

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 MARCH 2008**

	AS AT END OF CURRENT FINANCIAL YEAR END 31.3.2008 RM (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31.12.2007 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	15,949,850	16,643,885
Prepaid Land Lease Payments	1,497,432	1,502,210
Development Costs	67,825	102,486
Investment Properties	1,249,717	1,259,659
Investment in Associates	-	1
Due from An associate	-	73,826
Other Investments	736,089	806,195
Deferred Tax Assets	24,000	-
<b>Total Non-current assets</b>	<u>19,524,913</u>	<u>20,388,262</u>
<b>Current Assets</b>		
Inventories	18,966,574	20,252,374
Due from Customers on Contract	3,774,674	3,915,947
Trade & Other Receivables	27,561,703	27,951,963
Cash and Bank Balances	25,802,753	24,603,628
<b>Total Current Assets</b>	<u>76,105,704</u>	<u>76,723,912</u>
<b>TOTAL ASSETS</b>	<u>95,630,617</u>	<u>97,112,174</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	47,631,500	46,193,000
Treasury Shares, at cost	(545,154)	(545,154)
Reserves	11,355,547	10,412,553
<b>Shareholders' funds</b>	<u>58,441,893</u>	<u>56,060,399</u>
Minority Interests	7,036,050	7,222,700
<b>Total equity</b>	<u>65,477,943</u>	<u>63,283,099</u>
<b>Non-current liabilities</b>		
Borrowings	912,531	1,099,832
Deferred Tax Liabilities	927,256	988,559
<b>Total Non-current liabilities</b>	<u>1,839,787</u>	<u>2,088,391</u>
<b>Current Liabilities</b>		
Provisions	46,969	46,969
Trade & Other Payables	20,716,272	23,853,628
Borrowings	2,273,535	3,581,538
Current Tax Payables	540,911	366,811
Due to Customers on Contract	4,735,201	3,891,738
<b>Total Current Liabilities</b>	<u>28,312,888</u>	<u>31,740,684</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>95,630,617</u>	<u>97,112,174</u>

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

0.62

0.61

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2008 RM	PRECEDING YEAR QUARTER 31.3.2007 RM	CURRENT YEAR 31.3.2008 RM	PRECEDING YEAR 31.3.2007 RM
Revenue	16,805,184	15,150,140	16,805,184	15,150,140
Cost of Sales	<u>(9,932,893)</u>	<u>(9,092,018)</u>	<u>(9,932,893)</u>	<u>(9,092,018)</u>
Gross Profit	6,872,291	6,058,122	6,872,291	6,058,122
Other Income	77,423	422,718	77,423	422,718
Operating Expenses	(6,036,777)	(5,867,275)	(6,036,777)	(5,867,275)
Finance Costs	(112,821)	(160,025)	(112,821)	(160,025)
Investing Results	<u>(69,707)</u>	<u>434,424</u>	<u>(69,707)</u>	<u>434,424</u>
Profit Before Tax	730,409	887,964	730,409	887,964
Income Tax Expense	<u>26,793</u>	<u>(272,842)</u>	<u>26,793</u>	<u>(272,842)</u>
Profit/(Loss) for the Year	<u>757,202</u>	<u>615,122</u>	<u>757,202</u>	<u>615,122</u>
<b>Attributable to :</b>				
Equity holders of the Company	943,852	750,591	943,852	750,591
Minority Interest	<u>(186,650)</u>	<u>(135,469)</u>	<u>(186,650)</u>	<u>(135,469)</u>
Profit/(Loss) for the Year	<u>757,202</u>	<u>615,122</u>	<u>757,202</u>	<u>615,122</u>
EPS of RM0.50 each - Basic (sen)	1.01	0.83	1.01	0.83

