

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 30.9.2013 (unaudited) RM	PRECEDING YEAR QUARTER 30.9.2012 (unaudited) RM	CURRENT YEAR 30.9.2013 (unaudited) RM	PRECEDING YEAR 30.9.2012 (unaudited) RM
Revenue	5,943,832	13,491,091	32,746,464	33,913,381
Cost of Sales	<u>(4,482,900)</u>	<u>(9,364,841)</u>	<u>(23,772,423)</u>	<u>(22,362,805)</u>
Gross Profit	1,460,932	4,126,250	8,974,041	11,550,576
Other Income	495,507	141,916	2,531,157	652,036
Operating Expenses	(5,314,982)	(4,897,368)	(16,162,814)	(14,507,399)
Finance Costs	(40,892)	(34,425)	(127,473)	(112,788)
Loss before Tax	<u>(3,399,435)</u>	<u>(663,627)</u>	<u>(4,785,089)</u>	<u>(2,417,574)</u>
Income Tax	<u>8,292</u>	<u>603,545</u>	<u>(15,057)</u>	<u>460,742</u>
Loss for the Period	<u>(3,391,143)</u>	<u>(60,082)</u>	<u>(4,800,146)</u>	<u>(1,956,832)</u>
Other comprehensive (loss)/income, net of tax:				
Foreign currency translation differences for foreign operations	(20,123)	4,566	(37,280)	63,315
	<u>(20,123)</u>	<u>4,566</u>	<u>(37,280)</u>	<u>63,315</u>
Total comprehensive loss for the period	<u>(3,411,266)</u>	<u>(55,516)</u>	<u>(4,837,426)</u>	<u>(1,893,517)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	(3,342,045)	(519,792)	(5,058,442)	(2,626,660)
Non-Controlling Interest	<u>(49,098)</u>	<u>459,710</u>	<u>258,296</u>	<u>669,828</u>
Loss for the Period	<u>(3,391,143)</u>	<u>(60,082)</u>	<u>(4,800,146)</u>	<u>(1,956,832)</u>
<b>Total Comprehensive Income/(loss) Attributable to :</b>				
Owners of the Company	(3,388,870)	(514,744)	(5,150,036)	(2,581,898)
Non-Controlling Interest	<u>(22,396)</u>	<u>459,228</u>	<u>312,610</u>	<u>688,381</u>
	<u>(3,411,266)</u>	<u>(55,516)</u>	<u>(4,837,426)</u>	<u>(1,893,517)</u>
Earnings/(loss) per share of RM0.50 each				
- Basic (sen)	(3.55)	(0.55)	(5.37)	(2.79)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.9.2013 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2012 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	16,854,265	15,356,176
Investment Properties	761,293	791,116
Other Investments	10,606,324	117,001
<b>Total Non-current assets</b>	<u>28,221,882</u>	<u>16,264,293</u>
<b>Current Assets</b>		
Inventories	6,085,657	7,216,035
Due from Customers on Contract	11,623,866	10,481,445
Trade & Other Receivables	13,948,919	16,173,318
Cash and Bank Balances	11,515,603	29,753,564
<b>Total Current Assets</b>	<u>43,174,045</u>	<u>63,624,362</u>
<b>TOTAL ASSETS</b>	<u>71,395,927</u>	<u>79,888,655</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	47,631,500	47,631,500
Treasury Shares, at cost	(545,154)	(545,154)
Reserves	(2,641,655)	2,508,380
<b>Shareholders' funds</b>	<u>44,444,691</u>	<u>49,594,726</u>
Non-Controlling Interest	5,077,784	4,765,174
<b>Total equity</b>	<u>49,522,475</u>	<u>54,359,900</u>
<b>Non-current liabilities</b>		
Borrowings	338,170	114,641
Deferred Tax Liabilities	858,104	943,754
<b>Total Non-current liabilities</b>	<u>1,196,274</u>	<u>1,058,395</u>
<b>Current Liabilities</b>		
Provisions	139,928	139,928
Trade & Other Payables	16,554,687	20,594,027
Borrowings	3,419,576	3,487,953
Current Tax Payables	134,240	60,745
Due to Customers on Contract	428,747	187,707
<b>Total Current Liabilities</b>	<u>20,677,178</u>	<u>24,470,360</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>71,395,927</u>	<u>79,888,655</u>

