

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2012 RM	PRECEDING YEAR QUARTER 31.3.2011 RM	CURRENT YEAR 31.3.2012 RM	PRECEDING YEAR 31.3.2011 RM
Revenue	10,905,769	6,913,031	10,905,769	6,913,031
Cost of Sales	<u>(6,732,892)</u>	<u>(4,243,462)</u>	<u>(6,732,892)</u>	<u>(4,243,462)</u>
Gross Profit	4,172,877	2,669,569	4,172,877	2,669,569
Other Income	179,730	118,641	179,730	118,641
Operating Expenses	<u>(4,738,004)</u>	<u>(4,634,240)</u>	<u>(4,738,004)</u>	<u>(4,634,240)</u>
Finance Costs	<u>(44,877)</u>	<u>(58,885)</u>	<u>(44,877)</u>	<u>(58,885)</u>
Loss Before Tax	<u>(430,274)</u>	<u>(1,904,915)</u>	<u>(430,274)</u>	<u>(1,904,915)</u>
Income Tax	<u>(59,722)</u>	<u>(68,756)</u>	<u>(59,722)</u>	<u>(68,756)</u>
Profit/(Loss) for the Period	<u>(489,996)</u>	<u>(1,973,672)</u>	<u>(489,996)</u>	<u>(1,973,672)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	841	4,587	841	4,587
	<u>841</u>	<u>4,587</u>	<u>841</u>	<u>4,587</u>
Total comprehensive income/(loss) for the period	<u>(489,155)</u>	<u>(1,969,084)</u>	<u>(489,155)</u>	<u>(1,969,084)</u>
Profit/(Loss) Attributable to :				
Owners of the Company	<u>(503,110)</u>	<u>(1,881,586)</u>	<u>(503,110)</u>	<u>(1,881,586)</u>
Non-Controlling Interest	<u>13,114</u>	<u>(92,086)</u>	<u>13,114</u>	<u>(92,086)</u>
Profit/(Loss) for the Period	<u>(489,996)</u>	<u>(1,973,672)</u>	<u>(489,996)</u>	<u>(1,973,672)</u>
Total Comprehensive Income/(Loss) Attributable to :				
Owners of the Company	<u>(502,275)</u>	<u>(1,867,555)</u>	<u>(502,275)</u>	<u>(1,867,555)</u>
Non-Controlling Interest	<u>13,120</u>	<u>(101,530)</u>	<u>13,120</u>	<u>(101,530)</u>
	<u>(489,155)</u>	<u>(1,969,084)</u>	<u>(489,155)</u>	<u>(1,969,084)</u>
Earnings/(Loss) per share of RM0.50 each				
- Basic (sen)	(0.53)	(2.00)	(0.53)	(2.00)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012**

	AS AT END OF CURRENT FINANCIAL YEAR END 31.3.2012 RM (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31.12.2011 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	15,833,976	16,011,484
Investment Properties	820,939	830,877
Other Investments	111,001	111,001
Total Non-current assets	<u>16,765,916</u>	<u>16,953,362</u>
Current Assets		
Inventories	7,499,464	7,852,354
Due from Customers on Contract	12,018,017	7,185,024
Trade & Other Receivables	14,144,833	14,834,300
Cash and Bank Balances	27,024,071	31,680,417
Total Current Assets	60,686,385	61,552,095
Assets of disposal group classified as held for sale	-	391,817
TOTAL ASSETS	<u>77,452,301</u>	<u>78,897,274</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	47,631,500	47,631,500
Treasury Shares, at cost	(545,154)	(545,154)
Reserves	4,198,177	4,700,452
Shareholders' funds	51,284,523	51,786,798
Non-Controlling Interest	3,887,831	3,874,711
Total equity	<u>55,172,354</u>	<u>55,661,509</u>
Non-current liabilities		
Borrowings	235,037	281,226
Deferred Tax Liabilities	1,001,777	1,001,777
Total Non-current liabilities	<u>1,236,814</u>	<u>1,283,003</u>
Current Liabilities		
Provisions	121,055	121,055
Trade & Other Payables	18,258,895	18,375,445
Borrowings	1,167,675	1,769,033
Current Tax Payables	580,801	965,589
Due to Customers on Contract	914,707	568,358
Total Current Liabilities	<u>21,043,133</u>	<u>21,799,480</u>
Liabilities directly associated with assets classified as held for sale	-	153,282
TOTAL EQUITY AND LIABILITIES	<u>77,452,301</u>	<u>78,897,274</u>
 Net Assets per share of RM0.50 each (RM)	 0.54	 0.55

