

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

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2009

| | AS AT END OF CURRENT FINANCIAL YEAR END 30.6.2009 RM (Unaudited) | AS AT PRECEDING FINANCIAL YEAR END 31.12.2008 RM (Audited) |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, Plant and Equipment | 14,369,540 | 14,939,344 |
| Prepaid Land Lease Payments | 1,473,536 | 1,483,094 |
| Development Costs | 4,274 | 23,466 |
| Investment Properties | 1,200,014 | 1,219,895 |
| Other Investments | 477,309 | 411,888 |
| Total Non-current assets | <u>17,524,673</u> | <u>18,077,687</u> |
| Current Assets | | |
| Inventories | 10,392,967 | 11,406,731 |
| Due from Customers on Contract | 2,034,022 | 2,973,906 |
| Trade & Other Receivables | 20,618,734 | 25,408,986 |
| Cash and Bank Balances | 26,009,681 | 23,848,754 |
| Total Current Assets | <u>59,055,404</u> | <u>63,638,377</u> |
| TOTAL ASSETS | <u>76,580,077</u> | <u>81,716,064</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share Capital | 47,631,500 | 47,631,500 |
| Treasury Shares, at cost | (545,154) | (545,154) |
| Reserves | 3,575,662 | 4,416,285 |
| Shareholders' funds | <u>50,662,008</u> | <u>51,502,631</u> |
| Minority Interests | 7,130,250 | 7,315,350 |
| Total equity | <u>57,792,258</u> | <u>58,817,981</u> |
| Non-current liabilities | | |
| Borrowings | 518,954 | 640,128 |
| Deferred Tax Liabilities | 773,611 | 685,612 |
| Total Non-current liabilities | <u>1,292,565</u> | <u>1,325,740</u> |
| Current Liabilities | | |
| Provisions | 140,298 | 140,298 |
| Trade & Other Payables | 11,685,883 | 15,961,833 |
| Borrowings | 1,667,558 | 2,142,277 |
| Current Tax Payables | 524,184 | 586,125 |
| Due to Customers on Contract | 3,477,331 | 2,741,810 |
| Total Current Liabilities | <u>17,495,254</u> | <u>21,572,343</u> |
| TOTAL EQUITY AND LIABILITIES | <u>76,580,077</u> | <u>81,716,064</u> |

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

0.54

0.55

(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 30 JUNE 2009**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|---|---|------------------------------------|--------------------------------------|
| | CURRENT YEAR QUARTER 30.6.2009 RM | PRECEDING YEAR QUARTER 30.6.2008 RM | CURRENT YEAR 30.6.2009 RM | PRECEDING YEAR 30.6.2008 RM |
| Revenue | 12,241,847 | 12,870,447 | 22,068,046 | 29,675,631 |
| Cost of Sales | <u>(7,746,129)</u> | <u>(8,606,749)</u> | <u>(13,069,347)</u> | <u>(18,539,642)</u> |
| Gross Profit | 4,495,718 | 4,263,698 | 8,998,700 | 11,135,989 |
| Other Income | 19,715 | 204,005 | 807,875 | 281,429 |
| Operating Expenses | (5,192,485) | (5,735,121) | (10,348,924) | (11,771,898) |
| Finance Costs | (66,739) | (148,326) | (154,036) | (261,147) |
| Investing Results | <u>119,016</u> | <u>(65,797)</u> | <u>121,348</u> | <u>(135,504)</u> |
| (Loss)/Profit Before Tax | (624,775) | (1,481,541) | (575,038) | (751,132) |
| Income Tax Expense | <u>15,513</u> | <u>103,482</u> | <u>(197,079)</u> | <u>130,275</u> |
| (Loss)/Profit for the Year | <u><u>(609,262)</u></u> | <u><u>(1,378,059)</u></u> | <u><u>(772,117)</u></u> | <u><u>(620,857)</u></u> |
| Attributable to : | | | | |
| Equity holders of the Company | (617,770) | (1,191,160) | (777,016) | (247,309) |
| Minority Interest | <u>8,508</u> | <u>(186,899)</u> | <u>4,899</u> | <u>(373,548)</u> |
| (Loss)/Profit for the Year | <u><u>(609,262)</u></u> | <u><u>(1,378,059)</u></u> | <u><u>(772,117)</u></u> | <u><u>(620,857)</u></u> |
| Loss per share of RM0.50 each - Basic (sen) | (0.66) | (1.27) | (0.83) | (0.26) |