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

- - - -

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2008****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<-----Reserves----->										
	<-----Non Distributable----->						Distributable		Share- holders Fund	Minority Interest	Total Equity
	Share capital	Share premium	Treasury shares	Share option reserve	Foreign currency reserve	Revaluation reserves	Retained earnings				
RM	RM	RM	RM	RM	RM	RM	RM	RM			
At 31 December 2006	45,476,500	-	(540,328)	-	38,894	1,999,481	12,663,334	59,637,881	7,396,160	67,034,041	
Currency translation differences	-	-	-	-	1,473	-	-	1,473	-	1,473	
Net expense recognised directly to equity	-	-	-	-	1,473	-	-	1,473	-	1,473	
Profit for the period	-	-	-	-	-	-	750,591	750,591	(135,469)	615,122	
Total recognised income and expense for the period	-	-	-	-	1,473	-	750,591	752,064	(135,469)	616,595	
Dividends paid	-	0	-	0	-	-	-	-	-	-	
Issuance of ordinary shares pursuant to ESOS	40,000	0	-	0	-	-	-	40,000	-	40,000	
Shares repurchased during the period	-	0	(4,826)	0	-	-	-	(4,826)	-	(4,826)	
At 31 March 2007	45,516,500	-	(545,154)	-	40,367	1,999,481	13,413,925	60,425,119	7,260,691	67,685,810	

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2008****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<-----Reserves----->						Distributable	Share- holders Fund	Minority Interest	Total Equity
	Share capital	Share premium	Treasury shares	Share option reserve	Foreign currency reserve	Revaluation reserves				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2007	46,193,000	330	(545,154)	14,988	31,746	1,892,893	8,472,596	56,060,399	7,222,700	63,283,099
Currency translation differences	-	-	-	-	(4,023)	-	-	(4,023)	-	(4,023)
Net expense recognised directly to equity	-	-	-	-	(4,023)	-	-	(4,023)	-	(4,023)
Profit for the period	-	-	-	-	-	-	943,852	943,852	(186,650)	757,202
Total recognised income and expense for the period	-	-	-	-	(4,023)	-	943,852	939,829	(186,650)	753,179
Dividends paid	-	0	-	0	-	-	-	-	-	-
Share option granted under ESOS	-	0	-	3,165	-	-	-	3,165	-	3,165
Issuance of ordinary shares pursuant to ESOS	1,438,500	402	-	(402)	-	-	-	1,438,500	0	1,438,500
Shares repurchased during the period	-	0	-	0	-	-	-	-	-	-
At 31 March 2008	47,631,500	732	(545,154)	17,751	27,723	1,892,893	9,416,448	58,441,893	7,036,050	65,477,943

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

	Current Year 3 Months Ended 31.3.2008 (Unaudited)	Preceding Year 3 Months Ended 31.3.2007 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	730,409	887,964
Adjustments for non-cash flow:-		
Non-cash items	586,171	502,919
Non-operating items	<u>121,014</u>	<u>(411,874)</u>
Operating profit before changes in working capital	1,437,594	979,009
Net change in current assets	1,991,336	1,829,409
Net change in current liabilities	<u>(1,525,687)</u>	<u>(3,604,435)</u>
Cash generated from/(used in) operations	1,903,243	(796,017)
Interest received	61,516	74,274
Taxes refunded	212,372	-
Taxes paid	<u>(312,992)</u>	<u>(304,994)</u>
Net cash generating from/(used in) operating activities	<u>1,864,139</u>	<u>(1,026,736)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(36,558)	(1,327,768)
Proceeds from disposal of property, plant and equipment	313,000	65,000
Proceeds from disposal of quoted investments	-	403,360
Dividend income	400	700
Net cash generated from/(used in) investing activities	<u>276,842</u>	<u>(858,708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of ESOS	1,438,500	40,000
(Repayment of)/Drawdown from bank borrowings	(132,203)	588,266
Interest paid	(112,823)	(96,825)
Shares repurchased	<u>-</u>	<u>(4,826)</u>
Net cash generated from financing activities	<u>1,193,474</u>	<u>526,615</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,334,455	(1,358,829)
Effect of exchange rate changes	(4,023)	1,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,129,918	15,287,456
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>21,460,350</u></u>	<u><u>13,930,100</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Deposits, bank balances and cash	25,802,753	18,627,249
Less : Fixed deposit not readily available for use	<u>(3,330,029)</u>	<u>(1,633,820)</u>
	22,472,724	16,993,429
Bank overdraft	<u>(1,012,374)</u>	<u>(3,063,329)</u>
	<u><u>21,460,350</u></u>	<u><u>13,930,100</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. 1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements

**A2 Qualified audit report**

The audit report for the year ended 31 December 2007 included qualifications which are reproduced as follows:

As disclosed in Note 48 to the financial statements, the financial statements of the Group and of the Company for the year ended 31 December 2006 were audited by another firm of auditors who have rendered an unmodified opinion on those financial statements in their report dated 28 April 2007. We did not observe the counting of the physical inventories as of 31 December 2006 so as to satisfy ourselves as to the quantities, ownerships and conditions of those inventories, since that date was prior to our initial engagement as auditors for the Company and certain of its subsidiaries. The records of the Company and its subsidiaries do not permit adequate retroactive audit procedures on the inventory quantities, ownerships and conditions as at 1 January 2007.

