

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 30.9.2014	PRECEDING YEAR QUARTER 30.9.2013	CURRENT YEAR 30.9.2014	PRECEDING YEAR 30.9.2013
	RM	RM	RM	RM
Revenue	4,004,036	5,943,832	13,942,454	32,746,464
Cost of Sales	<u>(2,765,467)</u>	<u>(4,482,900)</u>	<u>(9,833,848)</u>	<u>(23,772,423)</u>
Gross profit	1,238,568	1,460,932	4,108,606	8,974,041
Other Income	(97,421)	495,507	396,639	2,531,157
Operating Expenses	(5,326,966)	(5,314,982)	(15,104,268)	(16,162,814)
Finance Costs	(52,810)	(40,892)	(144,367)	(127,473)
Loss before Tax	<u>(4,238,628)</u>	<u>(3,399,435)</u>	<u>(10,743,389)</u>	<u>(4,785,089)</u>
Income Tax	<u>-</u>	<u>8,292</u>	<u>-</u>	<u>(15,057)</u>
Loss for the year	<u>(4,238,628)</u>	<u>(3,391,143)</u>	<u>(10,743,389)</u>	<u>(4,800,146)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(95,414)	(20,123)	(2,442)	(37,280)
Available-for-sale financial assets - reclassification of fair value adjustment to profit or loss upon disposal	-	-	(2,278,584)	-
Reversal of income tax relating to components of other comprehensive income	156,718	-	156,718	-
	<u>61,304</u>	<u>(20,123)</u>	<u>(2,124,308)</u>	<u>(37,280)</u>
Total comprehensive loss for the year	<u>(4,177,324)</u>	<u>(3,411,266)</u>	<u>(12,867,697)</u>	<u>(4,837,426)</u>
Profit/(loss) Attributable to :				
Owners of the Company	(4,005,064)	(3,342,045)	(10,280,434)	(5,058,442)
Non-Controlling Interest	<u>(233,564)</u>	<u>(49,098)</u>	<u>(462,955)</u>	<u>258,296</u>
Loss for the year	<u>(4,238,628)</u>	<u>(3,391,143)</u>	<u>(10,743,389)</u>	<u>(4,800,146)</u>
Total Comprehensive Income/(loss) Attributable to :				
Owners of the Company	(3,992,082)	(3,388,870)	(12,497,414)	(5,150,036)
Non-Controlling Interest	<u>(185,242)</u>	<u>(22,396)</u>	<u>(370,283)</u>	<u>312,610</u>
	<u>(4,177,324)</u>	<u>(3,411,266)</u>	<u>(12,867,697)</u>	<u>(4,837,426)</u>
Earnings/(loss) per share of RM0.50 each - Basic (sen)	(3.91)	(3.55)	(10.03)	(5.37)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2014

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.9.2014 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2013 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	22,624,868	25,352,792
Investment Properties	471,667	501,490
Intangible Assets	1,236,107	1,495,307
Other Investments	1,619,374	6,931,246
Deferred Tax Assets	844,510	848,117
Total Non-current assets	<u>26,796,526</u>	<u>35,128,952</u>
Current Assets		
Inventories	3,256,971	3,403,237
Due from Customers on Contract	4,652,799	8,230,053
Trade & Other Receivables	25,202,311	11,533,099
Cash and Bank Balances	9,371,637	27,544,478
Total Current Assets	<u>42,483,718</u>	<u>50,710,867</u>
TOTAL ASSETS	<u>69,280,244</u>	<u>85,839,819</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	51,381,400	50,336,450
Reserves	(742,898)	11,618,672
Shareholders' funds	<u>50,638,502</u>	<u>61,955,122</u>
Non-Controlling Interest	5,129,700	5,499,983
Total equity	<u>55,768,202</u>	<u>67,455,105</u>
Non-current liabilities		
Borrowings	104,748	303,726
Deferred Tax Liabilities	1,757,572	1,914,289
Total Non-current liabilities	<u>1,862,320</u>	<u>2,218,015</u>
Current Liabilities		
Provisions	114,175	114,175
Trade & Other Payables	8,435,787	12,809,487
Borrowings	2,775,677	2,313,046
Current Tax Payables	20,936	34,160
Due to Customers on Contract	303,146	895,831
Total Current Liabilities	<u>11,649,722</u>	<u>16,166,699</u>
TOTAL EQUITY AND LIABILITIES	<u>69,280,244</u>	<u>85,839,819</u>

