong Sown Kaey</p>
<b>Audit Committee</b>	<p>YM Raja Said Abidin Bin Raja Shahrome  (Chairman, Independent Non-Executive Director)</p> <p>Teh Eng Aun  (Member, Independent Non-Executive Director)</p> <p>Fazrin Azwar Bin Dato' Md. Nor  (Member, Independent Non-Executive Director)</p>

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**IRE-TEX CORPORATION BERHAD****Company No. 576121-A**  
(Incorporated In Malaysia)**CORPORATE INFORMATION**

<b>Registered Office</b>	35 1st Floor Jalan Kelisa Emas 1 Taman Kelisa Emas 13700 Seberang Jaya Penang
<b>Business Address</b>	Plot 118 Jalan Perusahaan Bukit Tengah Industrial Park 14000 Bukit Mertajam Penang
<b>Share Registrar</b>	Agriteum Share Registration Services Sdn. Bhd.
<b>Auditors</b>	Grant Thornton Chartered Accountants
<b>Principal Bankers</b>	CIMB Bank Berhad Public Bank Berhad Hong Leong Bank Berhad Bangkok Bank Berhad Standard Chartered Bank Malaysia Berhad
<b>Solicitors</b>	Wong-Chooi & Mohd. Nor. Ghazi & Lim
<b>Stock Exchange Listing</b>	Main Market of Bursa Malaysia Securities Berhad



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**  
(Incorporated In Malaysia)

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2013**.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company consist of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

**RESULTS**

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Profit/(Loss) after taxation for the year	<u>1,863,026</u>	<u>(242,805)</u>
Attributable to:		
Owners of the Company	1,022,693	(242,805)
Non-controlling interests	<u>840,333</u>	<u>-</u>
	<u>1,863,026</u>	<u>(242,805)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2013** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than those disclosed in the financial statements.

**RESERVES AND PROVISIONS**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**DIVIDENDS**

Since the end of the previous financial year, the Company has paid a first and final tax exempt dividend of 1.5 sen per share amounting to RM684,420 for the financial year ended 31 December 2012, as proposed in the directors' report of that year.

The directors do not recommend any dividend payment for the financial year.

**SHARE CAPITAL AND DEBENTURE**

During the financial year, the Company increased its issued and paid-up capital from RM45,011,000 to RM46,218,900 by way of allotments of 1,207,900 ordinary shares of RM1 each at exercise prices of RM1 and RM1.40 per share for cash pursuant to the employee share option scheme. The proceeds were used for working capital purposes. The new shares issued during the year rank pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

**EMPLOYEE SHARE OPTION SCHEME ("ESOS")**

Pursuant to the ESOS which became effective on 17 February 2004, options to subscribe for ordinary shares of RM1 each were granted to eligible employees and executive directors of the Group. The Company has extended the existing ESOS for another five years until 16 January 2014 in accordance with terms of the ESOS By-Laws.

The details of options over unissued ordinary shares granted to eligible employees and executive directors of the Group during the financial year are as follows:

Grant date	Expiry date	Exercise price RM	Number of Share Options				Balance at 31.12.13
			Balance at 1.1.13	Granted and accepted	Exercised	Lapsed/ Forfeited	
17.2.04	16.1.14	1.40	750,800	-	(273,900)	(7,400)	469,500
24.8.07	16.1.14	1.00	1,720,000	-	(934,000)	(22,000)	764,000

The salient features of the ESOS are disclosed in the notes to the financial statements.

There was no option granted under the ESOS during the financial year ended 31 December 2013.

Details of options granted to directors are disclosed in the section on directors' interests in this report.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**DIRECTORS**

The directors who served since the date of the last report are as follows:

**YM Raja Said Abidin Bin Raja Shahrome**  
**Dato' Dr. Yap Tatt Keat**  
**See Toh Kean Yaw**  
**Teh Eng Huat (appointed on 1.11.2013)**  
**Fazrin Azwar Bin Dato' Md. Nor**  
**Teh Eng Aun**  
**Na Chiang Seng (appointed on 1.11.2013)**  
**Soo Tee Wei (appointed on 9.1.2014)**  
**Dato' Shafee Bin Abu Bakar (resigned on 2.5.2013)**  
**Dr. Lee Yu Huat @ Lee Yew Huat (resigned on 31.10.2013)**  
**Lim Poay Guan (resigned on 31.10.2013)**  
**Timothy Ian O'Hearn (demised on 13.6.2013)**

**DIRECTORS' INTERESTS IN SHARES**

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares and in options in the Company during the financial year are as follows:

	----- Number of ordinary shares of RM1 each -----			
	Balance at 1.1.13	Allotment	Bought/ (Sold)	Balance at 31.12.13
<b>The Company</b>				
<b>Direct Interest:</b>				
YM Raja Said Abidin Bin Raja Shahrome	100,000	-	-	100,000
Dato' Dr. Yap Tatt Keat	5,455,354	50,000	-	5,505,354
See Toh Kean Yaw	58,500	135,000	(150,000)	43,500
Teh Eng Huat	55,100 *	-	-	55,100
Na Chiang Seng	-	-	1,714,285	1,714,285
Fazrin Azwar Bin Dato' Md. Nor	10,100	-	-	10,100
<b>The Company</b>				
<b>Indirect Interest:</b>				
See Toh Kean Yaw	-	-	150,000	150,000
Teh Eng Huat	2,518,700 *	-	-	2,518,700

\* At date of appointment.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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Details of ESOS granted to executive directors are as follows:

	<b>-- Number of options over ordinary shares of RM1 each --</b>			
	<b>Balance at 1.1.13</b>	<b>Granted</b>	<b>Exercised</b>	<b>Balance at 31.12.13</b>
Dato' Dr. Yap Tatt Keat	359,000	-	(50,000)	309,000
See Toh Kean Yaw	301,500	-	(135,000)	166,500

Other than as disclosed above, none of the other directors holding office at 31 December 2013 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

### **OTHER STATUTORY INFORMATION**

Before the financial statements 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 value 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

- (i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

**SIGNIFICANT EVENTS**

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

**EVENTS AFTER THE REPORTING PERIOD**

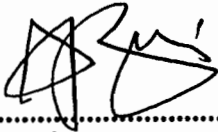
Details of events subsequent to the reporting period are disclosed in Note 39 to the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**AUDITORS**

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:



.....  
**Dato' Dr. Yap Tatt Keat**



.....  
**Teh Eng Huat**

**Penang,**

**Date: 25 April 2014**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**  
**(Incorporated In Malaysia)**

**DIRECTORS' STATEMENT**

In the opinion of the directors, the financial statements set out on pages 14 to 88 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2013** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 40 on page 88 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

.....  
**Dato' Dr. Yap Tatt Keat**

.....  
**Teh Eng Huat**

**Date: 25 April 2014**

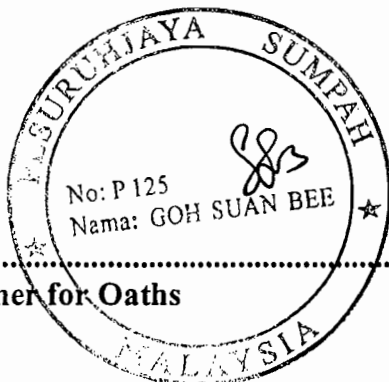
**STATUTORY DECLARATION**

I, **Tan Siew Hooi**, the officer primarily responsible for the financial management of **Ire-Tex Corporation Berhad** do solemnly and sincerely declare that the financial statements set out on pages 14 to 88 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this 25th )  
day of April 2014. )

.....  
**Tan Siew Hooi**

**Before me,**



.....  
**Commissioner for Oaths**

20 Lebuhr King  
10200 Pulau Pinang

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**  
(Incorporated In Malaysia)

Grant Thornton (AF:0042)  
51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang, Malaysia

T +6 (04) 228 7828  
F +6 (04) 227 9828  
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of **Ire-Tex Corporation Berhad**, which comprise the statements of financial position as at **31 December 2013** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 14 to 88.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

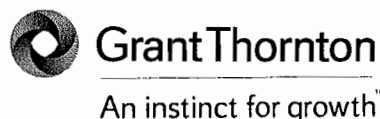
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Independent Auditors' Report To The Members Of  
Ire-Tex Corporation Berhad (cont'd)  
Company No. 576121-A  
(Incorporated In Malaysia)****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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out in Note 40, on page 88 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



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**Independent Auditors' Report To The Members Of  
Ire-Tex Corporation Berhad (cont'd)  
Company No. 576121-A  
(Incorporated In Malaysia)**

**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.

A stylized signature for Grant Thornton, written in black ink.

**Grant Thornton  
No. AF: 0042  
Chartered Accountants**

A handwritten signature for Tan Chee Beng, written in black ink.

**Tan Chee Beng  
No. 2664/02/15 (J)  
Chartered Accountant**

**Date: 25 April 2014**

**Penang**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

Company No. 576121-A

(Incorporated In Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	NOTE	GROUP		COMPANY	
		2013 RM	2012 RM	2013 RM	2012 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	18,302,051	31,826,484	14,052	44,484
Investment properties	5	5,317,830	5,061,024	-	-
Investment in subsidiaries	6	-	-	20,861,677	21,994,854
Other investments	7	2,029,023	2,324,023	549,243	844,243
Deferred tax assets	19	229,000	40,000	-	-
		<u>25,877,904</u>	<u>39,251,531</u>	<u>21,424,972</u>	<u>22,883,581</u>
<b>Current assets</b>					
Inventories	8	6,649,311	11,658,472	-	-
Trade receivables	9	22,795,815	31,397,238	-	-
Other receivables, deposits and prepayments	10	7,801,604	3,307,582	5,203,806	66,453
Amount due from subsidiaries	11	-	-	11,301,651	18,316,074
Tax recoverable		460,000	261,073	40,000	-
Fixed deposits with licensed banks	12	4,826,211	4,651,276	-	-
Cash and bank balances	13	12,477,457	5,131,929	4,243,022	485,829
		<u>55,010,398</u>	<u>56,407,570</u>	<u>20,788,479</u>	<u>18,868,356</u>
Non-current assets held for sale	14	12,273,702	-	-	-
		<u>67,284,100</u>	<u>56,407,570</u>	<u>20,788,479</u>	<u>18,868,356</u>
<b>TOTAL ASSETS</b>		<u>93,162,004</u>	<u>95,659,101</u>	<u>42,213,451</u>	<u>41,751,937</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	46,218,900	45,011,000	46,218,900	45,011,000
Share premium	16	4,921,765	4,443,101	4,921,765	4,443,101
Share option reserve	17	301,923	679,721	301,923	679,721
Accumulated losses		(320,187)	(667,154)	(10,024,609)	(9,106,078)
		<u>51,122,401</u>	<u>49,466,668</u>	<u>41,417,979</u>	<u>41,027,744</u>
<b>Non-controlling interests</b>		<u>31,262</u>	<u>2,483,403</u>	-	-
<b>Total equity</b>		<u>51,153,663</u>	<u>51,950,071</u>	<u>41,417,979</u>	<u>41,027,744</u>
<b>Non-current liabilities</b>					
Borrowings	18	7,204,928	3,273,744	-	-
Deferred tax liabilities	19	431,000	492,000	-	-
		<u>7,635,928</u>	<u>3,765,744</u>	-	-
<b>Current liabilities</b>					
Trade payables	20	7,252,202	10,022,354	-	-
Other payables and accruals	21	6,308,337	8,275,557	470,614	557,697
Amount due to subsidiaries	11	-	-	324,858	166,496
Derivative financial liabilities	22	202,225	-	-	-
Borrowings	18	20,553,649	21,642,375	-	-
Provision for taxation		56,000	3,000	-	-
		<u>34,372,413</u>	<u>39,943,286</u>	<u>795,472</u>	<u>724,193</u>
<b>Total liabilities</b>		<u>42,008,341</u>	<u>43,709,030</u>	<u>795,472</u>	<u>724,193</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>93,162,004</u>	<u>95,659,101</u>	<u>42,213,451</u>	<u>41,751,937</u>

