

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.12.2013	PRECEDING YEAR QUARTER 31.12.2012	CURRENT YEAR 31.12.2013	PRECEDING YEAR 31.12.2012
	RM	RM	RM	RM
Revenue	10,054,681	16,764,520	42,801,145	50,677,901
Cost of Sales	<u>(11,246,820)</u>	<u>(10,986,047)</u>	<u>(35,019,244)</u>	<u>(33,348,852)</u>
Gross (loss)/profit	(1,192,139)	5,778,473	7,781,901	17,329,049
Other Income	7,187,387	488,349	9,718,544	1,140,385
Operating Expenses	(7,385,571)	(5,690,884)	(23,548,385)	(20,198,283)
Finance Costs	(85,035)	(39,181)	(212,507)	(151,969)
(Loss)/profit before Tax	(1,475,359)	536,757	(6,260,447)	(1,880,818)
Income Tax	<u>1,137,874</u>	<u>43,733</u>	<u>1,122,817</u>	<u>504,475</u>
(Loss)/profit for the year	<u>(337,485)</u>	<u>580,490</u>	<u>(5,137,630)</u>	<u>(1,376,343)</u>
Other comprehensive income/(loss), net of tax:				
Revaluation of land and buildings	11,919,577	-	11,919,577	-
Foreign currency translation differences for foreign operations	(12,235)	11,419	(49,515)	74,734
Fair value gain on financial assets	2,938,533	-	2,938,533	-
Income tax relating to components of other comprehensive income	<u>(1,069,894)</u>	<u>-</u>	<u>(1,069,894)</u>	<u>-</u>
	<u>13,775,981</u>	<u>11,419</u>	<u>13,738,701</u>	<u>74,734</u>
Total comprehensive income/(loss) for the year	<u>13,438,497</u>	<u>591,909</u>	<u>8,601,071</u>	<u>(1,301,609)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	1,022,198	383,998	(4,036,243)	(2,242,663)
Non-Controlling Interest	<u>(1,359,683)</u>	<u>196,492</u>	<u>(1,101,387)</u>	<u>866,320</u>
(Loss)/profit for the year	<u>(337,485)</u>	<u>580,490</u>	<u>(5,137,630)</u>	<u>(1,376,343)</u>
<b>Total Comprehensive Income/(loss) Attributable to :</b>				
Owners of the Company	12,997,649	389,827	7,847,613	(2,192,072)
Non-Controlling Interest	<u>440,848</u>	<u>202,082</u>	<u>753,458</u>	<u>890,463</u>
	<u>13,438,497</u>	<u>591,909</u>	<u>8,601,071</u>	<u>(1,301,609)</u>
Earnings/(loss) per share of RM0.50 each				
- Basic (sen)	1.08	0.41	(4.26)	(2.38)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**INDUSTRONICS BERHAD (23699-X)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 31.12.2013 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2012 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	25,352,793	15,356,176
Investment Properties	501,489	791,116
Intangible Assets	1,495,307	-
Other Investments	6,931,246	117,001
Deferred Tax Assets	1,032,431	-
<b>Total Non-current assets</b>	<u>35,313,266</u>	<u>16,264,293</u>
<b>Current Assets</b>		
Inventories	3,403,237	7,216,035
Due from Customers on Contract	8,621,852	10,481,445
Trade & Other Receivables	11,503,888	16,173,318
Cash and Bank Balances	27,532,137	29,753,564
<b>Total Current Assets</b>	<u>51,061,114</u>	<u>63,624,362</u>
<b>TOTAL ASSETS</b>	<u>86,374,380</u>	<u>79,888,655</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	50,336,450	47,631,500
Treasury Shares, at cost	-	(545,154)
Reserves	11,778,240	2,508,380
<b>Shareholders' funds</b>	<u>62,114,690</u>	<u>49,594,726</u>
Non-Controlling Interest	5,518,632	4,765,174
<b>Total equity</b>	<u>67,633,322</u>	<u>54,359,900</u>
<b>Non-current liabilities</b>		
Borrowings	302,170	114,641
Deferred Tax Liabilities	1,914,288	943,754
<b>Total Non-current liabilities</b>	<u>2,216,458</u>	<u>1,058,395</u>
<b>Current Liabilities</b>		
Provisions	114,174	139,928
Trade & Other Payables	13,619,650	20,594,027
Borrowings	2,327,869	3,487,953
Current Tax Payables	34,160	60,745
Due to Customers on Contract	428,747	187,707
<b>Total Current Liabilities</b>	<u>16,524,600</u>	<u>24,470,360</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>86,374,380</u>	<u>79,888,655</u>