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

0.47

0.53

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	<----- Reserves ----->						Share- holders Fund	Non-Controlling Interest	Total Equity
	<-----Non Distributable----->			Distributable					
	Share capital	Share premium	Treasury shares	Foreign currency reserve	Revaluation reserves	Retained earnings/ (accumulated losses)			
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2012	47,631,500	732	(545,154)	40,925	2,889,122	(422,399)	49,594,726	4,765,174	54,359,900
Total comprehensive loss for the period	-	-	-	(91,594)		(5,058,442)	(5,150,036)	312,610	(4,837,425)
Arising from disposal of properties	-	-	-	-	(612,245)	612,245	-	-	-
At 30 September 2013	47,631,500	732	(545,154)	(50,669)	2,276,877	(4,868,596)	44,444,690	5,077,784	49,522,475
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 loss for the period	-	-	-	44,763	-	(2,626,660)	(2,581,897)	688,381	(1,893,516)
At 30 September 2012	47,631,500	732	(545,154)	35,097	2,889,122	(806,396)	49,204,901	4,563,092	53,767,993

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**INDUSTRONICS BERHAD (23699-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	Current Year 9 Months Ended 30.9.2013 (Unaudited)	Preceding Year 9 Months Ended 30.9.2012 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,785,089)	(2,417,574)
Adjustments for non-cash flow:-		
Non-cash items	(601,517)	492,286
Non-operating items	<u>(94,633)</u>	<u>(173,803)</u>
Operating loss before changes in working capital	(5,481,239)	(2,099,091)
Net change in current assets	872,015	(1,696,742)
Net change in current liabilities	<u>(3,214,803)</u>	<u>2,527,424</u>
Cash used in operations	(7,824,027)	(1,268,409)
Interest paid	(127,473)	(112,787)
Taxes refunded	-	60,000
Taxes paid	<u>(106,880)</u>	<u>(532,353)</u>
Net cash used in operating activities	<u>(8,058,380)</u>	<u>(1,853,549)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,955,072)	(69,694)
Purchase of quoted investments	(10,489,323)	-
Proceeds from disposal of property, plant and equipment	3,145,700	-
Net cash (outflow)/inflow from disposal of subsidiaries	(3,637)	214,269
Deposit from disposal of associated company	100,000	-
Interest received	124,879	312,358
Net cash (used in)/generated from investing activities	<u>(10,077,453)</u>	<u>456,933</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of bank borrowings	(290,952)	(414,915)
Net drawdown/(repayment) of hire purchase	(127,084)	80,000
Net cash used in financing activities	<u>(418,036)</u>	<u>(334,915)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,553,869)	(1,731,531)
Effect of exchange rate changes	(37,280)	63,315
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,734,380	30,413,727
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>10,143,231</u>	<u>28,745,511</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	11,515,603	29,310,071
Bank overdraft	<u>(1,372,372)</u>	<u>(564,560)</u>
	<u>10,143,231</u>	<u>28,745,511</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

These condensed consolidated interim financial statement, for the financial period ended 30 September 2013 have not been audited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2013:-

Amendments to MFRS 101: <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to MFRS 101: <i>Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
MFRS 3: <i>Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)</i>	1 January 2013
MFRS 10: <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11: <i>Joint Arrangements</i>	1 January 2013
MFRS 12: <i>Disclosure of interests in Other Entities</i>	1 January 2013
MFRS 13: <i>Fair Value Measurement</i>	1 January 2013
MFRS 119: <i>Employee Benefits</i>	1 January 2013
MFRS 128: <i>Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)</i>	1 January 2013
MFRS 127: <i>Separate Financial Statements (IAS 27 as amended by IASB in May 2011)</i>	1 January 2013
MFRS 127: <i>Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)</i>	1 January 2013
Amendment to IC Interpretation 2: <i>Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 7: <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 1: <i>First-time Adoption of Malaysian Financial Reporting Standards – Government Loans</i>	1 January 2013
Amendments to MFRS 1: <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 116: <i>Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 132: <i>Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 134: <i>Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 10: <i>Consolidated Financial Statements: Transition Guidance</i>	1 January 2013
Amendments to MFRS 11: <i>Joint Arrangements: Transition Guidance</i>	1 January 2013
Amendments to MFRS 12: <i>Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013

The adoption of the above standards and interpretations will have no material impact on the financial statements of the Group.

