

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

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2009

	AS AT END OF CURRENT FINANCIAL YEAR END 31.12.2009 RM (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31.12.2008 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	13,932,793	14,939,344
Prepaid Land Lease Payments	1,463,978	1,483,094
Development Costs	-	23,466
Investment Properties	816,132	1,219,895
Other Investments	535,558	411,888
Total Non-current assets	<u>16,748,461</u>	<u>18,077,687</u>
Current Assets		
Inventories	9,598,664	11,406,731
Due from Customers on Contract	1,323,849	2,973,906
Trade & Other Receivables	26,803,652	25,408,986
Cash and Bank Balances	21,606,967	23,848,754
Total Current Assets	<u>59,333,132</u>	<u>63,638,377</u>
TOTAL ASSETS	<u>76,081,593</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	4,453,987	4,416,285
Shareholders' funds	<u>51,540,333</u>	<u>51,502,631</u>
Minority Interests	5,159,556	7,315,350
Total equity	<u>56,699,889</u>	<u>58,817,981</u>
Non-current liabilities		
Borrowings	328,511	640,128
Deferred Tax Liabilities	495,611	685,612
Total Non-current liabilities	<u>824,122</u>	<u>1,325,740</u>
Current Liabilities		
Provisions	76,327	140,298
Trade & Other Payables	14,080,357	15,961,833
Borrowings	2,264,075	2,142,277
Current Tax Payables	625,649	586,125
Due to Customers on Contract	1,511,174	2,741,810
Total Current Liabilities	<u>18,557,582</u>	<u>21,572,343</u>
TOTAL EQUITY AND LIABILITIES	<u>76,081,593</u>	<u>81,716,064</u>

Net Assets per share of RM0.50 each (RM) 0.55 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 31 DECEMBER 2009**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.12.2009 RM	PRECEDING YEAR QUARTER 31.12.2008 RM	CURRENT YEAR 31.12.2009 RM	PRECEDING YEAR 31.12.2008 RM
Revenue	18,332,902	25,252,420	56,086,587	66,082,096
Cost of Sales	<u>(10,300,648)</u>	<u>(20,860,913)</u>	<u>(33,818,702)</u>	<u>(45,430,228)</u>
Gross Profit	8,032,254	4,391,507	22,267,885	20,651,868
Other Income	482,159	591,840	1,585,758	1,331,260
Operating Expenses	(6,312,722)	(9,903,253)	(22,797,239)	(27,412,938)
Finance Costs	(60,203)	(95,722)	(287,315)	(476,990)
Investing Results	<u>(323,733)</u>	<u>(194,141)</u>	<u>(154,586)</u>	<u>(379,315)</u>
Profit/(Loss) Before Tax	1,817,756	(5,209,769)	614,504	(6,286,115)
Income Tax	<u>(127,831)</u>	<u>91,929</u>	<u>(397,548)</u>	<u>300,120</u>
Profit/(Loss) for the Year	<u>1,689,925</u>	<u>(5,117,841)</u>	<u>216,955</u>	<u>(5,985,995)</u>
Attributable to :				
Equity holders of the Company	1,695,648	(5,587,041)	97,565	(6,078,645)
Minority Interest	<u>(5,723)</u>	<u>469,200</u>	<u>119,390</u>	<u>92,650</u>
Profit/(Loss) for the Year	<u>1,689,925</u>	<u>(5,117,841)</u>	<u>216,955</u>	<u>(5,985,995)</u>
Earnings/(Loss) per share of RM0.50 each				
- Basic (sen)	1.80	(5.95)	0.10	(6.48)

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

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 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	-	-	-	-	69,718	-	-	69,718	-	69,718
Net expense recognised directly to equity	-	-	-	-	69,718	-	-	69,718	-	69,718
Loss for the period	-	-	-	-	-	-	(6,078,645)	(6,078,645)	92,650	(5,985,995)
Total recognised income and expense for the period	-	-	-	-	69,718	-	(6,078,645)	(6,008,927)	92,650	(5,916,277)
Changes in fair valuation of share options granted	-	0	-	12,659	-	-	-	12,659	-	12,659
Issuance of ordinary shares pursuant to ESOS	1,438,500	402	-	(402)	-	-	-	1,438,500	-	1,438,500
Transfer to retained earnings	-	0	-	(1,926)	-	-	1,926	-	-	-
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

INDUSTRONICS BERHAD (23699-X)