Net Assets per share of RM0.50 each (RM)

0.62

0.53

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**INDUSTRONICS BERHAD (23699-X)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	<-----Attributable to Owners of the Parent----->										
	<-----Non Distributable----->						Distributable				
	Share capital	Share premium	Treasury shares	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves	Fair value adjustment reserve	Retained earnings/ (accumulated losses)	Share-holders Fund	Non-Controlling Interest	Total Equity
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 31 December 2012	47,631,500	732	(545,154)	40,925	-	2,889,122	-	(422,399)	49,594,726	4,765,174	54,359,900
Total comprehensive income for the year	-	-	-	(100,185)	-	9,045,508	2,938,533	(4,036,243)	7,847,613	753,458	8,601,071
Share based payments under ESOS	-	-	-	-	1,070,604	-	-	-	1,070,604	-	1,070,604
Exercise of share issuance scheme options	2,704,950	793,091	-	-	(441,448)	-	-	-	3,056,593	-	3,056,593
Disposal of treasury shares	-	-	545,154	-	-	-	-	-	545,154	-	545,154
Arising from disposal of properties	-	-	-	-	-	(714,586)	-	714,586	-	-	-
At 31 December 2013	50,336,450	793,823	-	(59,260)	629,156	11,220,044	2,938,533	(3,744,056)	62,114,690	5,518,632	67,633,322
At 31 December 2011	47,631,500	732	(545,154)	(9,666)	-	2,889,122	-	1,820,264	51,786,798	3,874,711	55,661,509
Total comprehensive loss for the year	-	-	-	50,591	-	-	-	(2,242,663)	(2,192,072)	890,463	(1,301,609)
At 31 December 2012	47,631,500	732	(545,154)	40,925	-	2,889,122	-	(422,399)	49,594,726	4,765,174	54,359,900

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Current Year 12 Months Ended 31.12.2013 (Unaudited)	Preceding Year 12 Months Ended 31.12.2012 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,260,447)	(1,880,818)
Adjustments for non-cash flow:-		
Non-cash items	4,106,268	1,244,439
Non-operating items	<u>(8,380,144)</u>	<u>(460,324)</u>
Operating loss before changes in working capital	(10,534,323)	(1,096,703)
Net change in current assets	7,588,477	(5,126,465)
Net change in current liabilities	<u>(6,136,301)</u>	<u>2,266,057</u>
Cash used in operations	(9,082,147)	(3,957,111)
Interest paid	(212,507)	(68,084)
Taxes refunded	81,583	245,270
Taxes paid	<u>(133,072)</u>	<u>(545,283)</u>
Net cash used in operating activities	<u>(9,346,143)</u>	<u>(4,325,208)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,353,242)	(77,450)
Purchase of intangible assets	(1,692,800)	
Purchase of quoted investments	(10,489,323)	-
Proceeds from disposal of property, plant and equipment	6,490,692	19,483
Net cash (outflow)/inflow from disposal of subsidiaries	(3,637)	265,979
Proceeds from disposal of investment	11,512,154	-
Interest received	148,343	587,937
Net cash (used in)/generated from investing activities	<u>4,612,188</u>	<u>795,949</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares pursuant to ESOS	3,056,594	-
Proceeds from disposal of treasury shares	698,005	-
Net drawdown/(repayment) of bank borrowings	(1,181,586)	1,913,580
Net drawdown/(repayment) of hire purchase	(165,952)	(62,029)
Net cash used in financing activities	<u>2,407,061</u>	<u>1,851,551</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,326,894)	(1,677,708)
Effect of exchange rate changes	(49,515)	(1,639)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,734,380	30,413,727
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>26,357,971</u>	<u>28,734,380</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	27,532,137	29,753,564
Bank overdraft	<u>(1,174,166)</u>	<u>(1,019,184)</u>
	<u>26,357,971</u>	<u>28,734,380</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**INDUSTRONICS BERHAD (23699-X)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