**A2. Auditors' report on the preceding year's audited financial statements**

The Group's financial statements for the financial year ended 31 December 2012 is not qualified.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A3. Seasonal or Cyclical Factors**

The business operations of the Group is generally non-seasonal and not subject to any seasonal or cyclical factors. The nature of the group's business is primarily project based and hence impact on the Group is subjected to systemic market risk.

**A4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 September 2013.

**A5. Changes in estimates**

There is no significant change in estimates of amounts reported in prior financial year that have a material effect in the current period.

**A6. Debt and Equity Securities**

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayments of debt and equity securities for the current financial period.

a. Issuance of equity

There are 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 current quarter under review.

The total number of shares held as treasury shares as at 30 September 2013 is 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 under review.

**A7. Dividend paid**

There were no dividends paid during the current financial period.

**A8. Segmental Reporting**

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

Electronics & system integration	- Design, manufacturing and installation of electronics and microprocessor controlled products. Trading, maintenance and supply of industrial electronic equipment. Intelligent transportation system and major system integration projects involving Information Communication Technology, supply and service of telecommunication equipment, audio visual multimedia systems.
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.
Environmental & scada system	- Design and Scada integration in environmental monitoring services.
Sheet metal fabrication	- Involving in precision sheet metal fabrications works and manufacturing of precision fabrication.
Other operations	- Assemble and maintain electronic display system of public security and fire systems.

**Geographical Segments**

Malaysia	- All main businesses disclosed in primary reporting format-business segments
Hong Kong	- The development of IT applications.
Singapore	- Trading, maintenance and supply of industrial electrical equipment.
Vietnam	- Supply, construction and maintenance of specialised mechanical and electrical equipment and electronic display, engineering service provider for these equipment together with fire protection and air-conditioning ventilation equipment.

The comparatives of these reportable operating segments have been restated accordingly.

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting (Continued)**

**a. Individual quarter**

Business segments:														
Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Environmental & Scada System		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12
	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
<b>Revenue</b>														
External customers	4,156	7,712	1,378	4,209	-	232	406	1,211	5	127	-	-	5,945	13,491
Inter-segment	724	1,293	35	294	-	1,731	74	83	18	28	(851)	(3,429)	-	-
<b>Total revenue</b>	<b>4,879</b>	<b>9,005</b>	<b>1,413</b>	<b>4,503</b>	<b>-</b>	<b>1,963</b>	<b>480</b>	<b>1,294</b>	<b>23</b>	<b>155</b>	<b>(851)</b>	<b>(3,429)</b>	<b>5,945</b>	<b>13,491</b>
<b>Results</b>														
Interest income	25	111	-	-	-	-	-	-	-	-	-	(6)	25	105
Finance costs	17	23	10	6	-	-	13	11	-	1	-	(6)	41	35
Depreciation	115	103	40	33	-	4	30	37	165	16	-	-	350	193
Segment profit/(loss)	(961)	(518)	80	185	-	(192)	(284)	15	(2,225)	(56)	(10)	(97)	(3,400)	(663)
<b>Segment assets</b>	<b>52,155</b>	<b>61,645</b>	<b>20,813</b>	<b>18,268</b>	<b>-</b>	<b>1,066</b>	<b>2,774</b>	<b>3,701</b>	<b>4,318</b>	<b>495</b>	<b>(8,664)</b>	<b>(7,809)</b>	<b>71,396</b>	<b>77,367</b>
<b>Segment liabilities</b>	<b>(6,360)</b>	<b>(13,039)</b>	<b>(9,861)</b>	<b>(9,731)</b>	<b>-</b>	<b>(2,777)</b>	<b>(1,719)</b>	<b>(2,274)</b>	<b>(12,305)</b>	<b>(7,638)</b>	<b>8,372</b>	<b>11,860</b>	<b>(21,873)</b>	<b>(23,599)</b>
<b>Capital expenditure</b>	<b>58</b>	<b>25</b>	<b>(247)</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(187)</b>	<b>41</b>
<b>Geographical segments:</b>														
			Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements	
			30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>														
Revenue from external customers			5,830	11,752	-	-	115	1,507	-	232	-	-	5,945	13,491
<b>Segment assets</b>			<b>72,555</b>	<b>82,055</b>	<b>3,762</b>	<b>-</b>	<b>3,311</b>	<b>2,921</b>	<b>431</b>	<b>200</b>	<b>(8,664)</b>	<b>(7,809)</b>	<b>71,396</b>	<b>77,367</b>
<b>Capital expenditure</b>			<b>(189)</b>	<b>41</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(187)</b>	<b>41</b>

