

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 30.9.2015	PRECEDING YEAR QUARTER 30.9.2014	CURRENT YEAR 30.9.2015	PRECEDING YEAR 30.9.2014
	RM	RM	RM	RM
Revenue	3,634,424	4,004,036	17,695,779	13,942,454
Cost of Sales	<u>(2,699,661)</u>	<u>(2,765,467)</u>	<u>(14,134,614)</u>	<u>(9,833,848)</u>
Gross profit	934,764	1,238,569	3,561,165	4,108,606
Other Income	796,439	(97,421)	1,756,025	396,639
Operating Expenses	(5,011,051)	(5,326,966)	(14,126,107)	(15,104,268)
Finance Costs	<u>(37,710)</u>	<u>(52,810)</u>	<u>(114,916)</u>	<u>(144,367)</u>
Loss before Tax	(3,317,559)	(4,238,628)	(8,923,833)	(10,743,389)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the year	<u>(3,317,559)</u>	<u>(4,238,628)</u>	<u>(8,923,833)</u>	<u>(10,743,389)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	2,523,988	(95,414)	3,582,275	(2,442)
Available-for-sale financial assets - reclassification of fair value adjustment to profit or loss upon disposal	(70,498)	-	(70,498)	(2,278,584)
Reversal of income tax relating to components of other comprehensive income	-	156,718	-	156,718
	<u>2,453,490</u>	<u>61,304</u>	<u>3,511,777</u>	<u>(2,124,308)</u>
Total comprehensive (loss)/income for the year	<u>(864,069)</u>	<u>(4,177,324)</u>	<u>(5,412,056)</u>	<u>(12,867,697)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	(3,165,892)	(4,005,064)	(8,561,001)	(10,280,434)
Non-Controlling Interest	<u>(151,667)</u>	<u>(233,564)</u>	<u>(362,832)</u>	<u>(462,955)</u>
Loss for the year	<u>(3,317,559)</u>	<u>(4,238,628)</u>	<u>(8,923,833)</u>	<u>(10,743,389)</u>
<b>Total Comprehensive (loss)/income Attributable to :</b>				
Owners of the Company	(789,342)	(3,992,082)	(5,232,487)	(12,497,414)
Non-Controlling Interest	<u>(74,727)</u>	<u>(185,242)</u>	<u>(179,569)</u>	<u>(370,283)</u>
	<u>(864,069)</u>	<u>(4,177,324)</u>	<u>(5,412,056)</u>	<u>(12,867,697)</u>
Earnings/(loss) per share of RM0.50 each				
- Basic (sen)	(3.08)	(3.91)	(8.33)	(10.03)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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 2015**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.9.2015 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2014 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	25,161,806	13,168,113
Investment Properties	431,903	461,727
Other Investments	143,432	1,034,231
<b>Total Non-current assets</b>	<u>25,737,141</u>	<u>14,664,071</u>
<b>Current Assets</b>		
Inventories	8,563,199	6,271,323
Due from Customers on Contract	1,184,846	1,541,064
Trade & Other Receivables	17,394,209	29,651,145
Cash and Bank Balances	7,547,255	6,443,800
<b>Total Current Assets</b>	<u>34,689,509</u>	<u>43,907,332</u>
<b>TOTAL ASSETS</b>	<u><u>60,426,650</u></u>	<u><u>58,571,403</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	51,381,400	51,381,400
Reserves	(12,992,895)	(7,760,408)
<b>Shareholders' funds</b>	<u>38,388,505</u>	<u>43,620,992</u>
Non-Controlling Interest	3,932,081	4,111,650
<b>Total equity</b>	<u>42,320,586</u>	<u>47,732,642</u>
<b>Non-current liabilities</b>		
Borrowings	241,045	300,728
Deferred Tax Liabilities	1,152,984	1,152,984
<b>Total Non-current liabilities</b>	<u>1,394,029</u>	<u>1,453,712</u>
<b>Current Liabilities</b>		
Provisions	130,211	130,211
Trade & Other Payables	14,749,913	6,979,226
Borrowings	1,820,707	1,335,774
Current Tax Payables	-	7,253
Due to Customers on Contract	11,204	932,585
<b>Total Current Liabilities</b>	<u>16,712,035</u>	<u>9,385,049</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>60,426,650</u></u>	<u><u>58,571,403</u></u>