(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 30 JUNE 2009**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | <----- Reserves -----> | | | | | | Distributable | Share- holders Fund | Minority Interest | Total Equity |
|--|---------------------------------|------------------|--------------------|-------------------------|--------------------------------|-------------------------|---------------|---------------------------|----------------------|-----------------|
| | <----- Non Distributable -----> | | | | | | | | | |
| | 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 | - | - | - | - | 17,896 | - | - | 17,896 | - | 17,896 |
| Net expense recognised directly to equity | - | - | - | - | 17,896 | - | - | 17,896 | - | 17,896 |
| Loss for the period | - | - | - | - | - | - | (247,308) | (247,308) | (373,548) | (620,856) |
| Total recognised income and expense for the period | - | - | - | - | 17,896 | - | (247,308) | (229,412) | (373,548) | (602,960) |
| Changes in fair valuation of share options granted | - | 0 | - | 6,330 | - | - | - | 6,330 | - | 6,330 |
| Issuance of ordinary shares pursuant to ESOS | 1,438,500 | 402 | - | (402) | - | - | - | 1,438,500 | - | 1,438,500 |
| At 30 June 2008 | 47,631,500 | 732 | (545,154) | 20,916 | 49,642 | 1,892,893 | 8,225,288 | 57,275,817 | 6,849,152 | 64,124,969 |

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | <----- Reserves -----> | | | | | | Distributable | Share- holders Fund | Minority Interest | Total Equity |
|---|---------------------------------|------------------|--------------------|-------------------------|--------------------------------|-------------------------|----------------------|---------------------------|----------------------|-----------------|
| | <----- Non 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 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 | - | - | - | - | (69,937) | - | - | (69,937) | - | (69,937) |
| Realisation due to dissolution of a subsidiary | - | - | - | - | (71,432) | - | 71,432 | - | - | - |
| Net expense recognised directly to equity | - | - | - | - | (141,369) | - | 71,432 | (69,937) | - | (69,937) |
| Profit/(loss) for the period | - | - | - | - | - | - | (777,016) | (777,016) | 4,899 | (772,117) |
| Total recognised income and expense for the period | - | - | - | - | (141,369) | - | (705,584) | (846,953) | 4,899 | (842,054) |
| Dividends paid to minority shareholders of a subsidiary company | - | 0 | - | 0 | - | - | - | - | (190,000) | (190,000) |
| Changes in fair valuation of share options granted | - | 0 | - | 6,330 | - | - | - | 6,330 | - | 6,330 |
| At 30 June 2009 | 47,631,500 | 732 | (545,154) | 31,649 | (39,905) | 1,892,893 | 1,690,293 | 50,662,008 | 7,130,250 | 57,792,258 |

(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 30 JUNE 2009**

| | Current Year 6 Months Ended 30.6.2009 (Unaudited) | Preceding Year 6 Months Ended 30.6.2008 (Unaudited) |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before taxation | (575,038) | (751,132) |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 556,222 | 936,658 |
| Non-operating items | <u>(167,155)</u> | <u>191,103</u> |
| Operating profit/(loss) before changes in working capital | (185,971) | 376,629 |
| Net change in current assets | 6,934,794 | 6,469,800 |
| Net change in current liabilities | <u>(3,599,304)</u> | <u>(3,590,297)</u> |
| Cash generated from operations | 3,149,519 | 3,256,132 |
| Interest paid | (154,036) | - |
| Interest received | - | 205,547 |
| Taxes refunded | 62,202 | 212,372 |
| Taxes paid | <u>(135,406)</u> | <u>(669,343)</u> |
| Net cash generating from operating activities | <u>2,922,279</u> | <u>3,004,708</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (101,227) | (154,456) |
| Proceeds from disposal of property, plant and equipment | 180 | 317,763 |
| Net cash inflows from dissolution of a subsidiary | 53,938 | - |
| Interest received | 199,843 | - |
| Dividend income | 1,989 | 3,234 |
| Net cash generated from investing activities | <u>154,722</u> | <u>166,542</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid to minority shareholders of a subsidiary company | (190,000) | - |
| Proceeds from issuance of ordinary shares pursuant to ESOS | - | 1,438,500 |
| Repayment of bank borrowings | (152,876) | (503,118) |
| Interest paid | - | (261,146) |
| Net decrease in pledged fixed deposits | <u>3,329,156</u> | <u>-</u> |
| Net cash generated from financing activities | <u>2,986,280</u> | <u>674,236</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 6,063,281 | 3,845,485 |
| Effect of exchange rate changes | (69,937) | 17,896 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 15,559,136 | 19,567,754 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>21,552,480</u> | <u>23,431,135</u> |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Deposits, bank balances and cash | 26,009,681 | 28,281,746 |
| Less : Fixed deposit not readily available for use | <u>(3,400,000)</u> | <u>(3,330,029)</u> |
| | 22,609,681 | 24,951,717 |
| Bank overdraft | <u>(1,057,201)</u> | <u>(1,520,582)</u> |
| | <u>21,552,480</u> | <u>23,431,135</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 Auditors' report on preceding annual financial statements

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 in previous quarter interim announcements.