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	(72,524)	-	-	(72,524)	-	(72,524)
Realisation due to dissolution of a subsidiary	-	-	-	-	(71,432)	-	71,432	-	-	-
Net expense recognised directly to equity	-	-	-	-	(143,956)	-	71,432	(72,524)	-	(72,524)
Profit/(loss) for the period	-	-	-	-	-	-	97,566	97,566	119,390	216,956
Total recognised income and expense for the period	-	-	-	-	(143,956)	-	168,998	25,042	119,390	144,432
Dividends paid to minority shareholders of subsidiaries	-	0	-	0	-	-	-	-	(2,365,125)	(2,365,125)
Changes in fair valuation of share options granted	-	0	-	12,660	-	-	-	12,660	-	12,660
Issuance of ordinary shares by a subsidiary, subscribed by minority shareholders of the subsidiaries	-	-	-	-	-	-	-	-	89,940	89,940
At 31 December 2009	47,631,500	732	(545,154)	37,979	(42,492)	1,892,893	2,564,875	51,540,333	5,159,556	56,699,889

(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 DECEMBER 2009**

	Current Year 12 Months Ended 31.12.2009 (Unaudited)	Preceding Year 12 Months Ended 31.12.2008 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	614,504	(6,286,115)
Adjustments for non-cash flow:-		
Non-cash items	1,469,585	11,143,667
Non-operating items	<u>110,635</u>	<u>(58,034)</u>
Operating profit before changes in working capital	2,194,723	4,799,518
Net change in current assets	1,223,147	4,381,095
Net change in current liabilities	<u>(2,530,889)</u>	<u>(8,890,117)</u>
Cash generated from operations	886,981	290,496
Interest paid	(287,316)	(246,562)
Taxes refunded	258,585	212,373
Taxes paid	<u>(249,340)</u>	<u>(1,061,943)</u>
Net cash generated from/(used in) operating activities	<u>608,909</u>	<u>(805,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(222,677)	(304,851)
Proceeds from disposal of property, plant and equipment	20,740	328,740
Net cash inflows from dissolution of a subsidiary	53,938	-
Proceeds from disposal of transferable membership in golf club	23,500	-
Proceeds from insurance claim on property, plant and equipment	-	4,432
Interest received	360,268	554,911
Dividend income	8,305	11,416
Net cash generated from investing activities	<u>244,074</u>	<u>594,648</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to minority shareholders of subsidiaries	(2,365,125)	-
Proceeds from issuance of ordinary shares pursuant to ESOS	-	1,438,500
Proceeds from issuance of ordinary shares by a subsidiary, subscribed by minority shareholders of the subsidiary	89,940	-
Repayment of bank borrowings	(347,507)	(1,905,188)
Net decrease/(increase) in pledged fixed deposits	<u>6,729,156</u>	<u>(3,399,127)</u>
Net cash generated from/(used in) financing activities	<u>4,106,464</u>	<u>(3,865,815)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,959,447	(4,076,803)
Effect of exchange rate changes	(72,524)	68,185
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,559,136	19,567,754
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>20,446,060</u></u>	<u><u>15,559,136</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Deposits, bank balances and cash	21,606,967	23,848,754
Less : Fixed deposit not readily available for use	<u>-</u>	<u>(6,729,156)</u>
	21,606,967	17,119,598
Bank overdraft	<u>(1,160,907)</u>	<u>(1,560,462)</u>
	<u><u>20,446,060</u></u>	<u><u>15,559,136</u></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

There has been no changes in the status of the auditors' report as reported in the previous quarter interim announcement.