As disclosed in Note 23 to the financial statements, the unidentified differences between the Company's and a subsidiary's carrying value of inventories based on physical inventory counts and the recorded amounts in their respective books as at 31 December 2007 of approximately RM5.9 million and RM2.7 million respectively, were adjusted to the income statements of the Group and of the Company for the year then ended. This has an effect of reducing the inventories balances of the Group and of the Company by RM8.6 million and RM5.9 million respectively as at balance sheet date and increasing the losses for the current financial year of the Group and of the Company by the same amounts respectively. The inventories records of the Company and the said subsidiary do not permit us to carry out adequate appropriate audit procedures so as to satisfy ourselves as to the appropriateness of the adjustments described above.

**A3. Seasonal or Cyclical Factors**

The business operations of the Group is generally non seasonal.

**A4. Extraordinary Items**

Not applicable under the new and revised FRSs

**A5. Changes in estimates**

There is no significant change in estimates of amounts reported in prior interim periods of the current or in previous financial year.

**A6. Debt and Equity Securities**

Save as disclosed below, there were no other issuance and repayment of debt and equity securities for the current financial period to date.

**a. Issuance of equity**

During the current quarter, the Company has increased its issued and paid up capital from RM46,193,000 to RM47,631,500 by allotment of 2,877,000 new ordinary shares of RM0.50 each arising from the exercise of 2,877,000 options under the Employees Share Option Scheme.

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

No shares were bought back during the quarter under review.

The total number of shares held as treasury shares as at 31 March 2008 was 1,131,000 at an average price per share of RM0.482. None of the treasury shares were sold or cancelled during the current quarter.

**A7. Dividend paid**

There were no dividends paid during the current period.

**A8. Segmental Reporting**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	QUARTER	YEAR	YEAR
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	RM	RM	RM	RM
<b>Segmental Revenue</b>				
Security systems & M & E	3,527,002	2,891,699	3,527,002	2,891,699
Telecommunication and AV & ITS	874,310	2,281,122	874,310	2,281,122
Electronics products	9,723,571	8,679,858	9,723,571	8,679,858
Fabrication and manufacturing	7,878,633	3,707,308	7,878,633	3,707,308
Other operations	424,848	422,080	424,848	422,080
Total revenue including inter-segment sales	22,428,363	17,982,067	22,428,363	17,982,067
Elimination of inter-segment sales	(5,623,179)	(2,831,927)	(5,623,179)	(2,831,927)
Total	<u>16,805,184</u>	<u>15,150,140</u>	<u>16,805,184</u>	<u>15,150,140</u>
<b>Segmental Results</b>				
Security systems & M & E	(366,903)	(729,668)	(366,903)	(729,668)
Telecommunication and AV & ITS	(447,699)	252,523	(447,699)	252,523
Electronics products	854,876	567,875	854,876	567,875
Fabrication and manufacturing	1,076,133	587,760	1,076,133	587,760
Other operations	(203,470)	(64,925)	(203,470)	(64,925)
Segmental profit	912,937	613,565	912,937	613,565
Elimination of inter-segment sales	-	-	-	-
Profit from operation	<u>912,937</u>	<u>613,565</u>	<u>912,937</u>	<u>613,565</u>

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

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements .

**A10. Subsequent Events**

As at the date of this report, there are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period.

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

There were no material changes in the composition of the Group during the current financial period to date including business combination, acquisition of subsidiaries and long term investment, restructuring and discontinuing operations.

a. On 26 February 2008, the Board approved the deregistration of Industronics (Guangzhou) Co. Ltd., a wholly-owned subsidiary of the Company.

**A12. Contingent Liabilities**

There were no material changes in contingent liabilities since the last audited balance sheet date.

**A13. Related Party Transactions**

a. There is no significant transactions and balances with related parties of the Group during the current quarter.

b. 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.