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

0.37

0.42

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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 2015**

	-----> Attributable to Owners of the Parent <----->										
	-----> Non Distributable <----->						Distributable				
	Share capital	Share premium	Treasury shares	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves	Fair value adjustment reserve	Retained earnings/ (accumulated losses)	Share-holders Fund	Non-Controlling Interest	Total Equity
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 31 December 2014	51,381,400	1,253,054	-	952,281	458,620	4,398,276	74,806	(14,897,445)	43,620,992	4,111,650	47,732,642
Total comprehensive loss for the year	-	-	-	3,399,012	-	-	-	(8,561,001)	(5,161,989)	(179,569)	(5,341,558)
Available-for-sale financial assets reclassification of fair value adjustment to profit or loss upon disposal	-	-	-	-	-	-	(70,498)	-	(70,498)	-	(70,498)
At 30 September 2015	51,381,400	1,253,054	-	4,351,293	458,620	4,398,276	4,308	(23,458,446)	38,388,505	3,932,081	42,320,586
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

(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 2014 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 2015**

	Current Year 9 Months Ended 30.9.2015 (Unaudited)	Preceding Year 9 Months Ended 30.9.2014 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(8,923,833)	(10,743,389)
Adjustments for non-cash flow:-		
Non-cash items	3,677,628	1,541,171
Non-operating items	<u>(480,887)</u>	<u>711,173</u>
Operating loss before changes in working capital	(5,727,092)	(8,491,045)
Net change in current assets	2,139,519	(8,775,907)
Net change in current liabilities	<u>(590,462)</u>	<u>(4,960,099)</u>
Cash used in operations	(4,178,035)	(22,227,051)
Interest paid	(114,917)	(144,367)
Taxes refunded	33,131	-
Taxes paid	<u>(80,496)</u>	<u>(29,358)</u>
Net cash generated from/(used in) operating activities	<u>(4,340,317)</u>	<u>(22,400,776)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,508,667)	(109,457)
Proceeds from disposal of property, plant and equipment	8,316,867	468,905
Proceeds from disposal of quoted investments	1,392,343	2,069,843
Interest received	355	396,639
Net cash generated from investing activities	<u>4,200,898</u>	<u>2,825,930</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares pursuant to ESOS	-	1,180,794
Net (repayment)/drawdown of bank borrowings	-	682,505
Net repayment of hire purchase	(82,586)	(120,959)
Net cash (used in)/generated from financing activities	<u>(82,586)</u>	<u>1,742,340</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(222,004)	(17,832,506)
Effect of exchange rate changes	817,623	(2,442)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,373,369	26,383,579
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>5,968,988</u>	<u>8,548,631</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	7,547,255	9,371,637
Bank overdraft	<u>(1,578,267)</u>	<u>(823,006)</u>
	<u>5,968,988</u>	<u>8,548,631</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 2014 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 2015 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 2014. 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 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 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 2015:-

**Effective for financial periods beginning on or after 1 July 2014**

Amendment to MFRS 2	Share-based Payment (Annual Improvement to MFRSs 2010-2012 Cycle)
Amendment to MFRS 3	Business Combinations (Annual Improvement to MFRSs 2010-2012 Cycle)
Amendment to MFRS 3	Business Combinations (Annual Improvement to MFRSs 2011-2013 Cycle)
Amendment to MFRS 8	Operating Segments (Annual Improvement to MFRSs 2010-2012 Cycle)
Amendment to MFRS 13	Fair Value Adjustment (Annual Improvement to MFRSs 2011-2013 Cycle)
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvement to MFRSs 2010-2012 Cycle)
Amendment to MFRS 119	Employee Benefits (Defined Benefit Plans: Employee Contributions)
Amendment to MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 140	Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)

The adoption of the above standards 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 2014 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 2015.

**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

There was no new ordinary shares issued during the financial period ended 30 September 2015.

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

There was no share buy-backs, share cancellation and sale of treasury shares during the financial period ended 30 September 2015.

**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 four 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.

Sheet metal fabrication - Involving in precision sheet metal fabrications works and manufacturing of precision fabrication.