**b. Cumulative quarter**

Business segments:														
Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Environmental & Scada System		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12
	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
<b>Revenue</b>														
External customers	20,464	17,770	9,788	10,214	250	1,287	2,128	4,071	117	571	-	-	32,747	33,913
Inter-segment	2,472	3,224	37	311	79	1,731	171	145	100	98	(2,859)	(5,508)	-	-
<b>Total revenue</b>	<b>22,936</b>	<b>20,994</b>	<b>9,825</b>	<b>10,525</b>	<b>329</b>	<b>3,018</b>	<b>2,299</b>	<b>4,216</b>	<b>216</b>	<b>669</b>	<b>(2,859)</b>	<b>(5,508)</b>	<b>32,747</b>	<b>33,913</b>
<b>Results</b>														
Interest income	125	331	0	1	-	-	-	-	-	-	-	(19)	125	312
Finance costs	67	75	25	16	-	1	34	37	1	3	-	(19)	127	113
Depreciation	310	308	112	100	-	11	89	117	269	49	-	-	780	585
Segment profit/(loss)	(1,517)	(1,641)	1,719	(38)	(229)	(496)	(440)	246	(4,308)	(393)	(11)	(95)	(4,785)	(2,418)
<b>Segment assets</b>	<b>52,155</b>	<b>61,645</b>	<b>20,813</b>	<b>18,268</b>	<b>-</b>	<b>1,066</b>	<b>2,774</b>	<b>3,701</b>	<b>4,318</b>	<b>495</b>	<b>(8,664)</b>	<b>(7,809)</b>	<b>71,396</b>	<b>77,367</b>
<b>Segment liabilities</b>	<b>(6,361)</b>	<b>(13,039)</b>	<b>(9,861)</b>	<b>(9,731)</b>	<b>-</b>	<b>(2,777)</b>	<b>(1,719)</b>	<b>(2,274)</b>	<b>(12,305)</b>	<b>(7,638)</b>	<b>8,372</b>	<b>11,860</b>	<b>(21,873)</b>	<b>(23,599)</b>
<b>Capital expenditure</b>	<b>551</b>	<b>48</b>	<b>67</b>	<b>16</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>	<b>2,337</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>2,955</b>	<b>69</b>
<b>Geographical segments:</b>														
			Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements	
			30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12	30.9.13	30.9.12
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>														
Revenue from external customers			30,508	30,699	-	-	2,239	2,865	-	349	-	-	32,747	33,913
<b>Segment assets</b>			<b>72,556</b>	<b>82,055</b>	<b>3,762</b>	<b>-</b>	<b>3,311</b>	<b>2,921</b>	<b>431</b>	<b>200</b>	<b>(8,664)</b>	<b>(7,809)</b>	<b>71,396</b>	<b>77,367</b>
<b>Capital expenditure</b>			<b>618</b>	<b>66</b>	<b>2,337</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,955</b>	<b>69</b>

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

The valuations of land and building have been brought forward, without amendments from the previous audited financial statements for the financial year ended 31 December 2012.

**A10. Subsequent Events**

As at 28 November 2013, being the latest practicable date ("LPD") prior to the issue of this quarterly report, save as disclosed below, there were no other material events:

a. Resale of Treasury Shares

On 11 November 2013, the Group has disposed off 1,131,000 treasury shares at an average price of RM0.62. The consideration received was RM701,220 and gain arising from the disposal is approximately RM152,850.

b. Establishment of a share issuance scheme

On 5 June 2013, on behalf of the Board of Directors of Industritronics Berhad ("IB" or the "Company") ("Board"), TA Securities Holdings Berhad ("TA Securities") had announced that the Company proposes to establish and implement a share issuance scheme of up to fifteen percent (15%) of the Company's issued and paid-up share capital (excluding treasury shares) at any one time during the duration of the scheme ("Proposed SIS"), for the Directors and employees of IB and its subsidiaries ("IB Group") (excluding dormant subsidiaries) who fulfil the eligibility criteria set out in the by-laws governing the Proposed SIS ("By-Laws").