These condensed consolidated interim financial statement, for the financial year ended 31 December 2013 have not been audited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2013:-

Amendments to MFRS 101: <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to MFRS 101: <i>Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
MFRS 3: <i>Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)</i>	1 January 2013
MFRS 10: <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11: <i>Joint Arrangements</i>	1 January 2013
MFRS 12: <i>Disclosure of interests in Other Entities</i>	1 January 2013
MFRS 13: <i>Fair Value Measurement</i>	1 January 2013
MFRS 119: <i>Employee Benefits</i>	1 January 2013
MFRS 128: <i>Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)</i>	1 January 2013
MFRS 127: <i>Separate Financial Statements (IAS 27 as amended by IASB in May 2011)</i>	1 January 2013
MFRS 127: <i>Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)</i>	1 January 2013
Amendment to IC Interpretation 2: <i>Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 7: <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 1: <i>First-time Adoption of Malaysian Financial Reporting Standards – Government Loans</i>	1 January 2013
Amendments to MFRS 1: <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 116: <i>Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 132: <i>Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 134: <i>Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 10: <i>Consolidated Financial Statements: Transition Guidance</i>	1 January 2013
Amendments to MFRS 11: <i>Joint Arrangements: Transition Guidance</i>	1 January 2013
Amendments to MFRS 12: <i>Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013

The adoption of the above standards and interpretations will have no material impact on the financial statements of the Group.

**A2. Auditors' report on the preceding year's audited financial statements**

The Group's financial statements for the financial year ended 31 December 2012 is not qualified.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A3. Seasonal or Cyclical Factors**

The business operations of the Group is generally non-seasonal and not subject to any seasonal or cyclical factors. The nature of the group's business is primarily project based and hence impact on the Group is subjected to systemic market risk.

**A4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 December 2013.

**A5. Changes in estimates**

There is no significant change in estimates of amounts reported in prior financial year that have a material effect in the current period.

**A6. Debt and Equity Securities**

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayments of debt and equity securities for the current financial period.

a. Issuance of equity

During the financial year ended 31 December 2013, the Company issued 5,409,900 ordinary shares of RM0.50 per share for cash pursuant to the Company's Share Issuance Scheme at an exercise price of RM0.565 per ordinary share.

b. Share buy-backs, share cancellations and sale of treasury shares

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

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

**A7. Dividend paid**

There were no dividends paid during the current financial year.

**A8. Segmental Reporting**

For management purposes, the Group is organised into the following business units based on their products and services, and has five reportable operating segments as follows:

Electronics & system integration - Design, manufacturing and installation of electronics and microprocessor controlled products. Trading, maintenance and supply of industrial electronic equipment. Intelligent transportation system and major system integration projects involving Information Communication Technology, supply and service of telecommunication equipment, audio visual multimedia systems.

Security systems, mechanical and electrical engineering ("M&E") - Supply and installation of security systems. Specialist in fire protection system design and installation works and mechanical engineering services. Industrial maintenance and service works. Trading of transport equipment and provision of related services. Manufacturing of filter inclusive of import and marketing.

Environmental & scada system - Design and Scada integration in environmental monitoring services.

Sheet metal fabrication - Involving in precision sheet metal fabrications works and manufacturing of precision fabrication.

Other operations - Assemble and maintain electronic display system of public security and fire systems.

**Geographical Segments**

Malaysia - All main businesses disclosed in primary reporting format-business segments

Hong Kong - The development of IT applications.

Singapore - Trading, maintenance and supply of industrial electrical equipment.

Vietnam - Supply, construction and maintenance of specialised mechanical and electrical equipment and electronic display, engineering service provider for these equipment together with fire protection and air-conditioning ventilation equipment.