The notes set out on pages 21 to 88 form an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**  
**Company No. 576121-A**  
(Incorporated In Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	NOTE	GROUP		COMPANY	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	23	115,440,082	124,893,445	2,202,000	3,382,000
Cost of sales		<u>(95,417,177)</u>	<u>(103,207,676)</u>	-	-
<b>Gross profit</b>		<b>20,022,905</b>	<b>21,685,769</b>	<b>2,202,000</b>	<b>3,382,000</b>
Other income	24	2,214,867	1,772,657	155,993	7,205
Administrative expenses		<u>(10,721,119)</u>	<u>(11,099,657)</u>	<u>(2,279,259)</u>	<u>(2,539,788)</u>
Loss on disposal of investment in subsidiaries		<u>(682,922)</u>	-	<u>(319,738)</u>	-
Distribution expenses		<u>(7,131,587)</u>	<u>(6,828,398)</u>	-	-
<b>Operating profit</b>		<b>3,702,144</b>	<b>5,530,371</b>	<b>(241,004)</b>	<b>849,417</b>
Finance costs	25	<u>(1,412,945)</u>	<u>(1,214,435)</u>	-	-
<b>Profit/(Loss) before taxation</b>	26	<b>2,289,199</b>	<b>4,315,936</b>	<b>(241,004)</b>	<b>849,417</b>
Taxation	27	<u>(426,173)</u>	<u>(1,016,954)</u>	<u>(1,801)</u>	<u>(150,000)</u>
<b>Net profit/(loss), representing total comprehensive income/(loss) for the year</b>		<b><u>1,863,026</u></b>	<b><u>3,298,982</u></b>	<b><u>(242,805)</u></b>	<b><u>699,417</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		1,022,693	2,791,696	(242,805)	699,417
Non-controlling interests		<u>840,333</u>	<u>507,286</u>	-	-
		<b><u>1,863,026</u></b>	<b><u>3,298,982</u></b>	<b><u>(242,805)</u></b>	<b><u>699,417</u></b>
<b>Earnings per share attributable to owners of the Company</b>					
- Basic (sen)	28	<u>2.25</u>	<u>6.21</u>		
- Diluted (sen)	28	<u>2.24</u>	<u>-</u>		

The notes set out on pages 21 to 88 form an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

Company No. 576121-A

(Incorporated In Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

2013	NOTE	-----Attributable to owners of the Company -----						Non-Controlling Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Share Option Reserves RM	Accumulated Losses RM	Total RM	--- Non-distributable ---		
Balance at beginning		45,011,000	4,443,101	679,721	(667,154)	49,466,668	2,483,403	51,950,071	
Net profit, representing total comprehensive income for the year		-	-	-	1,022,693	1,022,693	840,333	1,863,026	
<i>Transactions with owners of the Company:</i>									
Issuance of shares pursuant to ESOS	15	1,207,900	109,560	-	-	1,317,460	-	1,317,460	
Transfer upon exercise of ESOS	16, 17	-	369,104	(369,104)	-	-	-	-	
Lapsed of ESOS	17	-	-	(8,694)	8,694	-	-	-	
Dividend	29	-	-	-	(684,420)	(684,420)	-	(684,420)	
Disposal of equity interests in subsidiaries		-	-	-	-	-	(3,292,474)	(3,292,474)	
Total transactions with owners of the Company		1,207,900	478,664	(377,798)	(675,726)	633,040	(3,292,474)	(2,659,434)	
Balance at end		46,218,900	4,921,765	301,923	(320,187)	51,122,401	31,262	51,153,663	
2012									
Balance at beginning		44,877,000	4,391,143	731,679	(2,784,495)	47,215,327	1,976,117	49,191,444	
Net profit, representing total comprehensive income for the year		-	-	-	2,791,696	2,791,696	507,286	3,298,982	
<i>Transactions with owners of the Company:</i>									
Issuance of shares pursuant to ESOS	15	134,000	-	-	-	134,000	-	134,000	
Transfer upon exercise of ESOS	16, 17	-	51,958	(51,958)	-	-	-	-	
Dividend	29	-	-	-	(674,355)	(674,355)	-	(674,355)	
Total transactions with owners of the Company		134,000	51,958	(51,958)	(674,355)	(540,355)	-	(540,355)	
Balance at end		45,011,000	4,443,101	679,721	(667,154)	49,466,668	2,483,403	51,950,071	

The notes set out on pages 21 to 88 form an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**  
(Incorporated In Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

		---- Non-distributable ----				
	NOTE	Share Capital RM	Share Premium RM	Share Option Reserves RM	Accumulated Losses RM	Total Equity RM
<b>2013</b>						
Balance at beginning		45,011,000	4,443,101	679,721	(9,106,078)	41,027,744
Net loss, representing total comprehensive loss for the year		-	-	-	(242,805)	(242,805)
<i>Transactions with owners of the Company:</i>						
Issuance of shares pursuant to ESOS	15	1,207,900	109,560	-	-	1,317,460
Transfer upon exercise of ESOS	16, 17	-	369,104	(369,104)	-	-
Lapsed of ESOS	17	-	-	(8,694)	8,694	-
Dividend	29	-	-	-	(684,420)	(684,420)
Total transactions with owners of the Company		1,207,900	478,664	(377,798)	(675,726)	633,040
Balance at end		46,218,900	4,921,765	301,923	(10,024,609)	41,417,979
<b>2012</b>						
Balance at beginning		44,877,000	4,391,143	731,679	(9,131,140)	40,868,682
Net profit, representing total comprehensive income for the year		-	-	-	699,417	699,417
<i>Transactions with owners of the Company:</i>						
Issuance of shares pursuant to ESOS	15	134,000	-	-	-	134,000
Transfer upon exercise of ESOS	16, 17	-	51,958	(51,958)	-	-
Dividend	29	-	-	-	(674,355)	(674,355)
Total transactions with owners of the Company		134,000	51,958	(51,958)	(674,355)	(540,355)
Balance at end		45,011,000	4,443,101	679,721	(9,106,078)	41,027,744

The notes set out on pages 21 to 88 form an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**

(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	2,289,199	4,315,936	(241,004)	849,417
Adjustments for:				
Bad debts	56,033	116,625	-	-
Change in fair value of investment properties	(256,806)	-	-	-
Depreciation	4,377,405	4,036,961	34,614	33,697
Deposit forfeited	50,000	-	-	-
Dividend income	-	-	-	(1,150,000)
Fair value loss on derivative financial instruments	202,225	-	-	-
Impairment loss on investment in subsidiaries	-	-	-	395,528
Impairment loss on other investment	295,000	-	295,000	-
Interest expense	1,412,945	1,214,435	-	-
Interest income	(154,272)	(112,984)	(130,987)	(7,205)
Loss/(Gain) on disposal of property, plant and equipment	19,145	(3,350)	-	-
Loss on disposal of investment in subsidiaries	682,922	-	319,738	-
Property, plant equipment written off	665	10,417	-	-
Unrealised (gain)/loss on foreign exchange	(171,904)	1,567	-	-
Operating profit before working capital changes	8,802,557	9,579,607	277,361	121,437
Decrease in inventories	4,092,969	1,815,353	-	-
(Increase)/Decrease in receivables	(6,197,012)	2,308,040	(5,137,353)	(48,769)
Increase/(Decrease) in payables	6,721,008	(1,623,057)	(87,083)	46,705
Cash from/(used in) operations	13,419,522	12,079,943	(4,947,075)	119,373
Income tax paid	(1,035,414)	(1,257,442)	(41,801)	-
Income tax refund	232,650	164,204	-	-
Interest paid	(1,412,945)	(1,214,435)	-	-
Net cash from/(used in) operating activities	11,203,813	9,772,270	(4,988,876)	119,373
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	76,661	29,480	130,987	7,205
Investment in subsidiaries	-	-	(1,900,000)	(100,000)
(i) Net cash inflow from disposal of subsidiaries	1,102,829	-	-	-
Net dividend income received from subsidiaries	-	-	-	1,150,000
Proceeds from disposal of subsidiaries	-	-	2,713,439	-
Placement of fixed deposits	-	(276,249)	-	-
(ii) Purchase of property, plant and equipment	(7,801,262)	(4,690,167)	(4,182)	-
Proceeds from disposal of property, plant and equipment	20,473	17,900	-	-
Net cash (used in)/from investing activities	(6,601,299)	(4,919,036)	940,244	1,057,205
Balance carried forward	4,602,514	4,853,234	(4,048,632)	1,176,578

The notes set out on pages 21 to 88 form an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**

(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Balance brought forward	4,602,514	4,853,234	(4,048,632)	1,176,578
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(684,420)	(674,355)	(684,420)	(674,355)
Drawdown of finance lease	567,000	-	-	-
Drawdown/(Repayment) of bankers acceptance	5,003,000	(1,438,000)	-	-
Payment of finance lease	(819,248)	(1,467,816)	-	-
Proceeds from issuance of shares pursuant to ESOS	1,317,460	134,000	1,317,460	134,000
Repayment of trust receipts	(98,467)	(73,715)	-	-
Repayment from/(Advance to) subsidiaries	-	-	7,172,785	(881,219)
Repayment of term loans	(460,372)	(269,421)	-	-
Net cash from/(used in) financing activities	4,824,953	(3,789,307)	7,805,825	(1,421,574)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,427,467	1,063,927	3,757,193	(244,996)
<b>Effects of foreign exchange rate changes on cash and cash equivalents</b>	87,895	-	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	4,945,258	3,881,331	485,829	730,825
<b>CASH AND CASH EQUIVALENTS AT END</b>	14,460,620	4,945,258	4,243,022	485,829
<b>Represented by:</b>				
Fixed deposits with licensed banks	2,217,094	2,119,770	-	-
Cash and bank balances	12,477,457	5,131,929	4,243,022	485,829
Bank overdrafts	(233,931)	(2,306,441)	-	-
	14,460,620	4,945,258	4,243,022	485,829

The notes set out on pages 21 to 88 form an integral part of these financial statements.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**IRE-TEX CORPORATION BERHAD**

**Company No. 576121-A**

(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>(i) Cash flows from disposal of investment in subsidiaries</b>				
Property, plant and equipment	10,950,583	-	-	-
Inventories	916,192	-	-	-
Receivables	9,634,837	-	-	-
Cash and cash equivalents	2,200,718	-	-	-
Payables	(11,465,828)	-	-	-
Borrowings	(4,938,223)	-	-	-
Bank overdraft	(590,108)	-	-	-
Provision for taxation	(19,336)	-	-	-
Share of net assets disposed	6,688,835	-	-	-
Non-controlling interests	(3,292,474)	-	-	-
Loss on disposal of investment in subsidiaries	(682,922)	-	-	-
Total disposal consideration	2,713,439	-	-	-
Less: Cash and cash equivalents	(1,610,610)	-	-	-
Cash flows from disposal of investment in subsidiaries	<u>1,102,829</u>	-	-	-
<b>(ii) Purchase of property, plant and equipment</b>				
Total purchase consideration	14,117,540	5,783,217	4,182	-
Acquired under finance lease	(461,278)	(1,093,050)	-	-
Financed under term loan	(5,200,000)	-	-	-
Reclassified from other receivables, deposits and prepayments	(655,000)	-	-	-
Total cash acquisition	<u>7,801,262</u>	<u>4,690,167</u>	<u>4,182</u>	-

The notes set out on pages 21 to 88 form an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****IRE-TEX CORPORATION BERHAD**  
**Company No. 576121-A**  
(Incorporated In Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013****1. CORPORATE INFORMATION****General**

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 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang.

The principal place of business of the Company is located at Plot 118, Jalan Perusahaan, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2014.

**Principal Activities**

The principal activities of the Company consist of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

**2. BASIS OF PREPARATION****2.1 Statement of Compliance**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**2.2 Basis of Measurement**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**2.3 Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

**2.4 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations ("IC Int") and Amendments to IC Int**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new MFRSs, amendments/improvements to MFRSs, IC Int and amendments to IC Int that are mandatory for the current financial year:

**Amendments to MFRSs effective 1 July 2012**

MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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**MFRSs and IC Int effective 1 January 2013**

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production of A Surface Mine

**Amendments to MFRSs effective 1 January 2013**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements 2009 – 2011 Cycle issued in July 2012	

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company except for the following:

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****MFRS 13 Fair Value Measurement**

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS13. In accordance with these transitional provisions, the Group has not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 did not have any material impact on the amounts recognised in the Group's and in the Company's financial statements.