The Proposed SIS will involve the granting of options ("SIS Options") to the Directors and employees of the IB Group (excluding dormant subsidiaries), who meet the criteria of eligibility for participation in the Proposed SIS ("Eligible Persons"), to subscribe for new ordinary shares of RM0.50 each in IB ("IB Shares") in accordance with the By-Laws.

The shareholders of IB had on 26 June 2013 approved the Proposed SIS at an extraordinary general meeting held. The Company has effectively implemented the share issuance scheme on 12 November 2013.

On 12 Nov 2013, the Company offered and granted 10,000,000 options to eligible persons to subscribe for new ordinary shares of RM0.50 each in the Company ("Options") under the share issuance scheme. As at LPD, the 10,000,000 Options still remained unexercised.

c. Disposal of quoted shares held for investment

On 13 November 2013, the Group has disposed in the open market an aggregate of 10,000,000 ordinary shares of RM0.10 in Solution Engineering Holdings Berhad ("SEHB"), a public company listed on ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of approximately RM3.05 million.

Subsequently on 14 November 2013, the Group has disposed in the open market an aggregate of 24,200,000 SEHB's shares for a total cash consideration of approximately RM7.49 million.

The expected gain arising from the disposal of SEHB's shares are approximately RM1.11 million and RM2.79 million respectively.

The balance of Industritronics' shareholding in SEHB subsequent to the disposal of SEHB's shares is 20,041,900 ordinary shares of RM0.10 each, representing approximately 10.8% of the existing issued and paid-up capital of SEHB.



**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 quarter under review including business combination, acquisition of subsidiaries and long term investment, restructuring and discontinuing operations.

- a. On 1 July 2013, the Group entered into a Sale and Purchase of Shares Agreement to dispose of fifty five percent (55%) equity interest held in Dasar Spektrum (M) Sdn Bhd (DSSB) and Asian Advertising (M) Sdn Bhd (AASB), both are subsidiary of the Company, comprising 110,000 and 165,000 ordinary shares of RM1.00 each respectively to Goh Pick Ting for a cash consideration of RM1 respectively.

The disposal has the following financial effects on the Group for the financial period ended 30 September 2013:

	DSSB	AASB	Total
	RM	RM	RM
Net assets at date of disposal	-	-	-
Disposal proceeds	1	1	2
Gain on disposal to the Group	<u>1</u>	<u>1</u>	<u>2</u>
Disposal proceeds settled by:-			
Cash	1	1	2
Cash inflow/(outflow) arising from disposals:			
Cash consideration	1	1	2
Cash and cash equivalents of subsidiary disposed	-	-	-
Net cash inflow from disposal	<u>1</u>	<u>1</u>	<u>2</u>

- b. On 24 July 2013, the Company had announced that Sukitronics Co. Ltd, a subsidiary of Sukitronics Sdn. Bhd. in Vietnam, which is in turn a 51% owned subsidiary of the Company, had received an official letter from the Department of Planning & Investment of Ho Chi Minh City that Sukitronics Co. Ltd had been officially dissolved on 10 July 2013.

Sukitronics Co. Ltd was currently dormant and the dissolution of Sukitronics Co. Ltd. will not have any material effect on the earnings, gearing and net assets of the Company for the financial period ended 30 September 2013.

- c. On 13 September 2013, the Group entered into a Sale and Purchase of Shares Agreement to dispose of the entire issued and paid-up share capital of Industronics AIC Sdn Bhd (formerly known as Screenrental Sdn Bhd), a wholly-owned subsidiary of the Company, comprising 200,000 ordinary shares of RM1.00 each to Mohamad Razli Bin Ibrahim and Basir Bin Che Omar for a cash consideration of RM2.