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

**INDUSTRONICS BERHAD (23699-X)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting (Continued)**

**a. Individual quarter**

Business segments:														
Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Environmental & Scada System		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>														
External customers	8,870	8,599	804	5,950	-	717	345	1,474	34	25	-	-	10,054	16,765
Inter-segment	1,028	628	25	3	-	2,304	46	48	-	29	(1,099)	(3,013)	-	-
Total revenue	9,899	9,227	829	5,953	-	3,021	391	1,522	34	54	(1,099)	(3,013)	10,054	16,765
<b>Results</b>														
Interest income	8	282	15	-	-	-	-	-	-	-	-	(7)	23	276
Finance costs	68	27	23	7	-	-	19	11	0	1	(25)	(7)	86	39
Depreciation	111	105	37	31	-	4	29	33	75	15	-	-	252	188
Amortization	-	-	-	-	-	-	-	-	82	-	-	-	82	-
Segment profit/(loss)	2,425	816	(2,445)	564	-	51	(443)	147	(1,012)	(112)	-	(930)	(1,475)	537
Segment assets	72,860	60,426	19,000	19,650	-	849	3,343	3,707	3,983	435	(12,811)	(5,178)	86,374	79,889
Segment liabilities	(10,550)	(13,119)	(7,087)	(10,501)	-	(2,508)	(1,644)	(2,211)	(11,598)	(7,690)	12,138	10,500	(18,741)	(25,529)
Capital expenditure	43	1	48	6	-	-	-	-	-	-	-	-	91	8
<b>Geographical segments:</b>														
	Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements			
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Revenue</b>														
Revenue from external customers			9,372	16,615	34	-	649	149	-	-	-	-	10,054	16,765
Segment assets			92,089	82,043	3,818	-	3,171	2,844	107	171	(12,811)	(5,178)	86,374	79,889
Capital expenditure			91	5	-	-	-	-	-	-	-	-	91	8

**b. Cumulative quarter**

Business segments:														
Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Environmental & Scada System		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>														
External customers	29,335	26,369	10,592	16,164	250	2,004	2,473	5,545	151	596			42,801	50,678
Inter-segment	3,500	3,852	61	314	79	4,035	217	193	100	127	(3,958)	(8,521)	-	-
Total revenue	32,835	30,221	10,654	16,478	329	6,039	2,690	5,738	251	723	(3,958)	(8,521)	42,801	50,678
<b>Results</b>														
Interest income	133	613	15	1	-	-	-	-	-	-	-	(26)	148	588
Finance costs	136	102	49	23	-	1	53	48	1	4	(25)	(26)	213	152
Depreciation	421	413	149	131	-	15	119	150	234	64	-	-	923	773
Amortization	-	-	-	-	-	-	-	-	192	-	-	-	192	-
Segment profit/(loss)	908	(825)	(727)	526	(229)	(445)	(883)	393	(5,320)	(505)	(11)	(1,025)	(6,260)	(1,881)
Segment assets	72,860	60,426	19,000	19,650	-	849	3,343	3,707	3,983	435	(12,811)	(5,178)	86,374	79,889
Segment liabilities	(10,550)	(13,119)	(7,087)	(10,501)	-	(2,508)	(1,644)	(2,211)	(11,598)	(7,690)	12,138	10,500	(18,741)	(25,529)
Capital expenditure	594	49	115	22	-	1	-	4	2,337	1	-	-	3,046	77
<b>Geographical segments:</b>														
	Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements			
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Revenue</b>														
Revenue from external customers			39,880	47,314	34	-	2,887	3,014	-	349	-	-	42,801	50,678
Segment assets			92,089	82,043	3,818	-	3,171	2,844	107	171	(12,811)	(5,178)	86,374	79,889
Capital expenditure			709	70	2,337	-	-	3	-	-	-	-	3,046	77

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A9. Valuation of property, plant and equipment**

In line with the Group's accounting policies on property, plant and equipment, a revaluation exercise was carried out on 31 December 2013 by an independent professional valuer Mr D B Das Gupta, a chartered surveyor and registered valuer of Stocker Roberts & Gupta Sdn Bhd using the comparison method of valuation to reflect the fair values of properties of the Group.

