

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE (3)-MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.3.2016	PRECEDING YEAR QUARTER 31.3.2015	CURRENT YEAR 31.3.2016	PRECEDING YEAR 31.3.2015
	RM	RM	RM	RM
Revenue	2,287,373	3,952,288	2,287,373	3,952,288
Cost of Sales	<u>(1,322,092)</u>	<u>(1,978,466)</u>	<u>(1,322,092)</u>	<u>(1,978,466)</u>
Gross profit	965,280	1,973,822	965,280	1,973,822
Other Income	248,830	197,728	248,830	197,728
Operating Expenses	(4,444,479)	(4,604,897)	(4,444,479)	(4,604,897)
Finance Costs	<u>(34,634)</u>	<u>(40,133)</u>	<u>(34,634)</u>	<u>(40,133)</u>
Loss before Tax	(3,265,002)	(2,473,481)	(3,265,002)	(2,473,481)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the year	<u>(3,265,002)</u>	<u>(2,473,481)</u>	<u>(3,265,002)</u>	<u>(2,473,481)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(1,350,008)	764,679	(1,350,008)	764,679
Reversal of income tax relating to components of other comprehensive income	204,099	-	204,099	-
	<u>(1,145,909)</u>	<u>764,679</u>	<u>(1,145,909)</u>	<u>764,679</u>
Total comprehensive (loss)/income for the year	<u>(4,410,911)</u>	<u>(1,708,802)</u>	<u>(4,410,911)</u>	<u>(1,708,802)</u>
Profit/(loss) Attributable to :				
Owners of the Company	(3,170,356)	(2,391,635)	(3,170,356)	(2,391,635)
Non-Controlling Interest	<u>(94,646)</u>	<u>(81,846)</u>	<u>(94,646)</u>	<u>(81,846)</u>
Loss for the year	<u>(3,265,002)</u>	<u>(2,473,481)</u>	<u>(3,265,002)</u>	<u>(2,473,481)</u>
Total Comprehensive (loss)/income Attributable to :				
Owners of the Company	(4,545,537)	(1,705,192)	(4,545,537)	(1,705,192)
Non-Controlling Interest	<u>134,626</u>	<u>(3,610)</u>	<u>134,626</u>	<u>(3,610)</u>
	<u>(4,410,911)</u>	<u>(1,708,802)</u>	<u>(4,410,911)</u>	<u>(1,708,802)</u>
Earnings/(loss) per share of RM0.50 each				
- Basic (sen)	(3.09)	(2.33)	(3.09)	(2.33)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 31 MARCH 2016**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 31.3.2016 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2015 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	11,390,373	13,900,651
Investment Properties	412,022	421,964
Intangible Assets	3,983,934	4,084,368
Other Investments	143,432	143,432
Total Non-current assets	<u>15,929,761</u>	<u>18,550,415</u>
Current Assets		
Inventories	9,981,769	6,834,881
Due from Customers on Contract	611,303	1,123,937
Trade & Other Receivables	13,459,360	17,191,085
Cash and Bank Balances	4,943,950	5,401,453
Total Current Assets	<u>28,996,382</u>	<u>30,551,356</u>
TOTAL ASSETS	<u><u>44,926,143</u></u>	<u><u>49,101,771</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	51,381,400	51,381,400
Reserves	(22,190,761)	(17,645,224)
Shareholders' funds	<u>29,190,639</u>	<u>33,736,176</u>
Non-Controlling Interest	3,772,871	3,638,245
Total equity	<u>32,963,510</u>	<u>37,374,421</u>
Non-current liabilities		
Borrowings	113,048	125,320
Deferred Tax Liabilities	948,884	1,152,984
Total Non-current liabilities	<u>1,061,932</u>	<u>1,278,304</u>
Current Liabilities		
Provisions	102,094	102,094
Trade & Other Payables	8,019,126	8,736,085
Borrowings	2,779,275	1,610,662
Current Tax Payables	-	-
Due to Customers on Contract	204	205
Total Current Liabilities	<u>10,900,700</u>	<u>10,449,046</u>
TOTAL EQUITY AND LIABILITIES	<u><u>44,926,143</u></u>	<u><u>49,101,771</u></u>

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

0.28

0.33

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 THREE (3)-MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2016**