**2.5 Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**Amendments to MFRSs and IC Int effective for financial periods beginning on or after 1 January 2014**

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

**Effective for financial periods beginning on or after 1 July 2014**

Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

**Effective date yet to be confirmed**

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

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon adoption.

**2.6 Significant Accounting Estimates and Judgements**

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

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

**2.6.1 Judgements made in applying accounting policies**

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**2.6.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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:

**(i) Useful lives of depreciable assets**

Plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

**(ii) Impairment of plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

**(iii) Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

**(iv) Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**(v) Deferred tax assets**

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and other deductible temporary differences 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 together with tax planning strategies.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

**3.1 Basis of Consolidation****(i) Subsidiaries**

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

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

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



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

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

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is recognised in profit or loss.

**(ii) Business combination**

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interests in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**(iii) Acquisitions of non-controlling interests**

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

**(iv) Loss of control**

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

**(v) Non-controlling interests**

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

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

**(vi) Transactions eliminated on consolidation**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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### 3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Short leasehold land	Amortised over lease period
Factory buildings	1.89%
Factory extension	2% - 10%
Plant, machinery and equipment	10% - 20%
Furniture, fittings and office equipment	10% - 50%
Renovation	1.89% - 10%
Electrical installation	10% - 20%
Motor vehicles	10% - 20%

Short leasehold land refers to land with an unexpired lease period of less than fifty years determined at the end of reporting period.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

### 3.3 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is derived based on directors' valuation by reference to the existing market condition.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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 gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

### 3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

#### **Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between 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 recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Operating leases**

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

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

**3.5 Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

An impairment loss for an asset is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3.6 Financial Instruments****3.6.1 Initial recognition and measurement**

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

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

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

**3.6.2 Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

**Financial assets****(a) Loans and receivables**

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

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

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

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

All financial assets are subject to review for impairment.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost other than financial liabilities categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

**3.6.3 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.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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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 statement of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

**3.6.4 Derecognition**

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

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

**3.7 Impairment of Financial Assets**

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



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

**3.8 Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

**3.9 Inventories**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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Cost of raw materials and packing materials is determined on the weighted average basis and comprises the original cost of purchases plus the cost of bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress includes raw materials, direct labour and a proportion of manufacturing overheads and is determined on the weighted average basis.

Net realisable value represents 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.

### **3.10 Non-current Assets Held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

### **3.11 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3.12 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. 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.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

**3.13 Income Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and when the revenue can be reliably measured on the following bases:

**(i) Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and ownership have been transferred to the customers.

**(ii) Provision of services**

Revenue from rendering of services is recognised on the dates the services are rendered and completed.

**(iii) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**(iv) Management fee**

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

**(v) Interest income**

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**(vi) Rental income**

Rental income is recognised on a time proportion basis over the lease term.

**(vii) Commissions**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

**3.14 Employee Benefits****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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**Defined contribution plans**

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses as incurred.

**Share-based compensation**

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

**3.15 Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.3, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

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

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

**3.16 Foreign Currency Translations**

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

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

Non-monetary assets and liabilities denominated in foreign currencies at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge or currency risk, which are recognised in other comprehensive income.

**3.17 Segment Reporting**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****3.18 Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

**3.19 Share Capital, Share Issuance Expenses, Share Premium and Dividends**

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.

Share capital represents the nominal value of shares that have been issued.

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Share premium includes any premiums received upon issuance of share capital. Any transaction costs associated with the issuing of new shares are deducted from share premium, net of any related income tax benefits.

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

4. PROPERTY, PLANT AND EQUIPMENT GROUP	2013	Short leasehold land RM	Factory buildings RM	Factory extension RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Electrical installation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
<b>At cost</b>											
Balance at beginning	4,836,405	6,479,348	1,020,537	31,761,441	6,278,863	5,438,614	1,830,531	3,807,565	624,648	62,077,952	
Additions	2,270,000	2,576,379	-	988,026	194,719	15,222	-	317,073	7,756,121	14,117,540	
Disposals	-	-	-	(11,380)	(1,350)	-	-	(72,000)	-	(84,730)	
Written off	-	-	-	-	(34,393)	-	-	-	-	(34,393)	
Reclassification	-	-	-	624,648	-	-	-	-	-	(624,648)	-
Reclassified to non-current assets held for sale	(4,836,405)	(4,730,097)	(1,009,958)	-	-	(4,633,550)	-	-	-	-	(15,210,010)
Disposal of subsidiaries	-	(1,770,630)	(10,579)	(20,664,878)	(659,022)	(820,286)	(1,585,536)	(1,487,771)	-	-	(26,998,702)
Balance at end	2,270,000	2,555,000	-	12,697,857	5,778,817	-	244,995	2,564,867	7,756,121	33,867,657	
<b>Accumulated depreciation</b>											
Balance at beginning	821,277	1,588,870	234,654	18,891,193	4,608,569	1,251,760	693,227	2,161,918	-	30,251,468	
Current charge	136,356	300,751	52,271	2,869,159	398,493	132,522	121,775	366,078	-	4,377,405	
Disposals	-	-	-	(8,987)	(675)	-	-	(35,450)	-	(45,112)	
Written off	-	-	-	-	(33,728)	-	-	-	-	(33,728)	
Reclassified to non-current assets held for sale	(912,530)	(892,470)	(250,258)	-	-	(881,050)	-	-	-	(2,936,308)	
Disposal of a subsidiary	-	(946,386)	(36,667)	(12,475,890)	(388,020)	(503,232)	(584,167)	(1,113,757)	-	(16,048,119)	
Balance at end	45,103	50,765	-	9,275,475	4,584,639	-	230,835	1,378,789	-	15,565,606	
<b>Carrying amount</b>	<b>2,224,897</b>	<b>2,504,235</b>	<b>-</b>	<b>3,422,382</b>	<b>1,194,178</b>	<b>-</b>	<b>14,160</b>	<b>1,186,078</b>	<b>7,756,121</b>	<b>18,302,051</b>	



## APPENDIX IV

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

2012	Short leasehold land RM	Factory buildings RM	Factory extension RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Electrical installation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
At cost										
Balance at beginning	4,836,405	6,437,128	1,020,537	28,165,688	6,035,894	5,438,614	966,291	3,508,975	-	56,409,532
Additions	-	42,220	-	3,697,638	255,881	-	864,240	298,590	624,648	5,783,217
Disposals	-	-	-	(72,830)	(12,310)	-	-	-	-	(85,140)
Written off	-	-	-	(29,055)	(602)	-	-	-	-	(29,657)
Balance at end	4,836,405	6,479,348	1,020,537	31,761,441	6,278,863	5,438,614	1,830,531	3,807,565	624,648	62,077,952
Accumulated depreciation										
Balance at beginning	730,024	1,326,816	180,692	16,433,986	4,134,482	1,115,713	612,141	1,770,483	-	26,304,337
Current charge	91,253	262,054	53,962	2,536,117	485,007	136,047	81,086	391,435	-	4,036,961
Disposals	-	-	-	(59,927)	(10,663)	-	-	-	-	(70,590)
Written off	-	-	-	(18,983)	(257)	-	-	-	-	(19,240)
Balance at end	821,277	1,588,870	234,654	18,891,193	4,608,569	1,251,760	693,227	2,161,918	-	30,251,468
Carrying amount	4,015,128	4,890,478	785,883	12,870,248	1,670,294	4,186,854	1,137,304	1,645,647	624,648	31,826,484

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**COMPANY**

	<b>Furniture, fittings and office equipment RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>2013</b>			
<b>At cost</b>			
Balance at beginning	45,224	315,323	360,547
Additions	4,182	-	4,182
Balance at end	<u>49,406</u>	<u>315,323</u>	<u>364,729</u>
<b>Accumulated depreciation</b>			
Balance at beginning	40,304	275,759	316,063
Current charge	3,082	31,532	34,614
Balance at end	<u>43,386</u>	<u>307,291</u>	<u>350,677</u>
<b>Carrying amount</b>	<u>6,020</u>	<u>8,032</u>	<u>14,052</u>
<b>2012</b>			
<b>At cost</b>	<u>45,224</u>	<u>315,323</u>	<u>360,547</u>
<b>Accumulated depreciation</b>			
Balance at beginning	38,139	244,227	282,366
Current charge	2,165	31,532	33,697
Balance at end	<u>40,304</u>	<u>275,759</u>	<u>316,063</u>
<b>Carrying amount</b>	<u>4,920</u>	<u>39,564</u>	<u>44,484</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**GROUP**

The short leasehold land and buildings are pledged to a licensed bank as security for banking facilities granted to certain subsidiaries.

Included in the carrying amount are the following plant and equipment being acquired under finance lease:

	2013 RM	2012 RM
Plant, machinery and equipment	2,080,245	3,768,422
Electrical installation	-	408,500
Motor vehicles	<u>883,323</u>	<u>1,085,620</u>
	<u><b>2,963,568</b></u>	<u><b>5,262,542</b></u>

The leased assets are pledged as security for the related finance lease liabilities (Note 18).

**5. INVESTMENT PROPERTIES**

	<b>GROUP</b>	
	2013 RM	2012 RM
At fair value:		
Balance at beginning	5,061,024	5,061,024
Change in fair value recognised in profit or loss	<u>256,806</u>	<u>-</u>
Balance at end	<u><b>5,317,830</b></u>	<u><b>5,061,024</b></u>

The breakdown of investment properties is as follows:

	Long leasehold land RM	Leasehold factory building RM	Total RM
Balance at beginning	1,300,058	3,760,966	5,061,024
Change in fair value recognised in profit or loss	<u>160,504</u>	<u>96,302</u>	<u>256,806</u>
Balance at end	<u><b>1,460,562</b></u>	<u><b>3,857,268</b></u>	<u><b>5,317,830</b></u>

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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The amounts recognised in profit or loss are as follows:

	2013 RM	2012 RM
Rental income from rental generating properties	635,600	633,600
Direct operating expenses arising from rental generating properties	<u>45,526</u>	<u>45,562</u>

Long leasehold land refers to land with remaining lease period of fifty years or more as at the end of the reporting period.

#### **Fair value information**

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
<b>2013</b>			
Long leasehold land	-	1,460,562	-
Leasehold factory building	-	<u>3,857,268</u>	-

#### **Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

#### **Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of leasehold land and building have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**6. INVESTMENT IN SUBSIDIARIES**

	<b>COMPANY</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<b>25,716,207</b>	26,849,384
Less: Impairment losses		
Balance at beginning	<b>4,854,530</b>	4,459,002
Current year	-	395,528
Balance at end	<b>(4,854,530)</b>	(4,854,530)
	<b>20,861,677</b>	21,994,854

The details of the subsidiaries, all of which are incorporated in Malaysia except where indicated, are as follows:

<b>Name of Subsidiaries</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
	<b>2013</b>	<b>2012</b>	
<b>Direct subsidiaries</b>			
Ire-Tex (Malaysia) Sdn. Bhd.	<b>100%</b>	100%	Design and manufacture of protective packing materials and other related products and investment holding.
Ire-Tex Electronics Sdn. Bhd.	<b>100%</b>	100%	Contract manufacturing services.
Ire-Tex (Johor) Sdn. Bhd.	<b>70%</b>	70%	Design and manufacture of packaging materials and other related products.
Cal-Test Laboratory Sdn. Bhd.	<b>100%</b>	100%	Provide services of calibration and testing of equipment and general products.
Eppor-Pack Sdn. Bhd.	-	51%	Manufacture of paper pulp, polymer protective packaging materials and other related products.
GH Packaging Sdn. Bhd.	<b>100%</b>	100%	Manufacture of corrugated packaging materials and other related products.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2013	2012	
Styrotex (Asia Pacific) Sdn. Bhd.	50.01%	50.01%	Investment holding and sales commission agent.
Powertude Sdn. Bhd.	-	51%	Generation of biomass energy
TFH Corporate Sdn. Bhd.	55%	55%	Sales and marketing of agricultural waste related products.
Jumbo Universe Sdn. Bhd.	70%	70%	Manufacture of wooden crates, pallets and other related wood products.
* Ire-Tex (Vietnam) Co. Ltd. (Incorporated in Vietnam)	100%	100%	Dormant.
Ire-Tex Paper Packaging Sdn. Bhd.	100%	100%	Manufacture of corrugated packaging materials and other related products.
<b>Indirect - held through Ire-Tex (Malaysia) Sdn. Bhd.</b>			
Ire-Tex (KL) Sdn. Bhd.	70%	70%	Design and manufacture of protective packaging materials and other related products.
<b>Indirect - held through Ire-Tex Electronics Sdn. Bhd.</b>			
Ire-Tex Distribution Sdn. Bhd.	100%	100%	Sourcing, distributing and trading of raw materials, components and finished products.