Arising from this exercise, revaluation surplus of approximately RM11.92 million was credited to other comprehensive income of the Group and deferred tax liabilities of approximately RM1.07 million has been recognised in other comprehensive income. A net surplus of approximately RM8.86 million was credited to revaluation reserve after apportionment to non-controlling interest.

**A10. Subsequent Events**

Other than as disclosed below, there were no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

- a. On 13 January 2014, the Company issued 812,000 ordinary shares of RM0.50 per share for cash pursuant to the Company's Share Issuance Scheme at an exercise price of RM0.565 per ordinary share.
- b. On 14 February 2014, the Company issued 581,400 ordinary shares of RM0.50 per share for cash pursuant to the Company's Share Issuance Scheme at an exercise price of RM0.565 per ordinary share.

**A11. Effect of Changes in the Composition of the Group**

Other than as disclosed below, there were no material changes in the composition of the Group during the current financial year including business combination, acquisition of subsidiaries and long term investment, restructuring and discontinuing operations.

- a. The Group had on 20 March 2013 acquired one ordinary share of Hong Kong Dollar one (HK\$ 1), representing 100% of the issued and paid-up share capital of Famous (HK) Limited (Company No.1871222), for a total consideration of Hong Kong Dollar One (HK\$ 1) to undertake the business of information technology and system development.
- b. On 15 May 2013, the Group entered into a sale and purchase agreement to dispose of the entire issued and paid-up share capital of Industronics Automation Sdn Bhd (Company No. 378877-V) ("Automation"), a wholly-owned subsidiary of the Company, comprising 1,000,000.00 ordinary shares of RM1.00 each ("Sale Shares"), to Teroka Solaris Sdn. Bhd. (Company No. 1042211-P) ("Teroka") for a cash consideration of RM20,000.

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

	<b>RM</b>
Property, plant and equipment	(32,696)
Inventories	(7,642)
Trade and other receivables	(545,564)
Amount due from customers	(3,280)
Cash & bank balances	(17,725)
Trade and other payables	507,629
Amount due to customers	80,918
	<u>(18,360)</u>
Disposal proceeds	<u>20,000</u>
Gain on disposal to the Group	<u>1,640</u>
Disposal proceeds settled by:-	
Cash	20,000
Cash inflow/(outflow) arising from disposals:	
Cash consideration	20,000
Cash and cash equivalents of subsidiary disposed	<u>(17,725)</u>
Net cash inflow from disposal	<u>2,275</u>

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



**NOTES TO THE INTERIM FINANCIAL REPORT**

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

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

	DSSB	AASB	Total
	RM	RM	RM
Net assets at date of disposal	-	-	-
Disposal proceeds	1	1	2
Gain on disposal to the Group	<u>1</u>	<u>1</u>	<u>2</u>
Disposal proceeds settled by:-			
Cash	1	1	2
Cash inflow/(outflow) arising from disposals:			
Cash consideration	1	1	2
Cash and cash equivalents of subsidiary disposed	-	-	-
Net cash inflow from disposal	<u>1</u>	<u>1</u>	<u>2</u>

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

Sukitronics Co. Ltd was currently dormant and the dissolution of Sukitronics Co. Ltd. will not have any material effect on the earnings, gearing and net assets of the Company for the financial year ended 31 December 2013.

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

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

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

**A12. Contingent Assets or Contingent Liabilities**

There were no material changes in contingent assets or contingent liabilities since the last audited statement of financial position as at 31 December 2012.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A13. Related Party Transactions**

- a. Save as disclosed below, there were no significant transactions and balances with related parties of the Group during the current financial year under review.

