

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

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 MARCH 2009**

	AS AT END OF CURRENT FINANCIAL YEAR END 31.3.2009 RM (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31.12.2008 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	14,608,960	14,939,344
Prepaid Land Lease Payments	1,478,316	1,483,094
Development Costs	10,358	23,466
Investment Properties	1,209,954	1,219,895
Other Investments	400,526	411,888
Deferred Tax Assets	-	-
<b>Total Non-current assets</b>	<u>17,708,114</u>	<u>18,077,687</u>
<b>Current Assets</b>		
Inventories	11,064,140	11,406,731
Due from Customers on Contract	1,488,545	2,973,906
Trade & Other Receivables	19,074,564	25,408,986
Cash and Bank Balances	27,902,023	23,848,754
<b>Total Current Assets</b>	<u>59,529,272</u>	<u>63,638,377</u>
<b>TOTAL ASSETS</b>	<u>77,237,386</u>	<u>81,716,064</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	47,631,500	47,631,500
Treasury Shares, at cost	(545,154)	(545,154)
Reserves	4,191,072	4,416,285
<b>Shareholders' funds</b>	<u>51,277,418</u>	<u>51,502,631</u>
Minority Interests	7,311,742	7,315,350
<b>Total equity</b>	<u>58,589,160</u>	<u>58,817,981</u>
<b>Non-current liabilities</b>		
Borrowings	599,551	640,128
Deferred Tax Liabilities	763,611	685,612
<b>Total Non-current liabilities</b>	<u>1,363,162</u>	<u>1,325,740</u>
<b>Current Liabilities</b>		
Provisions	140,298	140,298
Trade & Other Payables	12,375,625	15,961,833
Borrowings	1,782,051	2,142,277
Current Tax Payables	565,665	586,125
Due to Customers on Contract	2,421,425	2,741,810
<b>Total Current Liabilities</b>	<u>17,285,064</u>	<u>21,572,343</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>77,237,386</u>	<u>81,716,064</u>

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

0.54

0.56

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2009**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2009 RM	PRECEDING YEAR QUARTER 31.3.2008 RM	CURRENT YEAR 31.3.2009 RM	PRECEDING YEAR 31.3.2008 RM
Revenue	9,826,200	16,805,184	9,826,200	16,805,184
Cost of Sales	<u>(5,323,218)</u>	<u>(9,932,893)</u>	<u>(5,323,218)</u>	<u>(9,932,893)</u>
Gross Profit	4,502,982	6,872,291	4,502,982	6,872,291
Other Income	788,159	77,423	788,159	77,423
Operating Expenses	(5,156,439)	(6,036,777)	(5,156,439)	(6,036,777)
Finance Costs	(87,298)	(112,821)	(87,298)	(112,821)
Investing Results	<u>2,332</u>	<u>(69,707)</u>	<u>2,332</u>	<u>(69,707)</u>
Profit Before Tax	49,737	730,409	49,737	730,409
Income Tax Expense	<u>(212,592)</u>	<u>26,793</u>	<u>(212,592)</u>	<u>26,793</u>
(Loss)/Profit for the Year	<u>(162,855)</u>	<u>757,202</u>	<u>(162,855)</u>	<u>757,202</u>
<b>Attributable to :</b>				
Equity holders of the Company	(159,246)	943,852	(159,246)	943,852
Minority Interest	<u>(3,609)</u>	<u>(186,650)</u>	<u>(3,609)</u>	<u>(186,650)</u>
(Loss)/Profit for the Year	<u>(162,855)</u>	<u>757,202</u>	<u>(162,855)</u>	<u>757,202</u>
EPS of RM0.50 each - Basic (sen)	(0.17)	1.01	(0.17)	1.01

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

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**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2009**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Reserves							Share- holders Fund	Minority Interest	Total Equity
	Non Distributable				Distributable					
	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	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
Changes in fair valuation of share options granted	-	0	-	3,165	-	-	-	3,165	-	3,165
Issuance of ordinary shares pursuant to ESOS	1,438,500	402	-	(402)	-	-	-	1,438,500	-	1,438,500
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