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2012**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Reserves									Total Equity
	Non Distributable						Distributable Retained earnings/ (accumulated losses)	Share- holders Fund	Non-Controlling Interest	
	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 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 gain/(loss) for the period	-	-	-	-	835	-	(503,110)	(502,275)	13,120	(489,155)
At 31 March 2012	47,631,500	732	(545,154)	-	(8,831)	2,889,122	1,317,154	51,284,523	3,887,831	55,172,354
At 31 December 2010	47,631,500	732	(545,154)	50,638	(1,926)	2,889,122	(1,619,575)	48,405,337	4,492,054	52,897,391
Total comprehensive loss for the period	-	-	-	-	14,031	-	(1,881,586)	(1,867,555)	(101,530)	(1,969,085)
Changes in fair valuation of share options granted	-	-	-	3,164	-	-	-	3,164	-	3,164
At 31 March 2011	47,631,500	732	(545,154)	53,802	12,105	2,889,122	(3,501,161)	46,540,946	4,390,525	50,931,471

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2012**

	Current Year 3 Months Ended 31.3.2012 (Unaudited)	Preceding Year 3 Months Ended 31.3.2011 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(430,274)	(1,904,916)
Adjustments for non-cash flow:-		
Non-cash items	204,778	378,770
Non-operating items	<u>(28,685)</u>	<u>(19,980)</u>
Operating profit/(loss) before changes in working capital	(254,180)	(1,546,126)
Net change in current assets	(3,848,601)	3,360,239
Net change in current liabilities	<u>(35,550)</u>	<u>(3,805,487)</u>
Cash generated from/(used in) operations	(4,138,331)	(1,991,374)
Interest paid	(44,877)	(58,885)
Taxes refunded	-	100,500
Taxes paid	<u>(458,854)</u>	<u>(125,928)</u>
Net cash generated from/(used in) operating activities	<u>(4,642,062)</u>	<u>(2,075,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,886)	(20,421)
Net cash inflow from disposal of a subsidiary	214,269	-
Interest received	99,330	76,740
Net cash generated from investing activities	<u>303,713</u>	<u>56,320</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of bank borrowings	(45,026)	(74,283)
Net cash (used in)/generated from financing activities	<u>(45,026)</u>	<u>(74,283)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,383,376)	(2,093,649)
Effect of exchange rate changes	841	4,587
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,413,727	20,056,658
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>26,031,192</u>	<u>17,967,596</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Deposits, bank balances and cash	27,024,071	20,012,698
Less : Fixed deposit not readily available for use	-	(171,946)
	<u>27,024,071</u>	<u>19,840,752</u>
Bank overdraft	<u>(992,879)</u>	<u>(1,873,156)</u>
	<u>26,031,192</u>	<u>17,967,596</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

INDUSTRONICS BERHAD (23699-X)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. 1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. The transition from FRS to MFRS does not have any material impact on the financial position and the statement of cash flows to the Group.

A2. Auditors' report on preceding annual financial statements

The Group's financial statements for the year ended 31 December 2011 is not qualified.

A3. Seasonal or Cyclical Factors

The business operations of the Group is generally non seasonal. The nature of the group's business is primarily project based and hence impact on the Group 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 March 2012 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

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

- | | |
|---|---|
| Telecommunication | - Supply and service of telecommunication equipment, audio visual multimedia systems, intelligent transportation system and major system integration projects involving Information Communication Technology. |
| 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. |
| Electronics products | - Design, manufacturing and installation of electronics and microprocessor controlled products. Renting of electronic board. Trading, maintenance and supply of industrial electronic equipment. |
| Fabrication and manufacturing | - Involving in precision sheet metal fabrications works and manufacturing of precision fabrication. |
| Other operations | - Provide consultation project management and system integration services in industrial automation. Design, manufacture and distribution of power electronics products. |

A8. Segmental Reporting (Continued)

(a) Information about reportable segments

Business segments:														
	Telecommunication		Security systems & M&E		Electronics products		Fabrication and manufacturing		Other Operations		Adjustments and eliminations		Per consolidated financial statements	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	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
Revenue														
External customers	5,301	1,256	1,596	932	2,108	3,276	1,453	1,441	447	7	-	-	10,906	6,913
Inter-segment	19	-	1	1	327	296	1,043	1,127	-	-	(1,390)	(1,424)	-	-
Total revenue	5,320	1,256	1,597	933	2,435	3,572	2,497	2,568	447	7	(1,390)	(1,424)	10,906	6,913
Results														
Interest income	60	32	1	12	45	33	0	-	-	-	(6)	-	99	77
Finance costs	12	2	3	5	17	30	19	21	0	-	(6)	-	45	58
Depreciation	12	6	34	60	87	94	60	118	4	4	-	-	197	282
Segment profit/(loss)	1,072	(296)	(358)	(706)	(893)	(410)	(8)	(175)	(244)	(308)	0	(10)	(430)	(1,905)
Segment assets	18,720	7,328	16,860	14,411	38,094	40,485	5,973	7,880	1,615	1,449	(3,810)	(3,025)	77,452	68,528
Segment liabilities	(4,539)	(2,108)	(8,379)	(3,966)	(6,209)	(6,587)	(2,593)	(6,794)	(7,113)	(6,982)	6,554	8,842	(22,280)	(17,597)
Capital expenditure	4	7	1	2	1	6	4	5	1	-	-	-	10	21
Geographical segments:														
	Malaysia		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements					
	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Revenue														
Revenue from external customers			9,167	5,257	1,507	1,656	232	-	-	-	-	-	10,906	6,913
Segment assets			78,232	69,185	2,793	2,213	238	156	(3,810)	(3,025)			77,452	68,528
Capital expenditure			10	21	-	-	-	-	-	-	-	-	10	21

A9. Valuation of property, plant and equipment

The valuations of land and building 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

Other than 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.