The Company has rectified the inventory issue with the subsidiary accordingly, and the Group inventory for year ended 31 December 2008 has been certified by the external auditors.

The Company and its subsidiary are continuing its efforts to improve the inventory system and strengthening the store keeping procedures and a 100% physical count was carried out in July 2009 with the presence of the external auditor. The stock count differences identified was insignificant of the total stock value.

A3. Seasonal or Cyclical Factors

The business operations of the Group is generally non seasonal. However, it is subjected to systemic 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 30 June 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 |
| | 30.6.2009 | 30.6.2008 | 30.6.2009 | 30.6.2008 |
| | RM | RM | RM | RM |
| Segmental Revenue | | | | |
| Security systems & M & E | 3,848,219 | 1,706,493 | 6,772,379 | 5,233,495 |
| Telecommunication and AV & ITS | 2,228,463 | 2,078,689 | 4,085,336 | 2,952,998 |
| Electronics products | 4,376,473 | 6,257,487 | 8,218,019 | 15,981,058 |
| Fabrication and manufacturing | 2,212,764 | 6,030,904 | 4,616,841 | 13,909,536 |
| Other operations | <u>1,674,000</u> | <u>681,054</u> | <u>2,310,573</u> | <u>1,105,902</u> |
| Total revenue including inter-segment sales | 14,339,918 | 16,754,627 | 26,003,147 | 39,182,990 |
| Elimination of inter-segment sales | <u>(2,098,071)</u> | <u>(3,884,180)</u> | <u>(3,935,101)</u> | <u>(9,507,359)</u> |
| Total | <u>12,241,847</u> | <u>12,870,447</u> | <u>22,068,046</u> | <u>29,675,631</u> |
| Segmental Results | | | | |
| Security systems & M & E | (151,734) | (547,968) | 165,248 | (914,871) |
| Telecommunication and AV & ITS | (47,080) | (46,810) | (52,613) | (494,509) |
| Electronics products | (620,296) | (1,138,498) | (712,141) | (283,622) |
| Fabrication and manufacturing | (5,866) | 437,775 | 173,655 | 1,513,908 |
| Other operations | <u>108,060</u> | <u>53,753</u> | <u>(23,561)</u> | <u>(149,717)</u> |
| Segmental profit | (716,916) | (1,241,748) | (449,412) | (328,811) |
| Elimination of inter-segment transactions | <u>39,864</u> | <u>(25,670)</u> | <u>(92,937)</u> | <u>(25,670)</u> |
| Profit from operation | <u>(677,052)</u> | <u>(1,267,418)</u> | <u>(542,350)</u> | <u>(354,481)</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 RM22.068 million for the current financial period ended 30 June 2009 was 26% lower compared to RM29.676 million for the previous year corresponding period. However, loss before tax of RM0.575 million was marginally lower as compared to loss before tax of RM0.751 million in the previous corresponding period mainly due to improved gross profit margin and lower operating costs 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 increased by 25% from RM9.826 million posted in the preceding quarter to RM12.242 million in the current quarter. Pre-tax loss of RM0.625 million for the current quarter was recorded as compared to pre-tax profit of RM0.05 million recorded in the preceding financial quarter mainly due to higher gain on foreign exchange and allowance for doubtful debts written back 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 | (25,513) | 109,079 |
| Deferred taxation | 10,000 | 88,000 |
| | <u>(15,513)</u> | <u>197,079</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 30 June 2009:-

| | RM |
|------------------------------|-----------|
| At cost | 1,364,787 |
| At carrying value/book value | 292,308 |
| At market value | 292,308 |

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 30 June 2009:-

| | RM |
|------------------------------------|------------------|
| a) Secured and unsecured : | |
| Total secured borrowings | 879,310 |
| Total unsecured borrowings | 1,307,201 |
| Total borrowings | <u>2,186,511</u> |
| b) Short Term and Long Term | |
| Total short-term borrowings | 1,667,558 |
| Total long term borrowings | 518,954 |
| Total borrowings | <u>2,186,511</u> |

B10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 25 August 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. Loss per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|---|---|------------------------------|--------------------------------|
| | CURRENT YEAR QUARTER 30.6.2009 | PRECEDING YEAR QUARTER 30.6.2008 | CURRENT YEAR 30.6.2009 | PRECEDING YEAR 30.6.2008 |
| Basic loss per share | | | | |
| Net (loss)/profit for the period | (617,770) | (1,191,160) | (777,016) | (247,309) |
| Weighted average no. of ordinary shares in issue | 94,132,000 | 93,827,000 | 94,132,000 | 93,827,000 |
| Basic loss per share (sen) | (0.66) | (1.27) | (0.83) | (0.26) |

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 25 August 2009.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

25 August 2009