## ADDITIONAL INFORMATION REQUIRED BY THE BMSB LISTING REQUIREMENTS

### B1. Review of Performance

Group revenue of RM16.805 million for the current financial period ended 31 March 2008 was 11% higher compared to RM15.150 million for the previous year corresponding period. Profit before tax of RM0.730 million was lower as compared to RM0.888 million in the previous corresponding period due to higher operating expenses and lower other income in the current financial period.

### B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

The Group revenue decreased by 51% from RM34.426 million posted in the preceding quarter to RM16.805 million in the current quarter. Despite lower revenue, the pre-tax profit of RM0.730 million for the current quarter was achieved as compared to pre-tax loss of RM4.058 million recorded in the preceding financial quarter mainly due to impairment of investment properties (RM0.653 million), net allowance for doubtful debts and bad debts written off (RM1.933 million), and write down of inventories (RM0.989 million) in the preceding quarter.

### B3. Current Year Prospects

The Board expects the Group operating performance for year 2008 to be comparable to that of the previous year.

### B4. Profit Forecast

Not applicable as no profit forecast was published.

### B5. Taxation

Taxation comprises the following:-

	Individual Current Quarter RM	Cumulative Quarters Current RM
Current taxation	58,510	58,510
Deferred taxation	(85,303)	(85,303)
	<u>(26,793)</u>	<u>(26,793)</u>

The effective tax rate of the Group is lower than the statutory tax rate for the financial quarter/period to date principally due to the utilisation of unutilised tax losses and unabsorbed capital allowances from previous years.

### B6. Profit on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and properties during the current quarter.

### B7. Purchase/Disposal of Quoted Investments

(a) Purchases and disposal of quoted securities for the financial period to date:-

	Individual Current Quarter RM	Cumulative Quarters Current RM
Total Purchases	-	-
Total Sale Proceeds	-	-
Total Gains on Disposals	-	-

(b) Investment in quoted securities as at 31 March 2008:-

	RM
At cost	1,364,787
At carrying value/book value	422,088
At market value	422,088

**B8. Status of Corporate Proposals**

As at the date of this report, there were no corporate proposals announced.

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 31 March 2008:-

	RM
<b>a) Secured and unsecured :</b>	
Total secured borrowings	1,474,071
Total unsecured borrowings	1,711,995
Total borrowings	<u>3,186,066</u>
<b>b) Short Term and Long Term</b>	
Total short-term borrowings	2,273,535
Total long term borrowings	912,531
Total borrowings	<u>3,186,066</u>

**B10. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 30 June 2008, the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.

**B11. Material Litigations**

**a) Claim by Sukitronics (Penang) Sdn Bhd ("Sukitronics (Penang)") against Mustajab Indah Sdn Bhd ("Mustajab")**

On 8 March 2005, the Arbitrator awarded that Mustajab shall pay Sukitronics Penang approximately RM1,460,666.58 being the balance of progress claims unpaid, the loss and expense, storage charges, loss of profits and interests on outstanding amount, and Mustajab shall also bear the costs of award and Sukitronics Penang's cost of reference.

On 20 November 2007, Sukitronics Penang obtained the court judgement to enforce the award. However, as Mustajab does not appear to be active, the only option would be wound up Mustajab if this has not yet been done. Pursuant to a winding-up search on Mustajab Indah Sdn. Bhd., it was found that the said Company has been wound up on 20.07.2004. Upon further enquiry with the Insolvency Department, it was confirmed that Sukitronics Sdn. Bhd. can still file their Proof of Claim against the Company with the Official Receiver. Sukitronics Sdn. Bhd. is in the process of collating the documents and settling the proof of claim form.

**B12. Dividend**

No dividend has been proposed in the current quarter.

**B13. Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2008	PRECEDING YEAR QUARTER 31.3.2007	CURRENT YEAR 31.3.2008	PRECEDING YEAR 31.3.2007
Basic earnings per share				
Net profit for the period	943,852	750,591	943,852	750,591
Weighted average no. of ordinary shares in issue	93,827,000	89,902,867	93,827,000	89,902,867
Basic earnings per share (sen)	1.01	0.83	1.01	0.83

**B14. Authorisation For Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 June 2008.

BY ORDER OF THE BOARD  
INDUSTRONICS BERHAD

30 June 2008