\* Not audited by Grant Thornton.

**2013**

- (i) On 16 October 2013, the Company subscribed for additional 1,900,000 new ordinary shares of RM1 each in Ire-Tex Paper Packaging Sdn. Bhd. for a total cash consideration of RM1,900,000. The additional subscription did not result in any change in the effective equity interest of the Group and of the Company in the subsidiary.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

- (ii) On 11 November 2013, the Company has entered into sale of shares agreements with the non-controlling interest of Eppor-Pack Sdn. Bhd. and Powertude Sdn. Bhd., Renotex Group Inc., to dispose of its remaining 51% equity interests in both subsidiaries for a total cash consideration of RM2,199,725 and RM513,714 respectively. Subsequent to the completion of the disposals on 10 December 2013, the subsidiaries were deconsolidated from the consolidated statement of financial position.

2012

On 16 August 2012, the Company acquired 2 ordinary shares of RM1 each, which represent 100% equity interest in Ire-Tex Paper Packaging Sdn. Bhd. ("ITPP") for a total cash consideration of RM2. Subsequently, the Company has also subscribed for 99,998 new ordinary shares of RM1 each in ITPP for a total cash consideration of RM99,998. The additional subscription did not create any change in the effective equity interest of the Company.

**7. OTHER INVESTMENTS**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Available-for-sale financial assets</b>				
Unquoted shares, at cost	2,324,023	2,324,023	844,243	844,243
Less: Impairment loss	(295,000)	-	(295,000)	-
	<b>2,029,023</b>	2,324,023	<b>549,243</b>	844,243
Golf club corporate membership, at cost	-	46,000	-	-
Less: Impairment loss *	-	(46,000)	-	-
	-	-	-	-
	<b>2,029,023</b>	2,324,023	<b>549,243</b>	844,243

\* The golf club corporate membership was fully written off during the financial year under review.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**8. INVENTORIES**

	<b>GROUP</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Raw materials	2,533,774	7,017,222
Work-in-progress	1,033,134	930,199
Finished goods	2,914,925	3,661,340
Packing materials	167,478	49,711
	<b>6,649,311</b>	<b>11,658,472</b>

During the financial year, the inventories recognised in profit or loss as cost of sales is **RM94,062,151** (2012: RM100,270,980).

**9. TRADE RECEIVABLES**

The currency profile of trade receivables is as follows:

	<b>GROUP</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	19,293,248	24,978,271
US Dollar	2,700,666	5,616,423
Singapore Dollar	801,901	802,544
	<b>22,795,815</b>	<b>31,397,238</b>

Included herein are the following:

- (i) An amount of **RM6,578** (2012: RM17,426) due from a company in which certain directors of the Company have substantial financial interests,
- (ii) An amount of **RM34,360** (2012: RM73,464) due from a company in which the Company has interest, and
- (iii) An amount of **RM Nil** (2012: RM265,728) due from a company in which a subsidiary of the Company has interest.

Trade receivables are non-interest bearing and are generally on **30 to 90 days** (2012: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	497,485	517,583	14,734	8,605
Refundable deposits	903,676	694,529	2,148	4,848
Deposit for purchase of:				
- plant and machinery	45,000	236,581	-	-
- leasehold land and buildings	-	655,000	-	-
Prepayments	6,355,443	1,203,889	5,186,924	53,000
	<b>7,801,604</b>	<b>3,307,582</b>	<b>5,203,806</b>	<b>66,453</b>

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	7,387,251	3,141,002	5,203,806	66,453
US Dollar	177,255	166,580	-	-
Chinese Renminbi	235,295	-	-	-
Australian Dollar	1,803	-	-	-
	<b>7,801,604</b>	<b>3,307,582</b>	<b>5,203,806</b>	<b>66,453</b>

**11. AMOUNT DUE FROM/TO SUBSIDIARIES**

The amount due from/to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**12. FIXED DEPOSITS WITH LICENSED BANKS**

	GROUP	
	2013 RM	2012 RM
Unencumbered	2,217,094	2,119,770
Encumbered	2,609,117	2,531,506
	<b>4,826,211</b>	<b>4,651,276</b>

The encumbered fixed deposits are pledged to licensed banks as security for banking facilities granted to certain subsidiaries and hence are not available for general use.

The effective interest rates per annum and maturities as at the end of the reporting period are as follows:

	2013	2012
Interest rates (%)	2.90 to 3.30	2.75 to 3.25
Maturities (Months)	1 to 12	1 to 12

**13. CASH AND BANK BALANCES**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term funds with licensed financial institutions	5,285,650	285,650	3,682,647	82,647
Cash and bank balances	7,191,807	4,846,279	560,375	403,182
	<b>12,477,457</b>	<b>5,131,929</b>	<b>4,243,022</b>	<b>485,829</b>

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	10,565,145	3,477,931	4,118,564	436,834
US Dollar	1,680,538	1,312,781	124,458	48,995
Singapore Dollar	208,090	341,028	-	-
Chinese Renminbi	23,684	189	-	-
	<b>12,477,457</b>	<b>5,131,929</b>	<b>4,243,022</b>	<b>485,829</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

The effective interest rates per annum and maturities of the short term funds as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Interest rates (%)	2.88 to 2.95	1.00 to 1.20	2.88 to 2.95	1.00 to 1.20
Maturities (Days)	1 to 30	1 to 30	1	1

**14. NON-CURRENT ASSETS HELD FOR SALE**

	GROUP	
	2013	2012
	RM	RM
Reclassified from property, plant and equipment	12,273,702	-
The non-current assets held for sale consist of:		
- short leasehold land	3,923,875	-
- building	3,837,627	-
- factory extension	759,700	-
- renovation	3,752,500	-
	12,273,702	-

On 18 November 2013, a wholly-owned subsidiary, Ire-Tex (Malaysia) Sdn. Bhd., has entered into a sale and purchase agreement with a third party to dispose of the above mentioned assets as disclosed in Note 38 (ii)(a). As at the end of the reporting period, the deal was pending completion as certain conditions were not fulfilled.

The short leasehold land and building are charged to a licensed bank for banking facilities granted to certain subsidiaries.

**15. SHARE CAPITAL**

	Number of Ordinary Shares of RM1 each		Amount	
	2013	2012	2013	2012
			RM	RM
Authorised	50,000,000	50,000,000	50,000,000	50,000,000

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	Number of Ordinary Shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
<b>Issued and fully paid:</b>				
Balance at beginning	45,011,000	44,877,000	45,011,000	44,877,000
Issuance of shares pursuant to ESOS	1,207,900	134,000	1,207,900	134,000
Balance at end	<u>46,218,900</u>	<u>45,011,000</u>	<u>46,218,900</u>	<u>45,011,000</u>

**2013**

During the financial year, the Company increased its issued and paid-up capital from RM45,011,000 to RM46,218,900 by way of allotments of 1,207,900 ordinary shares of RM1 each at exercise prices of RM1 and RM1.40 per share for cash pursuant to the ESOS.

**2012**

During the financial year, the Company increased its issued and paid-up share capital from RM44,877,000 to RM45,011,000 by way of allotments of 134,000 ordinary shares of RM1 each at an exercise price of RM1 per share for cash pursuant to the ESOS.

**Employee Share Option Scheme ("ESOS")**

The details of ESOS and movements during the financial year are as below:

Grant date	Expiry date	Exercise price RM	Number of Share Options			Balance at end
			Balance at beginning	Exercised	Lapsed/ Forfeited	
<b>2013</b>						
17.2.04	16.1.14	1.40	750,800	(273,900)	(7,400)	469,500
24.8.07	16.1.14	1.00	1,720,000	(934,000)	(22,000)	764,000
<b>2012</b>						
17.2.04	16.1.14	1.40	750,800	-	-	750,800
24.8.07	16.1.14	1.00	1,887,000	(134,000)	(33,000)	1,720,000

The outstanding ESOS as at the end of the reporting period is exercisable at any point of time and the weighted average share price during the financial year is **RM1.44** (2012: RM1.23).

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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The salient features of the ESOS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time.
- (ii) The ESOS shall be capable of being exercised from 1 August 2004 to 16 January 2009. On 26 November 2008, the Company has given its approval to extend the existing ESOS expiring on 16 January 2009 for a further period of five years to 16 January 2014 pursuant to By-laws 19.1 of the Scheme. Options not exercised during the said period shall become null and void.
- (iii) The new ordinary shares to be issued and allotted upon any exercise of the option will upon allotment and issuance rank pari passu in all respect with the then existing issued and fully paid-up ordinary shares of the Company except that the new ordinary shares will not be entitled for any dividends, rights, allotments or other distribution declared, made or paid to shareholders unless the new ordinary shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

The fair value of equity-settled share options granted in the previous year was estimated using binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Fair value of share options granted on 24 August 2007:

Weighted average share price (RM)	0.88
Weighted average exercise price (RM)	1.00
Expected volatility (%)	21.82
Expected life (years)	6.40
Risk free rate (%)	4.04

The expected life of the option was based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

Subsequent to the end of the reporting period, a total of 471,000 and 311,500 options were exercised at exercise prices of RM1 and RM1.40 each respectively, and all the remaining 451,000 vested and unexercised share options have expired on 16 January 2014.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**16. SHARE PREMIUM**

	GROUP AND COMPANY	
	2013 RM	2012 RM
Balance at beginning	4,443,101	4,391,143
Issuance of shares pursuant to ESOS	109,560	-
Transfer from share option reserve upon exercise of ESOS	369,104	51,958
Balance at end	<b>4,921,765</b>	<b>4,443,101</b>

**17. SHARE OPTION RESERVE**

	GROUP AND COMPANY	
	2013 RM	2012 RM
Balance at beginning	679,721	731,679
Transfer to share premium	(369,104)	(51,958)
Lapsed of ESOS	(8,694)	-
Balance at end	<b>301,923</b>	<b>679,721</b>

**18. BORROWINGS**

	GROUP	
	2013 RM	2012 RM
<b>Non-current liabilities</b>		
Secured:		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within 1 year	1,038,637	1,403,850
Later than 1 year but not later than 2 years	663,400	1,160,512
Later than 2 years but not later than 5 years	615,274	522,803
More than 5 years	-	119,613
	<b>2,317,311</b>	<b>3,206,778</b>
Future finance charges	(174,870)	(250,144)
	<b>2,142,441</b>	<b>2,956,634</b>
Amount due within 1 year under current liabilities	(939,792)	(1,254,482)
Balance carried forward	<b>1,202,649</b>	<b>1,702,152</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	<b>GROUP</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Balance brought forward	1,202,649	1,702,152
<u>Term loan</u>		
Total amount repayable	6,616,205	1,876,577
Amount due within 1 year under current liabilities	(613,926)	(304,985)
	6,002,279	1,571,592
	7,204,928	3,273,744
<b>Current liabilities</b>		
Secured:		
Bank overdrafts	233,931	2,306,441
Bankers acceptance	18,766,000	17,678,000
Finance lease liabilities	939,792	1,254,482
Term loans	613,926	304,985
Trust receipts	-	98,467
	20,553,649	21,642,375

The entire borrowings are denominated in Ringgit Malaysia.