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

0.49

0.62

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2014**

	-----> Attributable to Owners of the Parent <----->										
	-----> Non Distributable <----->						Fair value adjustment reserve	Distributable Retained earnings/ (accumulated losses)	Share- holders Fund	Non-Controlling Interest	Total Equity
	Share capital	Share premium	Treasury shares	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves					
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 31 December 2013	50,336,450	946,674	-	(64,313)	629,156	11,220,044	2,938,533	(4,051,422)	61,955,122	5,499,983	67,455,105
Total comprehensive loss for the year	-	-	-	(46,845)	-	-	(2,278,584)	(10,171,985)	(12,497,414)	(370,283)	(12,867,697)
Exercise of SIS options	1,044,950	306,380	-	-	(170,536)	-	-	-	1,180,794	-	1,180,794
Arising from disposal of properties	-	-	-	-	-	(1,115,831)	-	1,115,831	-	-	-
At 30 September 2014	51,381,400	1,253,054	-	(111,158)	458,620	10,104,213	659,949	(13,107,576)	50,638,502	5,129,700	55,768,202
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 year	-	-	-	(91,594)	-	-	-	(5,058,442)	(5,150,036)	312,610	(4,837,426)
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	49,522,474

(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 2013 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 2014**

	Current Year 9 Months Ended 30.9.2014 (Unaudited)	Preceding Year 9 Months Ended 30.9.2013 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(10,743,389)	(4,785,089)
Adjustments for non-cash flow:-		
Non-cash items	1,541,171	(601,517)
Non-operating items	<u>711,173</u>	<u>(94,633)</u>
Operating loss before changes in working capital	(8,491,045)	(5,481,239)
Net change in current assets	(8,775,907)	872,015
Net change in current liabilities	<u>(4,960,099)</u>	<u>(3,214,803)</u>
Cash used in operations	(22,227,051)	(7,824,027)
Interest paid	(144,367)	(127,473)
Taxes paid	<u>(29,358)</u>	<u>(106,880)</u>
Net cash used in operating activities	<u>(22,400,776)</u>	<u>(8,058,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(109,457)	(2,955,072)
Purchase of quoted investments	-	(10,489,323)
Proceeds from disposal of property, plant and equipment	468,905	3,145,700
Deposit from disposal of associated company	-	100,000
Net cash inflow from disposal of a subsidiary	-	(3,637)
Proceeds from disposal of quoted investments	2,069,843	-
Interest received	396,639	124,879
Net cash generated from/(used in) investing activities	<u>2,825,931</u>	<u>(10,077,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to ESOS	1,180,794	-
Net (repayment)/drawdown of bank borrowings	682,505	(290,952)
Net repayment of hire purchase	(120,959)	(127,084)
Net cash (used in)/generated from financing activities	<u>1,742,340</u>	<u>(418,036)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,832,506)	(18,553,869)
Effect of exchange rate changes	(2,442)	(37,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,383,579	28,734,380
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>8,548,631</u>	<u>10,143,231</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	9,371,637	11,515,603
Bank overdraft	<u>(823,006)</u>	<u>(1,372,372)</u>
	<u>8,548,631</u>	<u>10,143,231</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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

These condensed consolidated interim financial statement, for the financial period ended 30 September 2014 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 2013. 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 2013.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013 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 2014:-

Amendments to MFRS 10: Investment Entity	1 January 2014
Amendments to MFRS 12: Investment Entities	1 January 2014
Amendments to MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedging	1 January 2014
IC Interpretation 21: Levies	1 January 2014

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 2013 is not qualified.

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 2014.

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.

NOTES TO THE INTERIM FINANCIAL REPORT

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

During the financial period ended 30 September 2014, the Company issued 2,089,900 ordinary shares of RM0.50 per share for cash pursuant to the Company's Share Issuance Scheme at an exercise price of RM0.565 per ordinary share.

b. Share buy-backs, share cancellations and sale of treasury shares

No shares were bought back during the current financial period.