The disposal has the following financial effects on the Group for the financial period ended 30 September 2013:

	RM
Cash & bank balances	(5,916)
Trade and other payables	<u>1,500</u>
	(4,416)
Disposal proceeds	<u>2</u>
Loss on disposal to the Group	<u>(4,414)</u>
Disposal proceeds settled by:-	
Cash	2
Cash inflow/(outflow) arising from disposals:	
Cash consideration	2
Cash and cash equivalents of subsidiary disposed	<u>(5,916)</u>
Net cash outflow from disposal	<u>(5,914)</u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A12. Contingent Assets or Contingent Liabilities**

There were no material changes in contingent assets or contingent liabilities since the last audited statement of financial position as at 31 December 2012.

**A13. Related Party Transactions**

- There is no significant transactions and balances with related parties of the Group during the current quarter under review.
- Save as disclosed below, 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.

	Individual Current Quarter RM	Cumulative Quarters Current RM
Repayment of advance to a shareholder of a subsidiary by the subsidiary	-	100,000

Outstanding balance with related party as at 30 September 2013 and 31 December 2012 are as follows:

	As at 30.9.2013 (unaudited) RM	As at 31.12.2012 (audited) RM
Advance from a non-controlling shareholder of a subsidiary to the subsidiary	-	100,000

**A14. Profit/(loss) Before Taxation**

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

	Q313 RM	Q312 RM	YTD 13 RM	YTD 12 RM
Interest Income	(24,486)	(104,641)	(124,879)	(312,358)
Other Income	(275,403)	(141,916)	(429,120)	(652,036)
Interest expense	40,892	34,425	127,473	112,788
Depreciation and amortization	349,764	192,408	779,859	584,778
Provision for and write off of inventories	491,100	-	491,100	-
Gain on disposal of investment	(99,999)	-	(99,999)	-
Loss on disposal of subsidiary	4,412	-	2,772	-
Gain on disposal of properties	-	-	(1,666,745)	-
Realised foreign exchange (Gain)/loss	(19,671)	82,949	7,448	84,416
Unrealised foreign exchange (Gain)/loss	(75,948)	23,291	(210,414)	4,627

- Gain or loss on derivatives is not applicable as the Company does not have any derivative financial instrument.

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

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMEN'**

**B1. Review of Performance**

- a. Quarter ended 30 September 2013 (3Q13) compared with quarter ended 30 September 2012 (3Q12)

The Group's revenue was lower in 3Q13 of approximately RM5.94 million (3Q12: approximately RM13.49 million), mainly attributable to lower revenue recognition in our Electronics and System Intergration segment of approximately RM4.16 million in 3Q13 compared to RM7.71 million in 3Q12 and Security System & M&E segment of RM1.38 million compared to RM4.21 million in 3Q12.

Due to lower revenue, the Group incurred higher loss before tax of approximately RM3.4 million in 3Q13 compared to the loss before tax of approximately RM0.66 million in 3Q12.

- b. Current financial period ended 30 September 2013 (9M13) compared with preceding financial period ended 30 September 2012 (9M12)

The Group recorded slightly lower revenue of approximately RM32.75 million for 9M13 compared to approximately RM33.91 million in 9M12. Revenue was mainly contributed by Electronics & System Integration segment resulting from the revenue recognition for major project in the current financial period. The revenue from Sheet Metal Fabrication segment has decreased by approximately RM1.9 million in the current financial period.

The Group recorded higher loss before tax of approximately RM4.79 million in 9M13 compared to RM2.42 million in 9M12, mainly due to lower margin recorded in sales.

**B2. Material Changes in the Quarterly Results (3Q13) compared to the Results of the Preceding Quarter (2Q13)**

Group revenue recorded RM5.94 million in 3Q13 compared with RM13.93 million in 2Q13. The decrease is mainly due to lower revenue in Electronics & System Integration segment and Security Systems & M&E segment. Loss before tax recorded is RM3.4 million in 3Q13 compared to RM1.11 million in 2Q13 mainly due to lower revenue recorded in 3Q13.

**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 its 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 businesses. 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	Cumulative Quarters RM
Current taxation	(8,292)	100,707
Deferred taxation	-	(85,650)
	<u>(8,292)</u>	<u>15,057</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.