Other operations - Involving in provision of mobile entertainment services, integrated internet marketing services, development of IT applications, general trading and hospitality management

**Geographical Segments**

Malaysia - All main businesses disclosed in primary reporting format-business segments

Hong Kong - Provision of mobile entertainment services, integrated internet marketing services, development of IT applications, general trading and hospitality management

Singapore - Trading, maintenance and supply of industrial electrical equipment

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting (Continued)**

**a. Individual quarter**

<b>Business segments:</b>												
Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	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	1,605	2,824	624	1,060	-	(61)	1,406	181	-	-	3,635	4,004
Inter-segment	1,816	1,716	2	94	-	7	-	-	(1,818)	(1,817)	-	-
<b>Total revenue</b>	<b>3,421</b>	<b>4,539</b>	<b>626</b>	<b>1,154</b>	<b>-</b>	<b>(54)</b>	<b>1,406</b>	<b>181</b>	<b>(1,818)</b>	<b>(1,817)</b>	<b>3,635</b>	<b>4,004</b>
<b>Results</b>												
Interest income	-	7	-	0	-	-	-	-	-	-	-	7
Finance costs	9	17	22	22	-	20	6	0	-	(7)	37	53
Depreciation	51	77	38	40	22	26	412	167	-	151	523	461
Segment profit/(loss)	(693)	(1,224)	(201)	55	(23)	(697)	(2,090)	(2,373)	(311)	-	(3,318)	(4,239)
<b>Segment assets</b>	<b>38,294</b>	<b>62,118</b>	<b>11,216</b>	<b>17,694</b>	<b>1,144</b>	<b>2,351</b>	<b>24,627</b>	<b>13,356</b>	<b>(14,854)</b>	<b>(26,239)</b>	<b>60,427</b>	<b>69,280</b>
<b>Segment liabilities</b>	<b>(6,751)</b>	<b>(5,405)</b>	<b>(3,978)</b>	<b>(5,880)</b>	<b>(495)</b>	<b>(1,639)</b>	<b>(49,291)</b>	<b>(25,944)</b>	<b>42,409</b>	<b>25,356</b>	<b>(18,106)</b>	<b>(13,512)</b>
<b>Capital expenditure</b>	<b>9</b>	<b>49</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,528</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>4,537</b>	<b>116</b>
<b>Geographical segments:</b>												
Individual quarter ended	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014		
	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			2,024	3,609	1,406	181	205	214	-	-	3,635	4,004
<b>Segment assets</b>			<b>46,626</b>	<b>80,943</b>	<b>24,627</b>	<b>13,252</b>	<b>4,028</b>	<b>1,251</b>	<b>(14,854)</b>	<b>(26,239)</b>	<b>60,427</b>	<b>69,280</b>
<b>Capital expenditure</b>			<b>9</b>	<b>49</b>	<b>4,528</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,537</b>	<b>116</b>

**b. Cumulative quarters**

<b>Business segments:</b>												
Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	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	6,440	9,764	2,013	3,755	-	208	9,243	214	-	-	17,696	13,942
Inter-segment	3,430	4,203	10	313	-	15	-	-	(3,440)	(4,531)	-	-
<b>Total revenue</b>	<b>9,870</b>	<b>13,966</b>	<b>2,023</b>	<b>4,069</b>	<b>-</b>	<b>223</b>	<b>9,243</b>	<b>214</b>	<b>(3,440)</b>	<b>(4,531)</b>	<b>17,696</b>	<b>13,942</b>
<b>Results</b>												
Interest income	-	94	-	10	-	-	-	-	-	-	-	104
Finance costs	38	54	60	65	-	43	16	1	-	(19)	114	144
Depreciation	146	279	114	124	67	80	630	482	-	-	957	966
Segment profit/(loss)	(1,919)	(4,549)	(529)	(99)	(194)	(1,083)	(5,994)	(5,012)	(288)	-	(8,924)	(10,743)
<b>Segment assets</b>	<b>38,294</b>	<b>62,118</b>	<b>11,216</b>	<b>17,694</b>	<b>1,144</b>	<b>2,351</b>	<b>24,627</b>	<b>13,356</b>	<b>(14,854)</b>	<b>(26,239)</b>	<b>60,427</b>	<b>69,280</b>
<b>Segment liabilities</b>	<b>(6,751)</b>	<b>(5,405)</b>	<b>(3,978)</b>	<b>(5,880)</b>	<b>(495)</b>	<b>(1,639)</b>	<b>(49,291)</b>	<b>(25,944)</b>	<b>42,409</b>	<b>25,356</b>	<b>(18,106)</b>	<b>(13,512)</b>
<b>Capital expenditure</b>	<b>82</b>	<b>77</b>	<b>2</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>12,718</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>12,802</b>	<b>149</b>
<b>Geographical segments:</b>												
Cumulative quarters ended	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014	30.9.2015	30.9.2014		
	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			7,359	12,540	9,243	214	1,094	1,188	-	-	17,696	13,942
<b>Segment assets</b>			<b>46,626</b>	<b>80,943</b>	<b>24,627</b>	<b>13,252</b>	<b>4,028</b>	<b>1,251</b>	<b>(14,854)</b>	<b>(26,239)</b>	<b>60,427</b>	<b>69,280</b>
<b>Capital expenditure</b>			<b>84</b>	<b>82</b>	<b>12,718</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,802</b>	<b>149</b>