The Group disposed of its entire 100% equity interest in SKT Innova Sdn Bhd on 27 February 2012 for a total consideration of RM265,979.

A11. Effect of Changes in the Composition of the Group (Continued)

The disposal has the following financial effects on the Group for financial period ended 31 March 2012:-

	RM
Property, plant and equipment	(5,089)
Inventories	(125,005)
Trade and other receivables	(263,225)
Cash and bank balances	(51,710)
Trade and other payables	<u>153,282</u>
	(291,747)
Disposal proceeds	<u>265,979</u>
Loss on disposal to the Group	<u>(25,768)</u>
Disposal proceeds settled by:-	
Cash	265,979
Cash inflow/(outflow) arising from disposals:	
Cash consideration	265,979
Cash and cash equivalents of subsidiary disposed	<u>(51,710)</u>
Net cash inflow from disposal	<u>214,269</u>

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.

A14. Profit/(loss) Before Taxation

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

	Q112	Q111	YTD 12	YTD 11
Interest income	(99,330)	(76,740)	(99,330)	(76,740)
Other income	(179,731)	(118,641)	(179,731)	(118,641)
Interest expense	44,877	58,885	44,877	58,885
Depreciation	196,942	282,365	196,942	282,365
Realised foreign exchange gain or loss	34,574	14,049	34,574	14,049
Unrealised foreign exchange gain or loss	118,506	96,286	118,506	96,286

ADDITIONAL INFORMATION REQUIRED BY THE BMSB LISTING REQUIREMENTS

B1. Review of Performance

Quarter ended 31 March 2012(1Q12) compared with quarter ended 31 March 2011(1Q11)

Group revenue achieved of RM10.9 million compared to RM6.9 million in 1Q11 due to higher revenue of RM5.3 million recorded in the telecommunication segment. Improved revenue recorded for most business segments compared with 1Q11 contributed to a lower loss of RM0.43 million compared to RM1.90 million in 1Q11.

Telecommunication segment recorded a revenue of RM5.3 million resulting from the substantial progress of works recognised for several key projects undertaken. This has also contributed to the segment profit of RM1.0 million for current quarter.

B2. Material Changes in the Quarterly Results (1Q12) compared to the Results of the Preceding Quarter (4Q11)

Group recorded a lower revenue of RM10.9 million in 1Q12 compared to RM26.4 million in 4Q11 due to higher revenue recorded of RM7.7 million and RM10.5 million in 4Q11 for security system & M&E and electronics products segments respectively. In 4Q11, electronics products segments recognised a substantial variation order of a past project undertaken and resumption of project undertaken in security systems & M&E division contributed to the overall higher revenue for 4Q11.

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 our 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 business. 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
Current taxation	59,722
Deferred taxation	-
	<hr/> <u>59,722</u>

The effective tax rate of the Group is higher than the statutory tax rate for the current quarter to date principally due to the losses in the Company and certain subsidiaries.

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.

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

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 31 March 2012:-

	RM
a) Secured and unsecured :	
Total secured borrowings	409,833
Total unsecured borrowings	<u>992,879</u>
Total borrowings	<u>1,402,712</u>
b) Short Term and Long Term	
Total short-term borrowings	1,167,675
Total long term borrowings	<u>235,037</u>
Total borrowings	<u>1,402,712</u>

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 31.3.2012 RM
Total accumulated losses of Industronics Berhad and its subsidiaries:	
- Realised	(14,468,073)
- Unrealised	(189,899)
Less: consolidation adjustments	15,975,126
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>1,317,154</u>

B12. Material Litigations

There are no material litigations since the last financial quarter except the following:

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 Arbitration Hearing was held from 12th - 16th March 2012 before the Arbitrator and the Arbitrator had further fixed the Arbitration for Continued Hearing from 18th until 21st September 2012 and from 9th until 12th October 2012.

B13. Dividend

No dividend has been proposed in the current quarter.

B14. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2012	PRECEDING YEAR QUARTER 31.3.2011	CURRENT YEAR 31.3.2012	PRECEDING YEAR 31.3.2011
Basic earnings/(loss) per share				
Net loss for the period	(503,110)	(1,881,586)	(503,110)	(1,881,586)
Weighted average no. of ordinary shares in issue	94,132,000	94,132,000	94,132,000	94,132,000
Basic earnings/(loss) per share (sen)	(0.53)	(2.00)	(0.53)	(2.00)

B15. Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

22 May 2012