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

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMEN'**

**B8. Status of Corporate Proposals**

As at LPD, save as disclosed below, there were no corporate proposals announced but not completed by the Company:

a. Disposal of Land with Property

On 27 June 2013, the Company had announced that the Company has on 25 June 2013 entered into two (2) Sale and Purchase Agreement ("the SPA") with BSCOM (M) Sdn. Bhd. (Company No. 921589-W) ("the Purchaser") to dispose two (2) pieces of land together with two (2) units of three and a half (3 ½) storey shop-office erected thereon at No. 39 & No. 41, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan ("the Property") to the Purchaser for a total cash consideration of Ringgit Malaysia Three Million and Seven Hundred Thousand (RM3,700,000.00) only ("the Disposal").

The SPA is conditional upon the Company having obtained the consent to transfer the Property to the Purchaser from the relevant State Authority ("the State Consent"). The SPA shall become unconditional upon the Purchaser's Solicitors receipt of the original State Consent ("the Unconditional Date"). The State Consent has been received from State Authority on 14 October 2013.

Barring unforeseen circumstances, the Disposal is expected to be completed within three (3) calendar months from the Unconditional Date.

b. Disposal of 24% Equity Interest in PDX.COM Sdn Bhd

On 20 August 2013, the Company announced that the Company has on 19 August 2013 entered into a Sale and Purchase of Shares Agreement (the "Agreement") with Digital Dawn Sdn Bhd (Company No. 586029-V) ("Digital Dawn") to dispose of its entire twenty four percent (24%) equity interest in its associated company, PDX.com Sdn. Bhd. (Company No. 507964-P) ("PDX") comprising two million one hundred and twelve thousand (2,112,000) ordinary shares of Ringgit Malaysia one (RM1.00) each in PDX ("PDX Shares") ("Sale Shares"), to Digital Dawn for a cash consideration of Ringgit Malaysia One Million (RM1,000,000) only ("the Disposal of PDX.com").

On 18 November 2013, the Company has received the balance payment of RM900,000 from Digital Dawn and the parties will proceed to effect the transfer of shares in favour of Digital Dawn.

c. Proposed Dissolution of Wholly Owned Subsidiary In Vietnam

On 22 August 2013, the Company announces the commencement of the proposed dissolution of its wholly owned subsidiary, Industronics Corporation Limited ("ICL") on 21 August 2013 ("the Dissolution").

As at LPD, the Dissolution is still in the process.

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 30 September 2013:-

	RM
a) Secured and unsecured :	
Total secured borrowings	515,374
Total unsecured borrowings	3,242,372
Total borrowings	<u>3,757,746</u>
b) Short Term and Long Term	
Total short-term borrowings	3,419,576
Total long term borrowings	338,170
Total borrowings	<u>3,757,746</u>

All borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

Not applicable as off balance sheet financial instruments are accounted for in the statement of financial position.

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

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT**

**B11. Realised and Unrealised Losses Disclosure**

	As at 30.9.2013 RM (unaudited)	As at 31.12.2012 RM (audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(13,577,459)	(16,412,578)
- Unrealised	(49,746)	(306,679)
Less: consolidation adjustments	8,758,609	16,296,858
Total group (accumulated losses)/retained profits as per consolidated accounts	(4,868,596)	(422,399)

**B12. Material Litigations**

As at the LPD prior to the issue of this quarterly report, the Group is not engaged in any material litigations except for:

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 Continued Arbitration Hearing was held on 22nd till 25th April 2013 and 1st till 2nd August 2013. The Arbitrator had further fixed the Arbitration for Continued Hearing on 18th till 22nd November 2013, 2nd till 4th December 2013, 6th December 2013, 20th till 24th January 2014 and 24th till 28th March 2014.

**B13. Dividend**

No dividend has been declared in the current quarter.

**B14. Basic earnings/(loss) per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2013	Preceding Year Quarter 30.9.2012	Current Year 30.9.2013	Preceding Year 30.9.2012
Net loss attributable to the owners of the Company for the period	(3,342,045)	(519,792)	(5,058,442)	(2,626,660)
Weighted average no. of ordinary shares in issue	94,132,000	94,132,000	94,132,000	94,132,000
Basic loss per share (sen)	(3.55)	(0.55)	(5.37)	(2.79)

The Group does not have any potential dilutive ordinary shares in the current quarter under review.

**B15. Authorisation For Issue**

The interim financial statements for the nine (9)-months financial period ended 30 September 2013 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**  
**INDUSTRONICS BERHAD**

29 Nov 2013