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2009**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Reserves						Shareholders Fund	Minority Interest	Total Equity	
	Non Distributable				Distributable					
	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 2008	47,631,500	732	(545,154)	25,319	101,464	1,892,893	2,395,877	51,502,631	7,315,350	58,817,981
Currency translation differences	-	-	-	-	(69,132)	-	-	(69,132)	-	(69,132)
Realisation due to dissolution of a subsidiary	-	-	-	-	(71,432)	-	71,432	-	-	-
Net expense recognised directly to equity	-	-	-	-	(39,100)	-	71,432	(69,132)	-	(69,132)
Profit for the period	-	-	-	-	-	-	(159,246)	(159,246)	(3,609)	(162,855)
Total recognised income and expense for the period	-	-	-	-	(39,100)	-	(87,814)	(228,378)	(3,609)	(231,987)
Changes in fair valuation of share options granted	-	0	-	3,165	-	-	-	3,165	-	3,165
At 31 March 2009	47,631,500	732	(545,154)	28,484	(39,100)	1,892,893	2,308,063	51,277,418	7,311,742	58,589,160

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2009**

	Current Year 3 Months Ended 31.3.2009 (Unaudited)	Preceding Year 3 Months Ended 31.3.2008 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	49,737	730,409
Adjustments for non-cash flow:-		
Non-cash items	158,088	586,171
Non-operating items	<u>(21,022)</u>	<u>121,014</u>
Operating profit before changes in working capital	186,802	1,437,594
Net change in current assets	8,310,509	1,991,336
Net change in current liabilities	<u>(3,739,310)</u>	<u>(1,525,687)</u>
Cash generated from operations	4,758,001	1,903,243
Interest paid	(87,298)	-
Interest received	-	61,516
Taxes refunded	59,161	212,372
Taxes paid	<u>(71,268)</u>	<u>(312,992)</u>
Net cash generating from operating activities	<u>4,658,596</u>	<u>1,864,139</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,831)	(36,558)
Proceeds from disposal of property, plant and equipment	-	313,000
Net cash inflows from dissolution of a subsidiary	12,641	-
Interest received	105,988	-
Dividend income	1,053	400
Net cash generated from investing activities	<u>113,851</u>	<u>276,842</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares pursuant to ESOS	-	1,438,500
Repayment of bank borrowings	(58,789)	(132,203)
Interest paid	-	(112,823)
Net decrease in pledged fixed deposits	<u>3,329,156</u>	<u>-</u>
Net cash generated from financing activities	<u>3,270,367</u>	<u>1,193,474</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,042,814	3,334,455
Effect of exchange rate changes	(69,132)	(4,023)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,559,136	18,129,918
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>23,532,818</u>	<u>21,460,350</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Deposits, bank balances and cash	27,902,023	25,802,753
Less : Fixed deposit not readily available for use	<u>(3,400,000)</u>	<u>(3,330,029)</u>
	24,502,023	22,472,724
Bank overdraft	<u>(969,205)</u>	<u>(1,012,374)</u>
	<u>23,532,818</u>	<u>21,460,350</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

**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 2008. 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 2008.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

**A2 Qualified audit report**

The audit report for the year ended 31 December 2008 included qualifications which are reproduced as follows:

**Basis of Qualified Opinion**

- (i) 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 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.
- (ii) As disclosed in Note 22 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 were adjusted to the income statements of the Group and of the Company for the year ended 31 December 2007. The inventory 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 said adjustments and consequently the appropriateness of the carrying value of inventories as at 1 January 2008 of the Company. The matter referred to above does not have any effect on the Group's financial statements for the year ended 31 December 2008.

**Actions taken in year 2008:**

- a) 100% physical count carried out in July 2008 and December 2008 with the presence of external auditor respectively.
- b) improves the inventory system and strengthen the store keeping procedures; and
- c) outsourcing of internal audit functions to a reputable accounting firm.

From the physical count in July 2008 with the presence of external auditor, the stock count differences identified was approximately RM200k or 1% of the total stock value of Industronics Berhad and Industronics Manufacturing Sdn. Bhd.

From the physical count in Dec 2008 with the presence of external auditor, the stock count differences identified was less than 1% of the total stock value of Industronics Berhad and Industronics Manufacturing Sdn Bhd.

**Updates for current quarter ended 31 March 2009:**

The Group's financial statements for the year ended 31 December 2008 is not qualified. However, the Company and a subsidiary's financial statements were qualified due to the reasons mentioned on Basis of Qualified Opinion as stated in paragraph A2 (ii) above.

The Group is continuing its efforts to improve the inventory system and strengthening the store keeping procedures and a limited physical count will be carried out in June /July 2009.

**A3. Seasonal or Cyclical Factors**

The business operations of the Group is generally non seasonal. However, it is subjected to systematic market risk.

**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.

**a. Issuance of equity**

There is no new shares issued in the current quarter under review.