	Individual Current Quarter RM	Cumulative Quarters RM
Sales to an entity connected with a director of a subsidiary of the group	210,224	8,553,235

Outstanding balance with related party as at 31 December 2013 and 31 December 2012 are as follows:

	As at 31.12.2013 Unaudited RM	As at 31.12.2012 Audited RM
Sales to an entity connected with a director of a subsidiary of the group	2,264,880	4,131,199

- b. Save as disclosed below, there were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

	Individual Current Quarter RM	Cumulative Quarters RM
Repayment of advance to a shareholder of a subsidiary by the subsidiary	-	100,000

Outstanding balance with related party as at 31 December 2013 and 31 December 2012 are as follows:

	As at 31.12.2013 (unaudited) RM	As at 31.12.2012 (audited) RM
Advance from a non-controlling shareholder of a subsidiary to the subsidiary	-	100,000

**A14. Profit/(loss) Before Taxation**

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

	Q413 RM	Q412 RM	YTD 13 RM	YTD 12 RM
Interest Income	(23,464)	(275,501)	(148,343)	(587,859)
Other Income	(270,983)	(488,349)	(700,103)	(1,140,385)
Interest expense	85,035	39,181	212,507	151,969
Depreciation and amortization	334,552	184,123	1,114,411	768,901
Provision for and write off of receivables	192,774	426,452	192,774	426,452
Provision for and write off of inventories	1,791,015	386,882	2,282,115	386,882
Gain on disposal of quoted investment	(3,898,544)	-	(3,898,544)	-
Gain on disposal of unquoted investment	(900,000)	-	(999,999)	-
Gain on disposal of treasury shares	(152,851)	-	(152,851)	-
Loss on disposal of subsidiary	-	-	2,772	-
Gain on disposal of properties	(1,978,805)	-	(3,645,550)	-
Impairment/(reversal of impairment)				
- Investment properties	249,863	-	249,863	-
- Transferable membership in golf clubs	-	(6,000)	-	(6,000)
Realised foreign exchange (Gain)/loss	(883)	13,508	6,565	97,924
Unrealised foreign exchange (Gain)/loss	37,260	(7,336)	(173,154)	(2,709)

- a. Gain or loss on derivatives is not applicable as the Company does not have any derivative financial instrument.

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT:**

**B1. Review of Performance**

- a. Quarter ended 31 December 2013 (4Q13) compared with quarter ended 31 December 2012 (4Q12)

The Group's revenue was lower in 4Q13 of approximately RM10.04 million (4Q12: approximately RM16.76 million), mainly attributable to lower revenue recognition in our Security Systems and M&E segment of approximately RM0.8 million in 4Q13 compared to RM5.95 million in 4Q12 and Sheet Metal Fabrication segment of RM0.35 million compared to RM1.47 million in 4Q12.

The Group recorded loss before tax of approximately RM1.48 million in 4Q13 compared to profit of RM0.54 million in 4Q12. This is mainly due to lower revenue in 4Q13.

- b. Current financial year ended 31 December 2013 (12M13) compared with preceding financial year ended 31 December 2012 (12M12)

The Group recorded lower revenue of approximately RM42.79 million for 12M13 compared to RM50.68 million in 12M12. Revenue was mainly contributed by Electronics & System Integration segment resulting from the revenue recognition for major project in the current financial year. The decrease is mainly due to decrease in Security Systems & M&E segment from RM16.16 million in 12M12 to RM10.59 million in 12M13.

The Group recorded higher loss before tax of approximately RM6.26 million in 12M13 compared to RM1.88 million in 12M12.

**B2. Material Changes in the Quarterly Results (4Q13) compared to the Results of the Preceding Quarter (3Q13)**

Group revenue recorded RM10.04 million in 4Q13 compared with RM5.94 million in 3Q13. The increase is mainly due to higher revenue in Electronics & System Integration segment. Loss before tax recorded is RM1.48 million in 4Q13 compared to RM3.4 million in 3Q13 mainly due to higher revenue recorded and recognition of gain on disposal of quoted investment and properties in 4Q13.

**B3. Current Year Prospects**

The prevailing uncertainties in the global financial economy and the rising costs continue to pose a challenge to the Group's performance.

The Group will continue with its prudent efforts to widen the applications of its products and shall remain focused on improving operational efficiencies to achieve improved profitability and sustainable business growth.

As part of our growth plans, the Group will explore any opportunities or new market to enhance its core businesses. The Group also will consider new ventures and new business activities which are synergistics to the operations of the Group to further enhance shareholders' value.