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. |

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	
	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13
	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	2,824	4,156	1,060	1,378	-	-	(61)	406	181	5	-	-	4,004	5,945
Inter-segment	1,716	724	94	35	-	-	7	74	-	18	(1,817)	(851)	-	-
Total revenue	4,539	4,879	1,154	1,413	-	-	(54)	480	181	23	(1,817)	(851)	4,004	5,945
Results														
Interest income	7	25	0	-	-	-	-	-	-	-	-	-	7	25
Finance costs	17	17	22	10	-	-	20	13	0	-	(7)	-	53	41
Depreciation	77	115	40	40	-	-	26	30	167	165	151	-	461	349
Segment profit/(loss)	(1,224)	(961)	55	80	-	-	(697)	(284)	(2,373)	(2,225)	-	(10)	(4,239)	(3,400)
Segment assets	62,118	52,155	17,694	20,813	-	-	2,351	2,774	13,356	4,318	(26,239)	(8,664)	69,280	71,396
Segment liabilities	(5,405)	(6,360)	(5,880)	(9,861)	-	-	(1,639)	(1,719)	(25,944)	(12,305)	25,356	8,372	(13,512)	(21,873)
Capital expenditure	49	58	-	(247)	-	-	-	-	67	2	-	-	116	(187)
Geographical segments:														
Revenue			Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements	
	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13
	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 from external customers			3,609	5,830	181	-	214	115	-	-	-	-	4,004	5,945
Segment assets			80,943	72,555	13,252	3,762	1,251	3,311	73	431	(26,239)	(8,664)	69,280	71,396
Capital expenditure			49	(189)	67	2	-	-	-	-	-	-	116	(187)

b. Cumulative quarters

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	
	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13
	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	9,764	20,464	3,755	9,788	-	250	208	2,128	214	117			13,942	32,747
Inter-segment	4,203	2,472	313	37	-	79	15	171	-	100	(4,531)	(2,859)	-	-
Total revenue	13,966	22,936	4,069	9,825	-	329	223	2,299	214	216	(4,531)	(2,859)	13,942	32,747
Results														
Interest income	94	125	10	-	-	-	-	-	-	-	-	-	104	125
Finance costs	54	67	65	25	-	-	43	34	1	1	(19)	-	144	127
Depreciation	279	310	124	112	-	-	80	89	482	269	-	-	966	780
Segment profit/(loss)	(4,549)	(1,517)	(99)	1,719	-	(229)	(1,083)	(440)	(5,012)	(4,308)	-	(11)	(10,743)	(4,785)
Segment assets	62,118	52,155	17,694	20,813	-	-	2,351	2,774	13,356	4,318	(26,239)	(8,664)	69,280	71,396
Segment liabilities	(5,405)	(6,361)	(5,880)	(9,861)	-	-	(1,639)	(1,719)	(25,944)	(12,305)	25,356	8,372	(13,512)	(21,873)
Capital expenditure	77	551	5	67	-	-	-	-	67	2,337	-	-	149	2,955
Geographical segments:														
Revenue			Malaysia		Hong Kong		Singapore		Vietnam		Adjustments and eliminations		Per consolidated financial statements	
	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13	30.9.14	30.9.13
	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 from external customers			12,540	30,508	214	-	1,188	2,239	-	-	-	-	13,942	32,747
Segment assets			80,943	72,556	13,252	3,762	1,251	3,311	73	431	(26,239)	(8,664)	69,280	71,396
Capital expenditure			82	618	67	2,337	-	-	-	-	-	-	149	2,955

NOTES TO THE INTERIM FINANCIAL REPORT

A9. Valuation of property, plant and equipment

The valuation of land and buildings have been brought forward from last year annual financial statements.

A10. Subsequent Events

Other than as disclosed below, there were no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

- a. On 10 October 2014, the Board of Directors of Industronics announced that Industronics and Vashion Group Limited ("Vashion") have agreed to extend the validity of the Conditional Deposit Agreement in relation to the proposed subscription of shares in Vashion by way of private placement for such number of new ordinary shares in Vashion and at such price and on such terms as shall be agreed and documented in a Placement Agreement to be entered into between Vashion and the Company, by another three (3) months i.e. until 31 December 2014.
- b. On 19 November 2014, the Company had entered into a sale and purchase agreement with Uptownace (M) Sdn Bhd (Company No. 301897-P) to dispose a two (2) storey factory with office and guardhouse bearing postal address of No. 6, Jalan Perusahaan Utama, Taman Industri Selesa Jaya, 43300 Kajang, Selangor Darul Ehsan to the Purchaser for a total consideration of RM8,100,000.00. The carrying amount of the property is RM9,148,250 and loss on disposal is approximately RM1.2 million.