**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 2009 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
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM	RM	RM	RM
<b>Segmental Revenue</b>				
Security systems & M & E	2,924,160	3,527,002	2,924,160	3,527,002
Telecommunication and AV & ITS	1,856,874	874,310	1,856,874	874,310
Electronics products	3,841,546	9,723,571	3,841,546	9,723,571
Fabrication and manufacturing	2,404,077	7,878,633	2,404,077	7,878,633
Other operations	636,573	424,848	636,573	424,848
Total revenue including inter-segment sales	11,663,230	22,428,363	11,663,230	22,428,363
Elimination of inter-segment sales	(1,837,030)	(5,623,179)	(1,837,030)	(5,623,179)
Total	<u>9,826,200</u>	<u>16,805,184</u>	<u>9,826,200</u>	<u>16,805,184</u>
<b>Segmental Results</b>				
Security systems & M & E	316,982	(366,903)	316,982	(366,903)
Telecommunication and AV & ITS	(144,451)	(447,699)	(144,451)	(447,699)
Electronics products	47,073	854,876	47,073	854,876
Fabrication and manufacturing	179,521	1,076,133	179,521	1,076,133
Other operations	(131,621)	(203,470)	(131,621)	(203,470)
Segmental profit	267,504	912,937	267,504	912,937
Elimination of inter-segment transactions	(132,802)	-	(132,802)	-
Profit from operation	<u>134,702</u>	<u>912,937</u>	<u>134,702</u>	<u>912,937</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.

**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 RM9.826 million for the current financial period ended 31 March 2009 was 42% lower compared to RM16.805 million for the previous year corresponding period. Profit before tax of RM0.05 million was lower as compared to RM0.73 million in the previous corresponding period due to low sales recorded in the current financial period.

The profitability of the Group was affected by the current economic climate/slowdown which contributed to the decline in revenue of the Group. This is particularly evident in the electronics products, and fabrication and manufacturing segments.

While the Group anticipates the decline to continue to next quarter, it will nevertheless continue to be prudent and vigilant in managing its business to weather the slowdown.

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

The Group revenue decreased by 61% from RM25.252 million posted in the preceding quarter to RM9.826 million in the current quarter. Pre-tax profit of RM0.05 million for the current quarter was recorded as compared to pre-tax loss of RM5.210 million recorded in the preceding financial quarter mainly due to inventories written down of approximately RM4 million and allowance for doubtful debts of approximately RM4 million in the preceding quarter.

### B3. Current Year Prospects

The Board expects the current year prospects to continue to be challenging in view of the economic slowdown. The Group has sufficient reserves to weather the present situation through prudent financial management and expects to ride on the economic recovery in the near future.

### 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	134,592	134,592
Deferred taxation	78,000	78,000
	<u>212,592</u>	<u>212,592</u>

The effective tax rate of the Group is higher than the statutory tax rate for the financial quarter/period to date principally due to the losses in the Company and certain subsidiaries which are not available for tax relief, partially offset by 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 2009:-

	RM
At cost	1,364,787
At carrying value/book value	215,525
At market value	215,525

**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 2009:-

	RM
<b>a) Secured and unsecured :</b>	
Total secured borrowings	973,397
Total unsecured borrowings	1,408,205
Total borrowings	<u>2,381,602</u>
<b>b) Short Term and Long Term</b>	
Total short-term borrowings	1,782,051
Total long term borrowings	599,551
Total borrowings	<u>2,381,602</u>

**B10. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 26 May 2009, 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 PMC Sdn. Bhd. ("Sukitronics PMC") (formerly known as Sukitronics (Penang) Sdn Bhd) against Mustajab Indah Sdn Bhd ("Mustajab")**

Pursuant to a winding up search on Mustajab, it was found that the said company has been wound up on 20 July 2004. Upon further enquiry with the Insolvency Department, it was confirmed that Sukitronics PMC can still file their Proof of Claim against the company with the Official Receiver. Sukitronics PMC is in the process of collating the documents and settling the proof of claim form. The forms to the Insolvency Department are being settled and once complete, the documents including the Proof of Debt and General Proxy will be filed.

**B12. Dividend**

No dividend has been proposed in the current quarter.

**B13. Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2009	PRECEDING YEAR QUARTER 31.3.2008	CURRENT YEAR 31.3.2009	PRECEDING YEAR 31.3.2008
Basic earnings per share				
Net (loss)/profit for the period	(159,246)	943,852	(159,246)	943,852
Weighted average no. of ordinary shares in issue	94,132,000	93,827,000	94,132,000	93,827,000
Basic earnings per share (sen)	(0.17)	1.01	(0.17)	1.01

**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 26 May 2009.

BY ORDER OF THE BOARD  
INDUSTRONICS BERHAD

26 May 2009