	-----> 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	
At 31 December 2015	51,381,400	1,253,054	-	3,442,239	458,620	4,398,276	4,308	(27,201,721)	33,736,176	3,638,245	37,374,421
Loss for the year	-	-	-	-	-	-	-	(3,170,356)	(3,170,356)	(94,646)	(3,265,002)
Crystallisation of deferred tax upon disposal of property	-	-	-	-	-	-	-	104,090	104,090	100,009	204,099
Foreign exchange translation	-	-	-	(1,479,271)	-	-	-	-	(1,479,271)	129,263	(1,350,008)
Total comprehensive loss for the year	-	-	-	(1,479,271)	-	-	-	(3,066,266)	(4,545,537)	134,626	(4,410,911)
Arising from disposal of property	-	-	-	-	-	(814,402)	-	814,402	-	-	-
At 31 March 2016	51,381,400	1,253,054	-	1,962,968	458,620	3,583,874	4,308	(29,453,584)	29,190,639	3,772,871	32,963,510
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	-	-	-	686,443	-	-	-	(2,391,635)	(1,705,192)	(3,610)	(1,708,802)
At 31 March 2015	51,381,400	1,253,054	-	1,638,724	458,620	4,398,276	74,806	(17,289,080)	41,915,800	4,108,040	46,023,840

(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 2015 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 THREE (3)-MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2016**

	Current Year 12 Months Ended 31.3.2016 (Unaudited)	Preceding Year 12 Months Ended 31.3.2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,265,002)	(2,473,481)
Adjustments for non-cash flow:-		
Non-cash items	(753,281)	115,885
Non-operating items	<u>(62,476)</u>	<u>39,784</u>
Operating loss before changes in working capital	(4,080,759)	(2,317,812)
Net change in current assets	1,062,201	(2,225,465)
Net change in current liabilities	<u>(702,307)</u>	<u>(375,060)</u>
Cash used in operations	(3,720,865)	(4,918,337)
Interest paid	(34,634)	(40,132)
Taxes refunded	7,500	-
Taxes paid	<u>(5,801)</u>	<u>(61,991)</u>
Net cash generated from/(used in) operating activities	<u>(3,753,800)</u>	<u>(5,020,460)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,334)	(72,210)
Proceeds from disposal of property, plant and equipment	2,350,000	1,051,902
Interest received	337	349
Net cash generated from investing activities	<u>2,349,003</u>	<u>980,041</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of hire purchase	(48,535)	(11,107)
Net cash (used in)/generated from financing activities	<u>(48,535)</u>	<u>(11,107)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,453,331)	(4,051,526)
Effect of exchange rate changes	(209,048)	764,679
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,016,605	5,373,369
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>2,354,226</u>	<u>2,086,522</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	4,943,950	3,796,299
Bank overdraft	<u>(2,589,724)</u>	<u>(1,709,777)</u>
	<u>2,354,226</u>	<u>2,086,522</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 2015 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 31 March 2016 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 2015. 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 2015.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 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 2016:-

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure Initiative
Amendments to MFRS 127	Separate Financial Statements - Equity Method in Separate Financial Statements
Amendments to MFRS 116	Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment - Agriculture: Bearer Plants
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 138	Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 141	Agriculture - Agriculture: Bearer Plants
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operation (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception
* Amendments to MFRS 10	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 12	Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 119	Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception
* Amendments to MFRS 128	Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Annual improvements to MFRSs 2012 - 2014 Cycle

* The effective date of these standards have been deferred, and yet to be announced by MASB.

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 2015 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.

NOTES TO THE INTERIM FINANCIAL REPORT

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 31 March 2016.

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 financial period.

A6. Debt and Equity Securities

There were no 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 31 March 2016.

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 31 March 2016.

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, trading of watches, integrated internet marketing services, development of IT applications, general trading and provision of hospitality services.

Geographical Segments

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

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

Singapore - Trading, maintenance and supply of industrial electrical equipment

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NOTES TO THE INTERIM FINANCIAL REPORT

A8. Segmental Reporting (Continued)

a. Information on segments

Business segments:												
	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	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	1,485	2,984	379	761	-	-	423	208	-	-	2,287	3,952
Inter-segment	4,256	621	49	7	-	-	-	-	(4,305)	(628)	-	-
Total revenue	5,741	3,605	428	767	-	-	423	208	(4,305)	(628)	2,287	3,952
Results												
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	9	16	22	19	-	-	4	5	-	-	35	40
Depreciation	39	47	36	38	22	22	102	55	-	-	199	162
Segment profit/(loss)	(1,930)	(410)	(73)	(162)	(25)	(28)	(1,201)	(1,895)	(37)	22	(3,265)	(2,473)
Segment assets	25,171	40,309	10,892	11,244	323	1,336	18,143	14,794	(9,604)	(10,573)	44,926	57,110
Segment liabilities	(6,706)	(7,450)	(3,922)	(3,639)	(9)	(521)	(42,882)	(32,089)	41,556	32,612	(11,963)	(11,086)
Capital expenditure	1	70	-	2	-	-	-	-	-	-	1	72
Geographical segments:												
	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Revenue												
Revenue from external customers			1,708	3,303	423	208	156	441	-	-	2,287	3,952
Segment assets			34,672	49,440	18,131	14,666	1,727	3,577	(9,604)	(10,573)	44,926	57,110
Capital expenditure			1	72	-	-	-	-	-	-	1	72

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.

- On 1 April 2016, 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 30 June 2016.