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

The valuation of land and buildings have been brought forward from previous valuation done as at 31 December 2013.

**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 30 September 2015, 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 2015.

**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, disposal of subsidiaries, restructuring and discontinuing operations.

- a. On 17 March 2015, the Company has incorporated a wholly-owned subsidiary in Hong Kong with the name "Itronic Management Limited" with paid up capital of HKD10,000. The intended principal activities of Itronic Management Limited is to carry on hospitality management.
- b. On 9 July 2015, the Company entered into an Equity Transfer Agreement ("ETA") with Acute Horizon Limited for the disposal of all the equity interest in Industronics Corporation Limited ("ICL"), a wholly-owned subsidiary of the Company for a total cash consideration of RM1. Net liabilities of ICL as at 30 June 2015 is approximately RM31,050 and estimated gain on disposal is RM31,051.

**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 2014.



**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	-	-

Outstanding balance with related party as at 30 September 2015 and 31 December 2014 are as follows:

	As at 30.9.2015 Unaudited RM	As at 31.12.2014 Audited RM
Sales to an entity connected with a director of a subsidiary of the group	1,248,532	1,291,711

- 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):

	Q315 RM	Q314 RM	YTD 15 RM	YTD 14 RM
Interest Income	224	(7,581)	(355)	(104,812)
Other Income	(184,261)	(77,140)	(330,122)	(291,828)
Interest expense	54,612	12,665	114,917	104,221
Depreciation and amortization	522,014	461,194	956,450	965,542
Provision for receivables	-	247,620	-	247,620
Provision for and write off of inventories	-	66,696	-	66,696
Write off of property, plant and equipment	-	247,411	-	247,411
Gain on disposal of subsidiary	(31,051)	-	(31,051)	-
(Gain)/Loss on disposal of quoted investment	(70,498)	-	(564,397)	963,445
(Gain)/Loss on disposal of property, plant and equipment	-	40,501	(30,000)	(8,089)
Realised foreign exchange (gain)/loss	(45,398)	(12,903)	(96,575)	(26,054)
Unrealised foreign exchange (gain)/loss	(552,723)	235,545	(703,879)	115,144

- 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 REQUIREMENTS**

**B1. Review of Performance**

- a. Quarter ended 30 September 2015 (3Q15) compared with quarter ended 30 September 2014 (3Q14)

The Group's revenue was lower in 3Q15 (RM3.63 million) compared to 3Q14 (RM4.01 million). This is mainly attributable to lower revenue from Electronics & System Integration and Security Systems & M&E segments.

The Group recorded loss before tax of approximately RM3.32 million in 3Q15 compared to RM4.24 million in 3Q14. The lower loss was mainly due to lower operating expenses in 3Q15 compared with 3Q14. Other income in 3Q15 was higher mainly due to recognition of unrealised gain on foreign exchange of about RM0.55 million.

- b. Current financial period ended 30 September 2015 (9M15) compared with preceding financial period ended 30 September 2014 (9M14)

The Group recorded higher revenue of RM17.7 million for 9M15 compared to RM13.94 million for 9M14, mainly attributable to higher revenue generated by Hong Kong subsidiary in Other Operation segment.

The Group recorded lower loss before tax of RM8.92 million in 9M15 compared to RM10.74 million in 9M14 mainly due to higher revenue generated and lower operating expenses in 9M15.