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 including business combination, acquisition of subsidiaries and long term investment, restructuring and discontinuing operations.

- a. On 27 February 2014, the Company has incorporated a wholly-owned subsidiary in Hong Kong with the name "DSC IB Limited" with paid up capital of HKD500,000. The intended principal activities of DSC IB Limited is general business.

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 2013.

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

NOTES TO THE INTERIM FINANCIAL REPORT

A13. Related Party Transactions

- a. Save as disclosed below, there were no significant transactions and balances with related parties of the Group during the current financial period under review.

	Individual Current Quarter RM	Cumulative Quarters RM
Sales to an entity connected with a director of a subsidiary of the group	732,500	1,511,566

Outstanding balance with related party as at 30 September 2014 and 31 December 2013 are as follows:

	As at 30.9.2014 Unaudited RM	As at 31.12.2013 Audited RM
Sales to an entity connected with a director of a subsidiary of the group	2,251,837	2,264,880

- 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):

	Q314 RM	Q313 RM	YTD 14 RM	YTD 13 RM
Interest Income	(7,581)	(24,486)	(104,812)	(124,879)
Other Income	(77,140)	(275,403)	(291,828)	(429,120)
Interest expense	12,665	40,892	104,221	127,473
Depreciation and amortization	461,194	349,764	965,542	779,859
Provision for receivables	247,620	-	247,620	-
Provision for and write off of inventories	66,696	491,100	66,696	491,100
Write off of property, plant and equipment	247,411	-	247,411	-
Gain on disposal of investment	-	(99,999)	-	(99,999)
Loss on disposal of quoted investment	-	-	963,445	-
Loss on disposal of subsidiary	-	4,412	-	2,772
Gain on disposal of property, plant and equipment	40,501	-	(8,089)	(1,666,745)
Realised foreign exchange (Gain)/loss	(12,903)	(19,671)	(26,054)	7,448
Unrealised foreign exchange (Gain)/loss	235,545	(75,948)	115,144	(210,414)

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

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

B1. Review of Performance

- a. Quarter ended 30 September 2014 (3Q14) compared with quarter ended 30 September 2013 (3Q13)

The Group's revenue was lower in 3Q14 (RM4.0 million) compared to 3Q13 (RM5.94 million), mainly attributable to lower revenue recognition in Electronics & System Integration segment of approximately RM2.82 million in 3Q14 compared to RM4.16 million in 3Q13.

The Group recorded loss before tax of approximately RM4.24 million in 3Q14 compared to RM3.39 million in 3Q13. This is mainly due to lower revenue in 3Q14.

- b. Current financial period ended 30 September 2014 (9M14) compared with preceding financial period ended 30 September 2013 (9M13)

The Group recorded revenue of RM13.94 million for 9M14 compared to RM32.75 million for 9M13, mainly attributable to lower revenue recognition in Electronics & System Integration segment of RM9.76 million in 9M14 compared to RM20.46 million in 9M13 and in Security Systems and M&E segment of RM3.76 million in 9M14 compared to RM9.79 million in 9M13.

The Group recorded higher loss before tax of RM10.74 million in 9M14 compared to RM4.8 million in 9M13 mainly due to lower revenue recorded in 9M14.

B2. Material Changes in the Quarterly Results (3Q14) compared to the Results of the Preceding Quarter (2Q14)

The Group recorded revenue of RM4.0 million in 3Q14 compared with RM6.22 million in 2Q14. The decrease is mainly due to lower revenue in Electronics & System Integration segment. Loss before tax recorded is RM4.24 million in 3Q14 compared to RM3.46 million in 2Q14.

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:-

	Current Quarter RM	Cumulative Quarters
Current taxation	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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

B6. Sale of Quoted and Unquoted Investments and Properties

Other than disclosed below, there were no other material sale of quoted and unquoted investments and properties for the financial period ended 30 September 2014.