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 31 December 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 YEAR QUARTER 31.12.2009 RM	PRECEDING YEAR QUARTER 31.12.2008 RM	CURRENT YEAR 31.12.2009 RM	PRECEDING YEAR 31.12.2008 RM
Segmental Revenue				
Security systems & M & E	4,375,040	10,293,805	15,072,680	19,308,322
Telecommunication and AV & ITS	5,988,386	4,839,320	15,006,254	9,434,416
Electronics products	5,632,875	8,625,542	19,138,698	28,637,229
Fabrication and manufacturing	2,941,094	3,799,687	9,996,143	21,742,888
Other operations	1,917,172	1,036,197	6,455,532	2,425,305
Total revenue including inter-segment sales	<u>20,854,566</u>	<u>28,594,551</u>	<u>65,669,307</u>	<u>81,548,160</u>
Elimination of inter-segment sales	<u>(2,521,664)</u>	<u>(3,342,131)</u>	<u>(9,582,720)</u>	<u>(15,466,064)</u>
Total	<u>18,332,902</u>	<u>25,252,420</u>	<u>56,086,587</u>	<u>66,082,096</u>
Segmental Results				
Security systems & M & E	344,780	1,500,018	756,005	407,750
Telecommunication and AV & ITS	1,369,184	1,450,094	1,675,370	1,317,718
Electronics products	136,263	(7,551,035)	(1,897,728)	(8,438,140)
Fabrication and manufacturing	(80,490)	(570,322)	40,654	1,422,487
Other operations	92,686	(114,731)	242,426	(378,722)
Segmental profit	<u>1,862,422</u>	<u>(5,285,977)</u>	<u>816,727</u>	<u>(5,668,907)</u>
Elimination of inter-segment transactions	<u>339,270</u>	<u>366,071</u>	<u>239,679</u>	<u>239,097</u>
Profit/(Loss) from operation	<u>2,201,692</u>	<u>(4,919,906)</u>	<u>1,056,405</u>	<u>(5,429,810)</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**

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

Save as disclosed below, 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.

On 23 December 2009, Industronics Multimedia submitted its application to Suruhanjaya Syarikat Malaysia to strike off its name pursuant to Section 308 of the Companies Act 1965.

A12. Contingent Liabilities

There were no material changes in contingent liabilities since the last audited balance sheet date except for the following:

On 21 December 2009, a customer of one of our subsidiary attempted to call upon a Performance Bond in relation to a subcontract agreement. The value of the performance bond is USD227,823.

The said subsidiary has filed for a temporary interim injunction against the claim by the customer and were successful in the said filing.

The subsidiary is currently in negotiation with the said customer for a mutual termination of the said contract. The quantum of any liability arising from this contract is not presently quantified. However, the Group will defend its case against any possible losses, if any.

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 RM56.087 million for the current financial period ended 31 December 2009 was 15% lower compared to RM66.082 million for the previous year corresponding period. Profit before tax of RM0.615 million was recorded compared to loss before tax of RM6.286 million in the previous corresponding period mainly due to higher gross profit achieved and lower expenses incurred for 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 17% from RM15.686 million posted in the preceding quarter to RM18.333 million in the current quarter. Pre-tax profit of RM1.818 million for the current quarter achieved compared to pre-tax loss of RM0.628 million recorded in the preceding financial quarter due to higher gross profit and higher other income in the current 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 financial resources 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	405,831	587,548
Deferred taxation	(278,000)	(190,000)
	<u>127,831</u>	<u>397,548</u>

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

The effective tax rate of the Group is higher than the statutory tax rate for the period to date principally due to the losses in certain subsidiaries which are not available for tax relief, partially offset by the utilisation of unrecognised unutilised tax losses and unrecognised unabsorbed capital allowances from previous years.

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

There were no sales or purchases of unquoted investments and properties during the current quarter, except for the disposal of transferable membership in golf club by a subsidiary at sale consideration of RM30k.

The investment properties of a subsidiary were impaired by RM364k in the current quarter.

B7. Purchase/Disposal of Quoted Investments

(a) There were no purchases or disposals of quoted investment during the current financial period.

(b) Investment in quoted securities as at 31 December 2009:-

	RM
At cost	1,364,787
At carrying value/book value	347,557
At market value	347,557

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 December 2009:-

RM

a) Secured and unsecured :

Total secured borrowings	684,679
Total unsecured borrowings	1,907,907
Total borrowings	<u>2,592,586</u>

b) Short Term and Long Term

Total short-term borrowings	2,264,075
Total long term borrowings	328,511
Total borrowings	<u>2,592,586</u>

B10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 23 February 2010, 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. The Company had on 23 November 2009 filed the Proof of Debt form and General and Special Proxy Forms with the Insolvency Department.

B12. Dividend

No dividend has been proposed in the current quarter.

B13. Basic Earnings/(Loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.12.2009	PRECEDING YEAR QUARTER 31.12.2008	CURRENT YEAR 31.12.2009	PRECEDING YEAR 31.12.2008
Basic earnings/(loss) per share				
Net profit/(loss) for the period	1,695,648	(5,587,041)	97,565	(6,078,645)
Weighted average no. of ordinary shares in issue	94,132,000	93,827,000	94,132,000	93,827,000
Basic earnings/(loss) per share (sen)	1.80	(5.95)	0.10	(6.48)

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 23 February 2010.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

23 February 2010