**B2. Material Changes in the Quarterly Results (3Q15) compared to the Results of the Preceding Quarter (2Q15)**

The Group recorded lower revenue of RM3.63 million in 3Q15 compared with RM10.11 million in 2Q15. Loss before tax was RM3.32 million in the current quarter compared to RM3.13 million in 2Q15. Despite lower revenue in 3Q15 compared with 2Q15, loss in 3Q15 was only slightly higher mainly due to higher gross profit margin in 3Q15.

**B3. Current Year Prospects**

The prevailing uncertainties in the global economy continue to pose challenges to the Group financial performance.

External factors such as increased globalization, increased competition in the industry, changing business trends, and other macro-economic factors are among those that need to be constantly evaluated.

The Group will continue to explore new investment opportunities and improve the efficiency of its operations to enhance shareholders' values.

**B4. Profit Forecast**

Not applicable as no profit forecast was published.

**B5. Taxation**

Taxation comprises the following:-

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

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

**B6. Sale of Quoted and Unquoted Investments**

Other than as disclosed below, there were no material sale of quoted and unquoted investments for the financial period ended 30 September 2015:

- a. On 17 April 2015, the Company disposed in the open market an aggregate of 3,241,900 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceed of RM1,063,343.
- b. On 20 April 2015, the Company disposed in the open market an aggregate of 700,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceed of RM232,500.
- c. On 21 April 2015, the Company disposed in the open market an aggregate of 100,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceed of RM32,000.
- d. On 23 April 2015, the Company disposed in the open market an aggregate of 200,000 ordinary shares of RM0.10 each in Solution Engineering Holding Berhad at a proceed of RM64,500.

**B7. Sale of Properties**

Other than as disclosed below, there were no material sale of properties for the financial period ended 30 September 2015:

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.

On 17 April 2015, the Company has received final payment of balance purchase price in respect of the above disposal.

**B8. Status of Corporate Proposals**

As at 24 November 2015, 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 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.

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

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 30 September 2015:-

	RM
a) Secured and unsecured :	
Total secured borrowings	2,061,752
Total unsecured borrowings	-
Total borrowings	<u>2,061,752</u>
b) Short Term and Long Term	
Total short-term borrowings	1,820,707
Total long term borrowings	241,045
Total borrowings	<u>2,061,752</u>

All borrowings are denominated in either Ringgit Malaysia or Hong Kong Dollar.

**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 30.9.2015 RM (unaudited)	As at 31.12.2014 RM (audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(55,482,577)	(46,842,023)
- Unrealised	693,900	(31,113)
Less: consolidation adjustments	31,330,231	31,975,691
Total group (accumulated losses)/retained profits as per consolidated accounts	<u>(23,458,446)</u>	<u>(14,897,445)</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, 12th till 14th November 2014, 30th till 31st March 2015, 20th May 2015 and 24th till 26th June 2015. The Arbitrator had further fixed the Arbitration for Continued Hearing on 2nd till 4th December 2015 and 20th till 22nd January 2016.

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

**B13. Dividend**

No dividend has been declared in the current quarter.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2015	Preceding Year Quarter 30.9.2014	Current Year 30.9.2015	Preceding Year 30.9.2014
Net loss attributable to the owners of the Company for the period	(3,165,892)	(4,005,064)	(8,561,001)	(10,280,434)
Weighted average no. of ordinary shares in issue	102,762,800	102,481,433	102,762,800	102,481,433
Basic loss per share (sen)	(3.08)	(3.91)	(8.33)	(10.03)

**b) Diluted earnings/(loss) per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2015	Preceding Year Quarter 30.9.2014	Current Year 30.9.2015	Preceding Year 30.9.2014
Net loss attributable to the owners of the Company for the period	(3,165,892)	(4,005,064)	(8,561,001)	(10,280,434)
Weighted average no. of ordinary shares in issue	109,382,800	109,101,433	109,382,800	109,101,433
Diluted loss per share (sen)	(2.89)	(3.67)	(7.83)	(9.42)

**B15. Authorisation For Issue**

The interim financial statements for the nine (9)-months financial period ended 30 September 2015 were authorised for issue by the Board of Directors.

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

24 November 2015