**B4. Profit Forecast**

Not applicable as no profit forecast was published.

**B5. Taxation**

Taxation comprises the following:-

	Individual Current Quarter RM	Cumulative Quarters RM
Current taxation	(122,717)	(22,009)
Deferred taxation	(1,015,158)	(1,100,808)
	<u>(1,137,874)</u>	<u>(1,122,817)</u>

The effective tax rate of the Group is lower than the statutory tax rate for the current year principally due to losses in certain subsidiaries.

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT:**

**B6. Profit on Sale of Quoted and Unquoted Investments and Properties**

Other than disclosed below, there were no other material sale of quoted and unquoted investments and properties for the financial year ended 31 December 2013.

a. Disposal of 24% Equity Interest in PDX.COM Sdn Bhd

The Company had on 19 August 2013 entered into a Sale and Purchase of Shares Agreement (the "Agreement") with Digital Dawn Sdn Bhd (Company No. 586029-V) ("Digital Dawn") to dispose of its entire twenty four percent (24%) equity interest in its associated company, PDX.com Sdn. Bhd. (Company No. 507964-P) ("PDX") comprising two million one hundred and twelve thousand (2,112,000) ordinary shares of Ringgit Malaysia one (RM1.00) each in PDX ("PDX Shares") ("Sale Shares"), to Digital Dawn for a cash consideration of Ringgit Malaysia One Million (RM1,000,000) only.

The disposal has been duly completed on 25 February 2014. The carrying value of the investment is RM1 and gain arising from the disposal is RM999,999.

b. Disposal of shares in Solution Engineering Holding Berhad ("SEHB")

The Company had on 13 November 2013 and 14 November 2013 disposed in the open market an aggregate of 10,000,000 and 24,200,000 ordinary shares of RM0.10 respectively in SEHB, a public company listed on ACE Market of Bursa Malaysia Securities Berhad, representing 5.39% and 13.04% of the existing issued and paid up capital of SEHB for a total cash consideration of approximately RM3.05 million and RM7.49 million respectively. The gains arising from the disposals are approximately RM1.11 million and RM2.79 million respectively.

c. Disposal of a 3½-Storey Shop by Ademco (Malaysia) Sdn. Bhd., a 95% owned subsidiary of the Company

On 27 June 2013, the Company had announced that Ademco (Malaysia) Sdn. Bhd ("Ademco" or the "Vendor"), a 95%-owned subsidiary of the Company, has on 25 June 2013 entered into a Sale and Purchase Agreement ("the SPA") with Mr. Charanjeet Singh A/L Jaswant Singh ("the Purchaser") to dispose a 3½-storey shop house at No. 60, Jalan Manis 3, Taman Segar, 56100 Kuala Lumpur to the Purchaser for a cash consideration of Ringgit Malaysia Two Million and Seven Hundred Thousand (RM2,700,000.00) only ("Ademco Disposal").

The disposal has been duly completed on 11 September 2013 and the gain on disposal is approximately RM1.67 million.

d. Disposal of Land with Property

On 27 June 2013, the Company had announced that the Company has on 25 June 2013 entered into two (2) Sale and Purchase Agreement ("the SPA") with BSCOM (M) Sdn. Bhd. (Company No. 921589-W) ("the Purchaser") to dispose two (2) pieces of land together with two (2) units of three and a half (3 ½) storey shop-office erected thereon at No. 39 & No. 41, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan ("the Property") to the Purchaser for a total cash consideration of Ringgit Malaysia Three Million and Seven Hundred Thousand (RM3,700,000.00) only ("the Disposal").

The disposal has been duly completed on 30 December 2013 and the gain on disposal is approximately RM1.98 million.

**B7. Purchase/Disposal of Assets Held for Trading Investments**

There were no purchases or disposals of assets held for trading investments for the financial period to date.