The borrowings (except for finance lease liabilities) are secured by way of:

- (i) First and third party legal charge over a subsidiary's leasehold land and building,
- (ii) Facilities Agreements as principal instrument,
- (iii) Letter of undertaking cum indemnity with respect to the bankers acceptance,
- (iv) Overdraft undertaking,
- (v) Pledge of fixed deposits of certain subsidiaries, and
- (vi) Corporate guarantee of the Company.

The finance lease liabilities are secured over the leased assets (Note 4) and corporate guarantee of the Company and of a subsidiary.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

A summary of the average effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
<b>GROUP</b>						
<b>2013</b>						
Bank overdrafts	7.60 to 7.85	233,931	233,931	-	-	-
Bankers acceptance	3.50 to 4.65	18,766,000	18,766,000	-	-	-
Finance lease liabilities	2.73 to 4.56	2,142,441	939,792	609,926	592,723	-
Term loan	5.10 to 5.60	6,616,205	613,926	647,669	1,570,100	3,784,510
<b>2012</b>						
Bank overdrafts	7.10 to 7.60	2,306,441	2,306,441	-	-	-
Bankers acceptance	3.44 to 4.75	17,678,000	17,678,000	-	-	-
Finance lease liabilities	2.77 to 4.60	2,956,634	1,254,482	1,086,752	497,692	117,708
Term loan	5.60	1,876,577	304,985	322,509	1,083,036	166,047
Trust receipts	7.60	98,467	98,467	-	-	-

**19. DEFERRED TAX**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Deferred tax assets:</b>				
Balance at beginning	40,000	190,000	-	150,000
Transfer to profit or loss	(242,000)	-	-	-
	(202,000)	190,000	-	150,000
Under/(Over) provision in prior year	431,000	(150,000)	-	(150,000)
Balance at end	229,000	40,000	-	-



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Deferred tax liabilities:</b>				
Balance at beginning	492,000	521,000	-	-
Transfer (to)/from profit or loss	(46,000)	2,000	-	-
	446,000	523,000	-	-
(Over)/Under provision in prior year	(15,000)	(31,000)	-	-
Balance at end	431,000	492,000	-	-

The deferred tax assets/(liabilities) recognised are represented by temporary differences arising from:

	GROUP	
	2013 RM	2012 RM
<b>Deferred tax assets</b>		
Property, plant and equipment	(235,000)	(118,186)
Investment properties	(13,000)	-
Unabsorbed tax losses	101,000	1,271,542
Unabsorbed capital allowances	-	449,720
Unabsorbed investment tax allowance	-	394,572
Unabsorbed reinvestment allowance	376,000	-
Deferred tax assets not recognised	-	(1,957,648)
	229,000	40,000
<b>Deferred tax liabilities</b>		
Property, plant and equipment	(431,000)	(492,000)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

The Group and the Company have not recognised the deferred tax assets arising from the following deductible/(taxable) temporary differences:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Property, plant and equipment	(95,000)	(659,000)	-	-
Unabsorbed tax losses	3,086,000	3,135,150	1,029,000	1,022,000
Unabsorbed capital allowances	670,000	692,000	1,000	-
Unabsorbed reinvestment allowance	-	596,000	-	-
Unabsorbed investment tax allowance	395,000	395,000	-	-
	<b>4,056,000</b>	<b>4,159,150</b>	<b>1,030,000</b>	<b>1,022,000</b>

The previously unrecognised deferred tax assets, totalling **RM431,000** were recognised during the financial year under review as the management considered it probable that future taxable profits will be available in the respective subsidiaries against which they can be utilised based on the recent years' performance.

## 20. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2013 RM	2012 RM
Ringgit Malaysia	7,245,199	8,434,209
US Dollar	205	1,588,145
Singapore Dollar	6,798	-
	<b>7,252,202</b>	<b>10,022,354</b>

Included herein are the followings:

- (i) An amount of **RM644,777** (2012: RM1,008,380) due to companies in which certain directors of the Company have substantial financial interests, and
- (ii) An amount of **RM205** (2012: RM265,728) due to a company in which a subsidiary of the Company has interest.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2012: 30 to 90 days) credit terms.

**21. OTHER PAYABLES AND ACCRUALS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	<b>2,444,907</b>	4,366,109	<b>208,114</b>	45,101
Non-refundable deposits received	<b>2,450,000</b>	-	-	-
Advance from customers	-	1,012,290	-	-
Accruals	<b>1,413,430</b>	2,897,158	<b>262,500</b>	512,596
	<b>6,308,337</b>	<b>8,275,557</b>	<b>470,614</b>	<b>557,697</b>

The currency profile of the Group's other payables and accruals are as follows:

	<b>GROUP</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	<b>5,899,949</b>	7,697,799
US Dollar	<b>254,889</b>	431,708
Singapore Dollar	<b>148,005</b>	140,556
Australian Dollar	<b>5,494</b>	5,494
	<b>6,308,337</b>	<b>8,275,557</b>

The entire other payables and accruals of the Company is denominated in Ringgit Malaysia.

Included herein is an amount of **RM21,268** (2012: RM325,376) due to companies in which certain directors of the Company have substantial financial interests. It is unsecured, non-interest bearing and is repayable on demand.

The non-refundable deposit is in relation to the 10% deposit received from purchaser for the disposal of the leasehold land and building belonging to a subsidiary as disclosed in Note 38 to the financial statements.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**22. DERIVATIVE FINANCIAL LIABILITIES**

Derivative held for trading at fair value through profit or loss is as follows:

	<b>GROUP</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Forward exchange contracts:		
- Nominal value	<b>3,213,600</b>	-
- Liabilities	<b>202,225</b>	-
	<b>3,415,825</b>	-

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's sales and purchases that are denominated in US Dollar. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

**23. REVENUE**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Gross dividend income				
from unquoted subsidiaries	-	-	-	1,150,000
Management fee				
from subsidiaries	-	-	<b>2,202,000</b>	2,232,000
Sale of goods	<b>115,234,276</b>	124,597,686	-	-
Commission income	<b>205,806</b>	295,759	-	-
	<b>115,440,082</b>	<b>124,893,445</b>	<b>2,202,000</b>	<b>3,382,000</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**24. OTHER INCOME**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Commission	-	49,593	-	-
Fair value gain on investment properties	256,806	-	-	-
Gain on disposal of property, plant and equipment	3,000	3,350	-	-
Interest income	154,272	112,984	130,987	7,205
Realised gain on foreign exchange	137,260	-	25,006	-
Rental income	694,562	691,581	-	-
Royalty income	107,293	118,301	-	-
Scrap sales	674,537	736,253	-	-
Miscellaneous income	15,233	60,595	-	-
Unrealised gain on foreign exchange	171,904	-	-	-
	<b>2,214,867</b>	<b>1,772,657</b>	<b>155,993</b>	<b>7,205</b>

**25. FINANCE COSTS**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Bank overdrafts	39,240	54,227	-	-
Bankers acceptance	889,188	785,735	-	-
Finance lease liabilities	226,519	214,784	-	-
Term loans	236,819	132,902	-	-
Others	21,179	26,787	-	-
	<b>1,412,945</b>	<b>1,214,435</b>	<b>-</b>	<b>-</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**26. PROFIT/(LOSS) BEFORE TAXATION**

This is arrived at:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
After charging:				
Audit fee				
- Statutory audit				
- current year	67,013	68,800	15,000	15,000
- under/(over) provision in prior year	(1,000)	500	-	-
- Other services	26,500	-	26,500	-
Bad debts	56,033	116,625	-	-
Deposit forfeited	50,000	-	-	-
Depreciation	4,377,405	4,036,961	34,614	33,697
Directors' fee for non-executive directors	72,000	96,000	72,000	96,000
Fair value loss on derivative financial instruments	202,225	-	-	-
Impairment loss on investment in a subsidiary	-	-	-	395,528
Impairment loss on other investment	295,000	-	295,000	-
Loss on disposal of property, plant and equipment	22,145	-	-	-
Property, plant and equipment written off	665	10,417	-	-
Realised loss on foreign exchange	53,952	271,530	-	6,364
Rental of machinery and equipment	198,731	211,922	-	-
Rental of motor vehicles	57,900	18,650	-	-
Rental of premises	3,184,299	3,367,091	32,400	32,400
* Staff costs	16,392,345	17,020,129	1,505,590	1,720,693
Unrealised loss on foreign, exchange	-	1,567	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>* Staff costs</b>				
- Salaries, allowances and bonus	15,018,389	15,840,310	1,289,781	1,512,841
- EPF	1,111,493	1,041,865	186,028	177,316
- SOCSO	118,463	113,954	5,781	6,536
- Fee	144,000	24,000	24,000	24,000
	<b>16,392,345</b>	<b>17,020,129</b>	<b>1,505,590</b>	<b>1,720,693</b>

**Directors' remuneration**

Included in the staff costs of the Group and of the Company is the aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries as shown below:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Executive Directors of the Company:</b>				
- Salaries, allowances and bonus	712,093	784,684	712,093	784,684
- EPF	124,962	105,923	124,962	105,923
- Fee	24,000	24,000	24,000	24,000
	<b>861,055</b>	<b>914,607</b>	<b>861,055</b>	<b>914,067</b>

**Executive Directors of subsidiaries:**

- Salaries, allowances and bonus	1,132,517	1,198,250	-	-
- EPF	95,479	86,293	-	-
- Fee	120,000	-	-	-
	<b>1,347,996</b>	<b>1,284,543</b>	<b>-</b>	<b>-</b>
	<b>2,209,051</b>	<b>2,199,150</b>	<b>861,055</b>	<b>914,607</b>

**Benefits-in-kind**

Directors of the Company	14,700	14,700	14,700	14,700
Directors of subsidiaries	6,500	6,500	-	-
	<b>21,200</b>	<b>21,200</b>	<b>14,700</b>	<b>14,700</b>
	<b>2,230,251</b>	<b>2,220,350</b>	<b>875,755</b>	<b>929,307</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**27. TAXATION**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(597,000)	(757,000)	-	-
- Deferred tax				
Relating to the origination and reversal of temporary differences	(204,000)	(2,000)	-	-
Changes in tax rate	8,000	-	-	-
	(196,000)	(2,000)	-	-
	(793,000)	(759,000)	-	-
Under provision in prior year				
- Current tax	(79,173)	(138,954)	(1,801)	-
- Deferred tax	446,000	(119,000)	-	(150,000)
	366,827	(257,954)	(1,801)	(150,000)
	(426,173)	(1,016,954)	(1,801)	(150,000)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(Loss) before taxation	2,289,199	4,315,936	(241,004)	849,417
Income tax at Malaysian statutory tax rate of 25%	(572,300)	(1,078,984)	60,251	(212,354)
- Income not subject to tax	254,565	-	-	287,500
- Expenses not deductible for tax purposes	(379,269)	(485,739)	(51,755)	(220,733)
- Utilisation of unabsorbed tax losses and capital allowances	8,152	792,083	-	146,763
Balance carried forward	(688,852)	(772,640)	8,496	1,176



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Balance brought forward	(688,852)	(772,640)	8,496	1,176
- Current year reinvestment allowance claimed	-	31,137	-	-
- Net deferred tax movements not recognised	(112,148)	(17,497)	(8,496)	(1,176)
Changes in tax rate	8,000	-	-	-
	<b>(793,000)</b>	<b>(759,000)</b>	<b>-</b>	<b>-</b>
Under provision in prior year	366,827	(257,954)	(1,801)	(150,000)
	<b>(426,337)</b>	<b>(1,016,954)</b>	<b>(1,801)</b>	<b>(150,000)</b>

The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance for which the related tax effects have not been accounted for at the end of the reporting period are estimated as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Unabsorbed tax losses	12,762,000	12,949,000	4,114,000	4,088,000
Unabsorbed capital allowances	2,677,000	2,768,000	3,000	-
Unabsorbed reinvestment allowance	1,565,000	2,210,000	-	-
Unabsorbed investment tax allowances	1,578,000	1,578,000	-	-

These unabsorbed tax losses, capital allowances, reinvestment allowance and investment tax allowance are available to be carried forward for set off against future assessable income of the Company and its subsidiaries.