- a. On 28 April 2014, the Company disposed in the open market an aggregate of 5,500,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceeds of RM696,650.
- b. On 29 April 2014, the Company disposed in the open market an aggregate of 8,000,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceeds of RM1,054,610.
- c. On 8 May 2014, the Company disposed in the open market an aggregate of 140,800 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceeds of RM21,824.
- d. On 9 May 2014, the Company disposed in the open market an aggregate of 900,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceeds of RM135,000.
- e. On 16 May 2014, the Company disposed in the open market an aggregate of 1,000,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceeds of RM140,000.
- f. On 4 Aug 2014, the subsidiary of the Company, Primeworth (M) Sdn Bhd has entered into a sale and purchase agreement with Perniagaan Mehko Sdn Bhd to dispose its property for a total consideration of RM1,650,000. The carrying amount of the property is RM1,695,378.

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 26 Nov 2014, being the latest practicable date ("LPD") prior to the issue of this quarterly report, save as disclosed below, there were no corporate proposals announced but not completed by the Company:

a. Proposed Dissolution of Wholly Owned Subsidiary In Vietnam

On 22 August 2013, the Company announced 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.

b. Proposed Shareholders Mandate for Disposal of up to 20,041,900 Ordinary Shares of RM0.10 Each in Solution Engineering Holdings Berhad ("SEHB") ("SEHB Shares") ("Proposed Shareholder's Mandate for Disposal of Shares").

On 3 December 2013, on behalf of the Board of Directors of Industronics Berhad ("IB" or the "Company") ("Board"), TA Securities had announced that the Company proposes to obtain a mandate from its shareholders to, if deemed fit in the future, dispose up to 20,041,900 ordinary shares of RM0.10 each in Solution Engineering Holdings Berhad ("SEHB") ("SEHB Shares").

Bursa Malaysia Securities Berhad had via its letter dated 13 December 2013 approve the Proposed Shareholder's Mandate for Disposal of Shares.

The shareholders of IB had on 21 January 2014 approved the Proposed Shareholder's Mandate for Disposal of SEHB Shares at an extraordinary general meeting held.

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

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

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 30 September 2014:-

	RM
a) Secured and unsecured :	
Total secured borrowings	208,419
Total unsecured borrowings	2,672,006
Total borrowings	<u>2,880,426</u>
b) Short Term and Long Term	
Total short-term borrowings	2,775,677
Total long term borrowings	104,748
Total borrowings	<u>2,880,426</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.

B11. Realised and Unrealised Losses Disclosure

	As at 30.9.2014	As at 31.12.2013
	RM	RM
	(unaudited)	(audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(22,687,738)	(13,398,317)
- Unrealised	(971,466)	(771,397)
Less: consolidation adjustments	10,551,627	10,118,292
Total group (accumulated losses)/retained profits as per consolidated accounts	<u>(13,107,576)</u>	<u>(4,051,422)</u>

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, 1st till 2nd August 2013, 18th till 22nd November 2013, 20th till 23rd January 2014, 19th till 23rd May 2014, 8 August 2014 and 12th till 14th November 2014. The Arbitrator had further fixed the Arbitration for Continued Hearing on 30th and 31st March 2015.

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

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

B13. Dividend

No dividend has been declared in the current quarter.

B14. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2014	Preceding Year Quarter 30.9.2013	Current Year 30.9.2014	Preceding Year 30.9.2013
Net loss attributable to the owners of the Company for the period	(4,005,064)	(3,342,045)	(10,280,434)	(5,058,442)
Weighted average no. of ordinary shares in issue	102,481,433	94,132,000	102,481,433	94,132,000
Basic loss per share (sen)	(3.91)	(3.55)	(10.03)	(5.37)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2014	Preceding Year Quarter 30.9.2013	Current Year 30.9.2014	Preceding Year 30.9.2013
Net loss attributable to the owners of	(4,005,064)	(3,342,045)	(10,280,434)	(5,058,442)
Weighted average no. of ordinary shares in issue	109,101,433	94,132,000	109,101,433	94,132,000
Diluted loss per share (sen)	(3.67)	(3.55)	(9.42)	(5.37)

B15. Authorisation For Issue

The interim financial statements for the nine (9)-months financial period ended 30 September 2014 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

26 Nov 2014