**B8. Status of Corporate Proposals**

As at 25 Feb 2014, being the latest practicable date ("LPD") prior to the issue of this quarterly report, save as disclosed below, there were no corporate proposals announced but not completed by the Company:

a. Proposed Dissolution of Wholly Owned Subsidiary In Vietnam

On 22 August 2013, the Company announced the commencement of the proposed dissolution of its wholly owned subsidiary, Industronics Corporation Limited ("ICL") on 21 August 2013 ("the Dissolution").

As at LPD, the Dissolution is still in the process.

**INDUSTRONICS BERHAD (23699-X)**  
**(Incorporated in Malaysia)**

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT:**

b. Proposed Private Placement

On 25 July 2013, TA Securities Holdings Berhad ("TA Securities") on behalf of the Board of the Company announced that the Company proposes to undertake the Proposed Private Placement.

On 26 July 2013, TA Securities Holdings Berhad on behalf of the Board of the Company announced that an application to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities has been submitted on 26 July 2013 and the approval from Bursa Securities is still pending.

c. Proposed Shareholders Mandate for Disposal of up to 20,041,900 Ordinary Shares of RM0.10 Each in Solution Engineering Holdings Berhad ("SEHB") ("SEHB Shares") ("Proposed Shareholder's Mandate for Disposal of Shares").

On 3 December 2013, on behalf of the Board of Directors of Industronics Berhad ("IB" or the "Company") ("Board"), TA Securities had announced that the Company proposes to obtain a mandate from its shareholders to, if deemed fit in the future, dispose up to 20,041,900 ordinary shares of RM0.10 each in Solution Engineering Holdings Berhad ("SEHB") ("SEHB Shares").

Bursa Malaysia Securities Berhad had via its letter dated 13 December 2013 approve the Proposed Shareholder's Mandate for Disposal of Shares.

The shareholders of IB had on 21 January 2014 approved the Proposed Shareholder's Mandate for Disposal of SEHB Shares at an extraordinary general meeting held.

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 31 December 2013:-

	RM
a) Secured and unsecured :	
Total secured borrowings	471,873
Total unsecured borrowings	2,158,166
Total borrowings	<u>2,630,039</u>
b) Short Term and Long Term	
Total short-term borrowings	2,327,869
Total long term borrowings	302,170
Total borrowings	<u>2,630,039</u>

All borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

Not applicable as off balance sheet financial instruments are accounted for in the statement of financial position.

**B11. Realised and Unrealised Losses Disclosure**

	As at 31.12.2013	As at 31.12.2012
	RM	RM
	(unaudited)	(audited)
Total accumulated losses of		
Industronics Berhad and its subsidiaries:		
- Realised	(13,743,074)	(16,412,578)
- Unrealised	(119,275)	(306,679)
Less: consolidation adjustments	10,118,292	16,296,858
Total group (accumulated losses)/retained profits		
as per consolidated accounts	<u>(3,744,056)</u>	<u>(422,399)</u>

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT:**

**B12. Material Litigations**

As at the LPD prior to the issue of this quarterly report, the Group is not engaged in any material litigations except for:

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

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

**B13. Dividend**

No dividend has been declared in the current quarter.

**B14. Basic earnings/(loss) per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2013	Preceding Year Quarter 31.12.2012	Current Year 31.12.2013	Preceding Year 31.12.2012
Net loss attributable to the owners of the Company for the period	1,022,198	383,998	(4,036,243)	(2,242,663)
Weighted average no. of ordinary shares in issue	94,771,325	94,132,000	94,771,325	94,132,000
Basic loss per share (sen)	1.08	0.41	(4.26)	(2.38)

**b) Diluted earnings/(loss) per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2013	Preceding Year Quarter 31.12.2012	Current Year 31.12.2013	Preceding Year 31.12.2012
Net loss attributable to the owners of the Company for the period	1,022,198	383,998	(4,036,243)	(2,242,663)
Weighted average no. of ordinary shares in issue	103,481,225	94,132,000	103,481,225	94,132,000
Basic loss per share (sen)	0.99	0.41	(3.90)	(2.38)

**B15. Authorisation For Issue**

The interim financial statements for the twelve (12)-months financial year ended 31 December 2013 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**  
**INDUSTRONICS BERHAD**

28 Feb 2014