The corporate tax rate will be reduced to 24% from the year of assessment 2016 as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**28. EARNINGS PER SHARE****GROUP****Basic earnings per share**

The basic earnings per share of the Group is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2013	2012
Profit attributable to owners of the Company (RM)	<u>1,022,693</u>	<u>2,791,696</u>
Weighted average number of ordinary shares of RM1 each	<u>45,420,680</u>	<u>44,944,464</u>
Basic earnings per share (sen)	<u>2.25</u>	<u>6.21</u>

**Diluted earnings per share**

The diluted earnings per share of the Group is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees and executive directors as follows:

	2013	2012
Profit attributable to owners of the Company (RM)	<u>1,022,693</u>	<u>2,791,696</u>
Weighted average number of issued ordinary shares as above	<u>45,420,680</u>	<u>44,944,464</u>
Adjustment for dilutive effect of ESOS	<u>246,534</u>	<u>-</u>
	<u>45,667,214</u>	<u>44,944,464</u>
Diluted earnings per share (sen)	<u>2.24</u>	<u>- *</u>

\* Diluted earnings per share had not been computed as the effect of the share options under ESOS was anti-dilutive in nature.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**29. DIVIDEND**

	<b>GROUP AND COMPANY</b>	
	2013	2012
	RM	RM
In respect of financial year ended 31 December 2012		
- A first and final tax exempt dividend of 1.5 sen per share	684,420	-
In respect of financial year ended 31 December 2011		
- A first and final tax exempt dividend of 1.5 sen per share	-	674,355
	<u>684,420</u>	<u>674,355</u>

**30. COMMITMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	2013	2012	2013	2012
	RM	RM	RM	RM
<b>(a) Capital commitment</b>				
Contracted but not provided for:				
- Acquisition of subsidiaries	23,724,816	-	23,724,816	-
- Property, plant and equipment	7,440,644	4,245,310	-	-
	<u>23,724,816</u>	<u>4,245,310</u>	<u>23,724,816</u>	<u>-</u>
Authorised but not provided for:				
- Property, plant and equipment	5,000,000	-	-	-
	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of the acquisition of subsidiaries are disclosed in Note 38 (i) and (ii).

	<b>GROUP AND COMPANY</b>	
<b>(b) Cancellable operating lease commitments</b>		
(i) Future minimum rentals receivable:		
Not later than 1 year	11,000	52,800
	<u>11,000</u>	<u>52,800</u>
Operating lease commitments represent rentals receivable for use of building. Leases are negotiated for terms ranging from one to three years.		
(ii) Future minimum rentals payable:		
Not later than 1 year	652,824	1,474,230
Later than 1 year and not later than 5 years	240,998	711,290
	<u>893,822</u>	<u>2,185,520</u>

Operating lease commitments represent rentals payables for use of building and equipment. Leases are negotiated for terms ranging from one to five years.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**31. CONTINGENT LIABILITIES (UNSECURED)**

	<b>COMPANY</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
(i) Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries		
- Limit	<u>63,697,486</u>	<u>62,431,886</u>
(ii) Corporate guarantee extended to banks and financial institutions for credit facilities granted to a former subsidiary		
- Limit	<u>11,900,708</u>	<u>-</u>
(iii) Corporate guarantee extended to a supplier of a subsidiary		
- Limit	<u>1,000,000</u>	<u>1,000,000</u>

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks', financial institutions' and a creditor's requirement of the parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

The Company is in the process of discharging the corporate guarantee given to the banks and financial institutions for credit facilities granted to a former subsidiary, Eppor-Pack Sdn. Bhd.

**32. SEGMENT REPORTING**

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Business Segments**

The operations of the Group are organised into the following main business segments:

- |       |                    |                                                                                                                                                                                              |
|-------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)   | Manufacturing      | Contract manufacturing, conversion of corrugated paper boxes and manufacturing of polymer-based packaging materials and other related products.                                              |
| (ii)  | Trading            | Trading of raw materials, computers, finished goods, wooden crates and pallets, provision of testing and calibration services and sale and marketing of agricultural waste related products. |
| (iii) | Energy supply      | Generation of biomass energy.                                                                                                                                                                |
| (iv)  | Investment holding |                                                                                                                                                                                              |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER  
2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**By business segments**

	Manufacturing RM	Trading RM	Energy supply RM	Investment holding RM	Elimination RM	Note	Total RM
<b>2013</b>							
<b>Revenue from</b>							
External customers	100,778,011	14,627,071	35,000	-	-		115,440,082
Inter-segment	<u>30,169,938</u>	<u>1,488</u>	<u>1,945,000</u>	<u>2,202,000</u>	(34,318,426)	A	<u>-</u>
Total revenue	<u>130,947,949</u>	<u>14,628,559</u>	<u>1,980,000</u>	<u>2,202,000</u>			<u>115,440,082</u>
<b>Results</b>							
Segment results	3,938,405	32,648	311,994	(735,175)			3,547,872
Interest income	513,712	10,397	-	130,987	(500,824)		154,272
Interest expense	<u>(1,516,030)</u>	<u>(367,137)</u>	<u>(30,602)</u>	<u>-</u>	500,824		<u>(1,412,945)</u>
Profit/(Loss) before taxation	2,936,087	(324,092)	281,392	(604,188)	-		2,289,199
Taxation	<u>(394,372)</u>	<u>(30,000)</u>	<u>-</u>	<u>(1,801)</u>	-		<u>(426,173)</u>
Profit/(Loss) for the year	<u>2,541,715</u>	<u>(354,092)</u>	<u>281,392</u>	<u>(605,989)</u>			<u>1,863,026</u>
<b>Assets</b>							
Segment assets	86,031,648	3,640,098	-	37,381,186	(53,912,619)		73,140,313
Other investments	1,479,780	-	-	549,243	-		2,029,023
Deferred tax assets	218,000	11,000	-	-	-		229,000
Tax recoverable	420,000	-	-	40,000	-		460,000
Fixed deposits with licensed banks	4,826,211	-	-	-	-		4,826,211
Cash and bank balances	<u>7,903,041</u>	<u>331,394</u>	<u>-</u>	<u>4,243,022</u>	-		<u>12,477,457</u>
Total assets	<u>100,878,680</u>	<u>3,982,492</u>	<u>-</u>	<u>42,213,451</u>			<u>93,162,004</u>
<b>Liabilities</b>							
Segment liabilities	39,066,884	6,748,447	-	795,472	(32,848,039)		13,762,764
Borrowings	27,427,375	331,202	-	-	-		27,758,577
Provision for taxation	55,000	1,000	-	-	-		56,000
Deferred tax liabilities	<u>431,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	-		<u>431,000</u>
Total liabilities	<u>66,980,259</u>	<u>7,080,649</u>	<u>-</u>	<u>795,472</u>			<u>42,008,341</u>
<b>Other information</b>							
Capital expenditure	14,107,060	6,298	-	4,182	-	B	14,117,540
Depreciation	3,752,446	265,410	324,935	34,614	-		4,377,405
Non-cash expenses other than depreciation	<u>(355,413)</u>	<u>254,771</u>	<u>-</u>	<u>977,922</u>	-	C	<u>877,280</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

## By business segments

	Manufacturing RM	Trading RM	Energy supply RM	Investment holding RM	Elimination RM	Note	Total RM
2012							
Revenue from							
External customers	110,486,944	14,331,501	75,000	-	-		124,893,445
Inter-segment	26,263,265	825	2,160,000	3,382,000	(31,806,090)	A	-
<b>Total revenue</b>	<b>136,750,209</b>	<b>14,332,326</b>	<b>2,235,000</b>	<b>3,382,000</b>			<b>124,893,445</b>
Results							
Segment results	4,949,377	211,612	163,902	842,212	(749,716)		5,417,387
Interest income	507,772	938	-	7,205	(402,931)		112,984
Interest expense	(1,245,654)	(371,712)	-	-	402,931		(1,214,435)
Profit/(Loss) before taxation	4,211,495	(159,162)	163,902	849,417	-		4,315,936
Taxation	(866,954)	-	-	(150,000)	-		(1,016,954)
<b>Profit/(Loss) for the year</b>	<b>3,344,541</b>	<b>(159,162)</b>	<b>163,902</b>	<b>699,417</b>			<b>3,298,982</b>
Assets							
Segment assets	96,637,786	4,427,894	2,603,864	40,421,865	(60,840,609)		83,250,800
Other investments	1,479,780	-	-	844,243	-		2,324,023
Deferred tax assets	40,000	-	-	-	-		40,000
Tax recoverable	261,073	-	-	-	-		261,073
Fixed deposits with licensed banks	4,651,276	-	-	-	-		4,651,276
Cash and bank balances	2,984,865	1,655,856	5,379	485,829	-		5,131,929
<b>Total assets</b>	<b>106,054,780</b>	<b>6,083,750</b>	<b>2,609,243</b>	<b>41,751,937</b>			<b>95,659,101</b>
Liabilities							
Segment liabilities	47,041,490	7,605,521	1,601,961	724,193	(38,675,254)		18,297,911
Borrowings	24,325,572	590,547	-	-	-		24,916,119
Provision for taxation	3,000	-	-	-	-		3,000
Deferred tax liabilities	492,000	-	-	-	-		492,000
<b>Total liabilities</b>	<b>71,862,062</b>	<b>8,196,068</b>	<b>1,601,961</b>	<b>724,193</b>			<b>43,709,030</b>
Other information							
Capital expenditure	5,613,877	197,268	54,000	-	(81,928)	B	5,783,217
Depreciation	3,394,652	255,488	353,124	33,697	-		4,036,961
Non-cash expenses other than depreciation	14,622	110,637	-	359,528	(359,528)	C	125,259

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Notes to segment information:

- A Inter-segment revenue are eliminated on consolidation.  
 B Additions to non-current assets consists of property, plant and equipment.  
 C Other non-cash expenses/(income) consist of the following items:

	2013	2012
	RM	RM
Bad debts	56,033	116,625
Change in fair value of investment properties	(256,806)	-
Deposit forfeited	50,000	-
Fair value of derivatives financial instrument	202,225	-
Impairment loss on other investment	295,000	-
Loss/(Gain) on disposal of property, plant and equipment	19,145	(3,350)
Loss on disposal of investment in subsidiaries	682,922	-
Property, plant and equipment written off	665	10,417
Unrealised (gain)/loss on foreign exchange	(171,904)	1,567
	<u>877,280</u>	<u>125,259</u>

**Information about major customers**

Total revenue from major customers which individually contributed more than 10% of the Group revenue amounted to **RM34,561,609** (2012: RM51,106,335).

**Geographical Segments**

No geographical segments are presented as the Group operates principally in Malaysia and its customers are primarily based in Asia, which the management views it as one geographical segment.

**33. RELATED PARTY DISCLOSURES**

**(i) Identity of related parties**

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

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



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

The Group has related party relationship with its controlling shareholder, subsidiaries and key management personnel.

**(ii) Related party transactions**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Management fee income from subsidiaries				
- Ire-Tex (Malaysia) Sdn. Bhd.	-	-	1,440,000	1,440,000
- Ire-Tex (Johor) Sdn. Bhd.	-	-	60,000	60,000
- Eppor-Pack Sdn. Bhd.	-	-	150,000	180,000
- GH Packaging Sdn. Bhd.	-	-	420,000	420,000
- Ire-Tex Distribution Sdn. Bhd.	-	-	12,000	12,000
- Cal-Test Laboratory Sdn. Bhd.	-	-	12,000	12,000
- TFH Corporate Sdn. Bhd.	-	-	36,000	36,000
- Styrotex (Asia Pacific) Sdn. Bhd.	-	-	36,000	36,000
- Ire-Tex Electronics Sdn. Bhd.	-	-	12,000	12,000
- Ire-Tex (KL) Sdn. Bhd.	-	-	24,000	24,000
Interest income from a subsidiary				
- Ire-Tex (KL) Sdn. Bhd.	-	-	-	7,205
Interest income from former subsidiaries				
- Eppor-Pack Sdn. Bhd.	-	-	100,385	-
- Powertude Sdn. Bhd.	-	-	30,602	-
Gross dividend income from subsidiaries				
- GH Packaging Sdn. Bhd.	-	-	-	1,150,000
Rental paid to a subsidiary				
- Ire-Tex (Malaysia) Sdn. Bhd.	-	-	32,400	32,400
Sales to related parties				
- Ire-Tex Corporation	17,765	446,104	-	-
- Phoenix Base Sdn. Bhd.	22,835	971	-	-
- Sin Guan Hup Oil & Rice Mill Sdn. Bhd.	35,000	75,000	-	-
Purchases from related parties				
- Phoenix Base Sdn. Bhd.	2,752,044	4,507,784	-	-
- Suzhou Styrotex Plastic Co., Ltd	429,888	971,457	-	-
- Sin Guan Hup Oil & Rice Mill Sdn. Bhd.	29,474	81,940	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Utilities charged to a related party - Sin Guan Hup Oil & Rice Mill Sdn. Bhd.	371,697	-	-	-
Rental of premises paid to a former director of the Company, Dr. Lee Yu Huat @ Lee Yew Huat	60,500	66,000	-	-
Rental of premises paid to a director of a subsidiary, Mr. Lee Chee Cheang	110,000	120,000	-	-
Rental of premises paid to a related party - Sin Guan Hup Oil & Rice Mill Sdn. Bhd.	27,500	30,000	-	-
Rental of premises paid to persons connected to Dr. Lee Yu Huat @ Lee Yew Huat	216,040	391,680	-	-
Rental of premises paid to a person connected to a director of a subsidiary, Mr. Lee Chee Cheang	253,000	120,000	-	-
Sales commission paid to a director of a subsidiary - Mr. Zane Masao Ernest Yoshida	48,180	85,995	-	-

**Related party relationship:**

Related party	Relationship
Ire-Tex Corporation	: A company in which the Company has financial interest.
Sin Guan Hup Oil & Rice Mill Sdn. Bhd.	: A company in which a director of the Company, Dr. Lee Yu Huat @ Lee Yew Huat and persons connected to him have substantial financial interests.
Phoenix Base Sdn. Bhd.	: A company in which certain directors of the Company, Dato' Dr. Yap Tatt Keat and Mr. Lim Poay Guan, have substantial financial interests.
Suzhou Styrotex Plastic Co., Ltd	: A company in which a subsidiary, Styrotex (Asia Pacific) Sdn. Bhd., has interest.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**
**(iii) Compensation of key management personnel**

The Group and the Company have no other members of key management personnel apart from the Board of Directors of the Company and of the subsidiaries, which their compensation has been shown in Note 26.

**34. CATEGORIES OF FINANCIAL INSTRUMENTS**

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

- (i) Available-for-sale financial assets ("AFS")
- (ii) Loans and receivables ("L&R");
- (iii) Fair value through profit or loss ("FVTPL"); and
- (iv) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	AFS RM	L&R RM	FL RM	FVTPL RM
<b>GROUP</b>					
<b>2013</b>					
<b>Financial assets</b>					
Other investments	2,029,023	2,029,023	-	-	-
Trade receivables	22,795,815	-	22,795,815	-	-
Other receivables and refundable deposits	1,401,161	-	1,401,161	-	-
Fixed deposits with licensed banks	4,826,211	-	4,826,211	-	-
Cash and bank balances	12,477,457	-	12,477,457	-	-
	<b>43,529,667</b>	<b>2,029,023</b>	<b>41,500,644</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade payables	7,252,202	-	-	7,252,202	-
Other payables and accruals	3,858,337	-	-	3,858,337	-
Derivative financial liabilities	202,225	-	-	-	202,225
Borrowings	27,758,577	-	-	27,758,577	-
	<b>39,071,341</b>	<b>-</b>	<b>-</b>	<b>38,869,116</b>	<b>202,225</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	Carrying amount RM	AFS RM	L&R RM	FL RM	FVTPL RM
<b>2012</b>					
<b>Financial assets</b>					
Other investments	2,324,023	2,324,023	-	-	-
Trade receivables	31,397,238	-	31,397,238	-	-
Other receivables and refundable deposits	1,212,112	-	1,212,112	-	-
Fixed deposits with licensed banks	4,651,276	-	4,651,276	-	-
Cash and bank balances	5,131,929	-	5,131,929	-	-
	<b>44,716,578</b>	<b>2,324,023</b>	<b>42,392,555</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade payables	10,022,354	-	-	10,022,354	-
Other payables and accruals	7,263,267	-	-	7,263,267	-
Borrowings	24,916,119	-	-	24,916,119	-
	<b>42,201,740</b>	<b>-</b>	<b>-</b>	<b>42,201,740</b>	<b>-</b>
<b>COMPANY</b>					
<b>2013</b>					
<b>Financial assets</b>					
Other investments	549,243	549,243	-	-	-
Other receivables and refundable deposits	16,882	-	16,882	-	-
Amount due from subsidiaries	11,301,651	-	11,301,651	-	-
Cash and bank balances	4,243,022	-	4,243,022	-	-
	<b>16,110,798</b>	<b>549,243</b>	<b>15,561,555</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Other payables and accruals	470,614	-	-	470,614	-
Amount due to subsidiaries	324,858	-	-	324,858	-
	<b>795,472</b>	<b>-</b>	<b>-</b>	<b>795,472</b>	<b>-</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

	Carrying amount RM	AFS RM	L&R RM	FL RM	FVTPL RM
2012					
Other investments	844,243	844,243	-	-	-
Other receivables and refundable deposits	13,453	-	13,453	-	-
Amount due from subsidiaries	18,316,074	-	18,316,074	-	-
Cash and bank balances	485,829	-	485,829	-	-
	<b>19,659,599</b>	<b>844,243</b>	<b>18,815,356</b>	<b>-</b>	<b>-</b>
Financial liabilities					
Other payables and accruals	557,697	-	-	557,697	-
Amount due to subsidiaries	166,496	-	-	166,496	-
	<b>724,193</b>	<b>-</b>	<b>-</b>	<b>724,193</b>	<b>-</b>

**35. FINANCIAL RISK MANAGEMENT**

The Group and the Company are exposed to a variety of 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. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

**35.1 Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees given.

**35.1.1 Trade receivables**

The Group extends credit terms to its customers that range between 30 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**GROUP**

The ageing of trade receivables of the Group is as follows:

	2013 RM	2012 RM
Not past due	17,193,839	22,398,894
Past due 0 - 30 days	3,597,527	6,489,622
Past due 31 - 60 days	656,555	1,206,798
Past due more than 60 days	1,347,894	1,301,924
	<u>5,601,976</u>	<u>8,998,344</u>
	<u>22,795,815</u>	<u>31,397,238</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither pass due nor impaired has been renegotiated during the financial year.

The Group has trade receivables of **RM5,601,976** (2012: RM8,998,344) that are past due but not impaired as these customers have no recent history of default and the management is of the view that these debts will be recovered in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2012: 1 customer) representing **50%** (2012: 42%) of the total trade receivables.

**35.1.2 Intercompany balances**

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

The maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

**35.1.3 Financial guarantee**

The Company provides unsecured corporate guarantee to banks, financial institutions and a creditor in respect of credit facilities granted to certain subsidiaries as disclosed in Note 31.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**
**35.2 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments.

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
<b>GROUP</b>						
<b>2013</b>						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	27,758,577	29,035,327	20,894,052	1,526,044	2,508,887	4,106,344
Trade and other payables	11,110,539	11,110,539	11,110,539	-	-	-
<i>Derivative financial liabilities</i>						
Forward exchange contracts	202,225	202,225	202,225	-	-	-
	<b>39,071,341</b>	<b>40,348,091</b>	<b>32,206,816</b>	<b>1,526,044</b>	<b>2,508,887</b>	<b>4,106,344</b>
<b>2012</b>						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	24,916,119	25,469,697	21,889,083	1,562,836	1,729,775	288,003
Trade and other payables	17,285,621	17,285,621	17,285,621	-	-	-
	<b>42,201,740</b>	<b>42,755,318</b>	<b>39,174,704</b>	<b>1,562,836</b>	<b>1,729,775</b>	<b>288,003</b>

The financial liabilities of the Company as at the end of the reporting period will mature in less than one year based on the carrying amounts reflected in the financial statements.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**35.3 Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

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

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Fixed rate instruments</b>				
Financial assets	4,826,211	4,651,276	-	-
Financial liabilities	2,142,441	2,956,634	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Floating rate instruments</b>				
Financial assets	5,285,650	285,650	3,682,647	82,647
Financial liabilities	25,616,136	21,959,485	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**Sensitivity analysis for fixed rate instruments**

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

**Sensitivity analysis for floating rate instruments**

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP	
	2013 RM	2012 RM
Decrease in profit before taxation	<hr/> <b>67,511</b>	<hr/> <b>55,967</b>



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**
**35.4 Foreign currency risk**

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Chinese Renminbi ("RMB") and Singapore Dollar ("SGD").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

	USD RM	RMB RM	SGD RM	Others RM
<b>GROUP</b>				
<b>2013</b>				
Trade receivables	2,700,666	-	801,901	-
Other receivables	177,255	235,295	-	1,803
Cash and bank balances	1,680,538	23,684	208,090	-
Trade payables	(205)	-	(6,798)	-
Other payables	(254,889)	-	(148,005)	(5,494)
Derivative financial liabilities	(202,225)	-	-	-
Net exposure	<b>4,101,140</b>	<b>258,979</b>	<b>855,188</b>	<b>(3,691)</b>
<b>2012</b>				
Trade receivables	5,616,423	-	802,544	-
Other receivables	166,580	-	-	-
Cash and bank balances	1,312,781	189	341,028	-
Trade payables	(1,588,145)	-	-	-
Other payables	(431,708)	-	(140,556)	(5,494)
Net exposure	<b>5,075,931</b>	<b>189</b>	<b>1,003,016</b>	<b>(5,494)</b>
<b>COMPANY</b>				
<b>2013</b>				
Bank balances	<b>124,458</b>	-	-	-
<b>2012</b>				
Bank balances	<b>48,995</b>	-	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**
**Sensitivity analysis for foreign currency risk**

Below demonstrates the sensitivity to a reasonable possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's and of the Company's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
USD	(410,114)	(507,593)	(12,446)	(4,900)
RMB	(25,898)	(19)	-	-
SGD	(85,519)	(100,302)	-	-
Others	369	549	-	-
Reduce in profit before taxation	<u>(521,162)</u>	<u>(607,365)</u>	<u>(12,446)</u>	<u>(4,900)</u>

**36. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of financial assets (other than investment in unquoted shares) and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The unquoted shares are carried at cost as it is not practicable to reasonably estimate their fair values due to lack of comparable quoted market prices and available market data for valuation. Therefore, these investments are carried at their original costs less any impairment losses. The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

The table below analyses financial instrument carried at fair value together with its fair value and carrying amount shown in the statement of financial position.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>2013</b>					
<b>Financial liabilities</b>					
Forward exchange contracts	-	202,225	-	202,225	202,225

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial liabilities, either directly or indirectly.

**Derivatives**

The fair value of the outstanding forward exchange contracts is obtained from the financial institution which the Group obtained the facility from.

**37. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial period.

**38. SIGNIFICANT EVENTS**

- (i) The Company has on 30 August 2013 entered into a sale of shares agreement with Styropak Singapore Pte. Ltd. to acquire the entire equity interest in Suzhou Styrotex Plastic Co. Ltd. for a total cash consideration of SGD1.24 million.

As at the end of the reporting period, the acquisition is pending completion as certain conditions were not fulfilled.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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- (ii) The Company has on 18 November 2013 announced to Bursa Malaysia Securities Berhad ("Bursa Malaysia") to undertake the following proposals:
- (a) Proposed disposal by Ire-Tex (Malaysia) Sdn. Bhd., a wholly owned subsidiary of the Company, of a parcel of leasehold land known as Lot No. PT 3048 (Plot 118), Daerah Seberang Prai Tengah, Mukim 11, Pulau Pinang held under HS(D) No.40119 (formerly known as HS(D) No 3644) together with the premises erected thereon to Triton Prestige Sdn. Bhd. for a cash consideration of RM24,500,000;
  - (b) Proposed acquisition of the entire issued and paid up capital of Zoomic Automation (M) Sdn. Bhd. for a cash consideration of RM8,200,000;
  - (c) Proposed acquisition of the entire issued and paid up capital of Zoomic Technology (M) Sdn. Bhd. for a cash consideration of RM16,800,000; and
  - (d) Proposed diversification of the Group's business into the provision of industrial automation solutions and services.

As at the end of the reporting period, the above proposals were pending completion as certain conditions precedent were not fulfilled.

### 39. EVENTS AFTER THE REPORTING PERIOD

- (i) The Company has on 8 January 2014 announced to Bursa Malaysia to undertake the following proposals:
- (a) Proposed share split, which involve the subdivision of every one existing ordinary share of RM1.00 each in the Company into two and a half ordinary shares of RM0.40 each;
  - (b) Proposed increase in its authorised share capital from RM50,000,000 comprising 50,000,000 existing shares to RM50,000,000 comprising 1,250,000,000 shares subsequent to proposed share split.
  - (c) Proposed private placement of up to 11,870,000 new shares, representing up to approximately 10% of the issued and paid-up share capital of the company after the proposed share split.
  - (d) Proposed rights issue of up to RM39,172,350 nominal value of five year, 1% irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of RM0.075 each (Rights ICULS) on the basis of RM0.30 nominal value of the Rights ICULS for every one ordinary share held by the entitled shareholders of the Company after the proposed share split, on an entitlement date to be determined later together with up to 65,287,250 free detachable warrants on the basis of one Warrant for every RM0.60 nominal value of the Rights ICULS subscribed for.

The above proposals and the proposals as disclosed in Note 38 (ii) have been approved by the shareholders at the Extraordinary General Meeting held on 28 March 2014.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ITCB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

- (ii) On 22 January 2014, the Company has acquired the entire 100% equity interest in a subsidiary, Ire-Tex Asset Management Sdn. Bhd. for a cash consideration of RM2. Consequently, it became a wholly-owned subsidiary of the Company. On the even date, the Company has completed the acquisition of Suzhou Styrotex Plastic Co. Ltd.
- (iii) The Company has on 7 February 2014 announced that it has entered into a supplemental agreement with vendors to adjust the purchase consideration of Zoomic Technology Sdn. Bhd. from RM16,800,000 to RM16,400,000.
- (iv) On 14 April 2014, the Company has announced that the proposed share split has been completed following the listing of and quotation for 117,503,500 shares on the Main Market of Bursa Malaysia Securities Berhad.
- (v) On 24 April 2014, the Company has announced that the proposed acquisition of Zoomic Automation (M) Sdn. Bhd. and Zoomic Technology (M) Sdn. Bhd. have been completed.

**40. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)**

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and 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 are as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries				
- Realised	3,295,588	3,386,141	(10,024,609)	(9,106,078)
- Unrealised	24,485	(453,567)	-	-
	<b>3,320,073</b>	<b>2,932,574</b>	<b>(10,024,609)</b>	<b>(9,106,078)</b>
Less: Consolidation adjustments	(3,640,260)	(3,599,728)	-	-
	<b>(320,187)</b>	<b>(667,154)</b>	<b>(10,024,609)</b>	<b>(9,106,078)</b>

## DIRECTORS' REPORT

**IRE★TEX** IRE-TEX CORPORATION BERHAD

Company Registration No 576121-A

**Registered Office:**  
35, 1st Floor  
Jalan Kelisa Emas 1  
Taman Kelisa Emas,  
13700 Seberang Jaya  
Penang

Date: 7 MAY 2014

To: The Shareholders of Ire-Tex Corporation Berhad ("ITCB")

Dear Sir/Madam,

On behalf of the Board of Directors of ITCB, I report after due inquiry in relation to ITCB that during the period from 31 December 2013 (being the date to which the last audited consolidated financial statements of ITCB have been made up) to the date hereof (being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:-

- (a) in the opinion of the Directors, the business of ITCB and its subsidiaries has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited consolidated financial statements of ITCB which have adversely affected the trading or the value of the assets of ITCB and its subsidiaries;
- (c) the current assets of ITCB and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 10.3 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by ITCB and its subsidiaries;
- (e) since the last audited consolidated financial statements of ITCB, there have been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of ITCB and its subsidiaries in which the Directors are aware of; and
- (f) since the last audited consolidated financial statements of ITCB, there have been no material change in the published reserves or any unusual factors affecting the profits of ITCB and its subsidiaries.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**IRE-TEX CORPORATION BERHAD**



**DATO' DR YAP TATT KEAT**  
Group Managing Director

Plot 118, Jalan Perusahaan,  
Bukit Tengah Industrial Park,  
14000 Bukit Mertajam, Penang, Malaysia.

Telephone: (6) 04 502 2752  
Facsimile : (6) 04 502 2751  
E.mail : info@iretex.com.my  
Website : www.iretex.com.my

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- (i) Save for the Rights ICULS, Warrants and the new ITCB Shares to be issued pursuant to the conversion of the ICULS and the exercise of the Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is only one (1) class of shares in our Company, namely the ordinary shares of RM0.40 each, all of which rank pari passu with one another.
- (iii) Save for the Entitled Shareholders who will be entitled to the Provisional Allotment under the Rights Issue of ICULS with Warrants, no other person has been or is entitled to be granted an option to subscribe for any of our securities as at the date of this Abridged Prospectus.

**2. DIRECTORS' REMUNERATION**

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

***Article 103 - Remuneration of Directors***

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:-

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

***Article 104 - Reimbursements and special remuneration***

- (1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- (2) If by arrangement with the Director, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

**ADDITIONAL INFORMATION (CONT'D)**

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***Article 138 - Remuneration of Managing Director***

The remuneration of the Managing Director and the Deputy Managing Director may subject to the terms of any agreement entered into any particular case, be by way of salary but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

***Article 109 - Establishment of pension fund***

The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to, any persons who are or shall have been at any time in the employment or service of the Company or any associated company or to any persons who are or have been a Director or other officer of and holds or have held salaried employment in the Company or any associated company, or the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object. Provided that any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only where the Act requires, to proper disclosure to the members of the Company in general meeting. In this Article the expression "the associated company" shall include any company which is the holding company of the Company or a subsidiary of the Company or of any such holding company or which in the opinion of the Directors can properly be regarded as being connected with the Company or with any such company as aforesaid.

***Article 113 - Right to payment for professional services***

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

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**ADDITIONAL INFORMATION (CONT'D)****3. MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus:-

- (i) A sale and purchase agreement dated 2 October 2012 between Ire-Tex Paper Packaging Sdn Bhd, a wholly-owned subsidiary of ITCB, and Ampelos International Sdn Bhd for the acquisition of all those two (2) pieces of land known as Lot No. Plot 49, Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah held under HSM 7869 and Lot No. PT 63, Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah held under Hakmilik Sementara No. HSM 10484 together with buildings erected thereon bearing postal addresses known as 49 and 63, Lorong Perusahaan 2B, Kulim Industrial Estate, 09000 Kulim, Kedah Darul Aman for a total cash consideration of RM4,500,000;
- (ii) A share sale agreement dated 30 August 2013 between ITCB and Styropak Singapore Pte Ltd for the acquisition of the entire equity interest in Suzhou Styrotex Plastic Co, Ltd for a cash consideration of SGD1,240,000;
- (iii) A sale and purchase agreement dated 11 November 2013, wherein ITCB shall sell and Renotex Group Ltd shall purchase 2,295,000 ordinary shares of RM1.00 each in Eppor-Pack Sdn Bhd, representing 51% of the issued and paid-up share capital of Eppor-Pack Sdn Bhd, for a cash consideration of RM2,199,725 together with the full settlement by Renotex Group Ltd of outstanding shareholder's advances amounting to RM4,558,876 owing by Eppor-Pack Sdn Bhd to ITCB;
- (iv) A conditional sale and purchase agreement dated 18 November 2013 between Ire-Tex (Malaysia) Sdn Bhd, a wholly-owned subsidiary of ITCB, and Triton Prestige Sdn Bhd in relation to the Existing HQ-cum-Factory Disposal ("SPA 1");
- (v) A conditional sale and purchase agreement dated 18 November 2013 between ITCB, Teh Eng Huat and Khoo Hun Sniah in relation to the Zoomic Acquisitions ("SPA 2");
- (vi) A supplemental sale and purchase agreement dated 23 December 2013 between Ire-Tex (Malaysia) Sdn Bhd and Triton Prestige Sdn Bhd to vary certain terms and conditions of the SPA 1;
- (vii) A supplemental sale and purchase agreement dated 11 March 2014 between Ire-Tex (Malaysia) Sdn Bhd and Triton Prestige Sdn Bhd to vary certain terms and conditions of the SPA 1;
- (viii) A supplemental sale and purchase agreement dated 7 February 2014 between ITCB, Teh Eng Huat and Khoo Hun Sniah to vary certain terms and conditions of the SPA 2;
- (ix) A letter of confirmation dated 31 March 2014 from Ire-Tex (Malaysia) Sdn Bhd to Triton Prestige Sdn Bhd wherein Ire-Tex (Malaysia) Sdn Bhd shall, amongst others, refund the cash consideration of RM24,500,000 pertaining to the Existing HQ-cum-Factory Disposal if the approval of the relevant state authority is not obtained and/or the release of the Existing HQ-cum-Factory is not procured from the relevant financier by Ire-Tex (Malaysia) Sdn Bhd within the agreed time period;
- (x) A supplemental sale and purchase agreement dated 23 April 2014 between ITCB, Teh Eng Huat and Khoo Hun Sniah to vary certain terms and conditions of the SPA 2;
- (xi) Trust Deed dated 2 May 2014 made between ITCB as issuer and Malaysian Trustees whereby Malaysian Trustees has agreed to act as trustee of the Trust Deed for the benefit of the holders of the ICULS; and
- (xii) Deed Poll dated 2 May 2014 executed by ITCB constituting the Warrants.

**ADDITIONAL INFORMATION (CONT'D)****4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against our Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of our Group.

**5. GENERAL**

- (i) There is no existing or proposed service contract entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (ii) Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best of our Board's knowledge, the financial conditions and operations of our Group are not affected by any of the following:-
  - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
  - (b) material commitments for capital expenditure of our Group;
  - (c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;
  - (d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;
  - (e) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits; and
  - (f) substantial increase in revenue.

**6. CONSENTS**

Our Principal Adviser, Company Secretaries, Share Registrar, Principal Bankers, the Solicitors, the Trustee for the Rights Issue of ICULS with Warrants and Bloomberg LP have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names, the Reporting Accountants' letter on the proforma consolidated statements of financial position of our Company as at 31 December 2013, the audited consolidated financial statements of our Company for the FYE 2013 together with auditors' report, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

**7. DECLARATIONS OF CONFLICT OF INTEREST**

KAF confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to ITCB for the Rights Issue of ICULS with Warrants.

**ADDITIONAL INFORMATION (CONT'D)**

Messrs. David Lai & Tan confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the due diligence solicitors of ITCB for the Rights Issue of ICULS with Warrants.

Messrs. Grant Thornton confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Reporting Accountants of ITCB for the Rights Issue of ICULS with Warrants.

Malaysian Trustees confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the trustee for the holders of the ICULS to be issued pursuant to the Rights Issue of ICULS with Warrants.

**8. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of ITCB at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang, during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- (i) the Memorandum and Articles of Association of ITCB;
- (ii) the letters of consent and conflict of interests referred to in Section 6 and Section 7 respectively of this Appendix VI;
- (iii) the letters of Undertakings by the Undertaking Shareholders as referred to in Section 2.5 of this Abridged Prospectus;
- (iv) audited consolidated financial statements of ITCB for the past two (2) FYE 2013 and FYE 2012;
- (v) the proforma consolidated statements of financial position of ITCB as at 31 December 2013 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus;
- (vi) the material contracts referred to in Section 3 of this Appendix VI; and
- (vii) the Directors' report as set out in Appendix V of this Abridged Prospectus

**9. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement/information herein misleading.

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

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