A11. Effect of Changes in the Composition of the Group

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.

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 2015.

NOTES TO THE INTERIM FINANCIAL REPORT

A13. Intangible Assets

The intangible assets of RM3,983,934 is related to investment in software development from a subsidiary of the Company, Industronics Technology Limited. The software development consists of openstack cloud computing software platform, file hosting platform and game server platform.

A14. Capital Commitment

Other than as disclosed below, the Group has no other material capital commitments as at 31.3.2016.

- a. The subsidiary of the Company, Industronics Technology Limited has a capital commitments related to software under development of HKD12,623,500, approximately equivalent to RM6,989,632.

A15. 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	-	-
Deposit refunded from Vashion Group Limited *, in relation to Conditional Deposit Agreement entered into on 9 July 2014	4,398,140	4,398,140

Outstanding balances with related parties as at 31 March 2016 and 31 December 2015 are as follows:

	As at 31.3.2016 Unaudited RM	As at 31.12.2015 Audited RM
Sales to an entity connected with a director of a subsidiary of the group	1,219,912	1,248,532
Deposit paid to Vashion Group Limited *, in relation to Conditional Deposit Agreement entered into on 9 July 2014	2,032,731	6,430,871

* A company in which the existing director of Industronics Berhad, Mr. Jacob Leung Kwok Kuen is appointed as a Non-executive and Non-independent Director and a member of Nominating Committee with effect from 23 November 2015.

* A company in which the existing director of subsidiaries of Industronics Berhad, Mr. Christian Kwok-Leun Yau Heilesen is appointed as Executive Director with effect from 23 November 2015. Mr. Christian Kwok-Leun Yau is also deemed to be a substantial shareholder of Vashion Group Limited.

- 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.

NOTES TO THE INTERIM FINANCIAL REPORT

A16. Profit/(loss) Before Taxation

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

	Q116 RM	Q115 RM	YTD 16 RM	YTD 15 RM
Interest Income	(337)	(349)	(337)	(349)
Other Income	(150,836)	(54,558)	(150,836)	(54,558)
Interest expense	34,634	32,496	34,634	32,496
Depreciation and amortization	199,104	162,276	199,104	162,276
(Gain)/Loss on disposal of property, plant and equipment	(96,773)	(30,000)	(96,773)	(30,000)
Realised foreign exchange (gain)/loss	(884)	(64,579)	(884)	(64,579)
Unrealised foreign exchange (gain)/loss	157,466	(47,894)	157,466	(47,894)

- 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 31 March 2016 (1Q16) compared with quarter ended 31 March 2015 (1Q15)

The Group's revenue was lower in 1Q16 (RM2.29 million) compared to 1Q15 (RM3.95 million). This is mainly due to lower revenue in Electronics & System Integration Segment in 1Q16 compared to 1Q15.

The Group recorded loss before tax of approximately RM3.27 million in 1Q16 compared to RM2.47 million in 1Q15. The higher loss was mainly due to lower revenue generated in 1Q16 compared to 1Q15.

B2. Material Changes in the Quarterly Results (1Q16) compared to the Results of the Preceding Quarter (4Q15)

The Group recorded lower revenue of RM2.29 million in 1Q16 compared with RM5.94 million in 4Q15. Loss before tax was RM3.27 million in the current quarter compared to RM3.91 million in 4Q15. Loss in 1Q16 was lower despite lower revenue compared to 4Q15 mainly due to higher gross profit margin generated in 1Q16.

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 competition in the industry, changing business trends, slowdown of economic growth and other macro-economic factors are among those that will continuously affect the prospects of the Group future performance.

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>
	<u>-</u>	<u>-</u>

B6. Sale of Quoted and Unquoted Investments

There were no material sale of quoted and unquoted investments for the financial period ended 31 March 2016.

B7. Sale of Properties

Other than as disclosed below, there were no material sale of properties for the financial period ended 31 March 2016:

- a. On 18 February 2016, subsidiary of the Company, Sukitronics Sdn Bhd has entered into a sale and purchase agreement with Triangle Worldwide Sdn Bhd to dispose its property for a total consideration of RM2,350,000. The carrying amount of the property at date of disposal is approximately RM2,182,727.

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

B8. Status of Corporate Proposals

As at 25 May 2016, 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.

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 31 March 2016:-

	RM
a) Secured and unsecured :	
Total secured borrowings	2,892,323
Total unsecured borrowings	-
Total borrowings	<u>2,892,323</u>
b) Short Term and Long Term	
Total short-term borrowings	2,779,275
Total long term borrowings	113,048
Total borrowings	<u>2,892,323</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 31.3.2016 RM (unaudited)	As at 31.12.2015 RM (audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(67,493,567)	(59,490,746)
- Unrealised	(139,328)	545,472
Less: consolidation adjustments	38,179,311	31,743,553
Total group (accumulated losses)/retained profits as per consolidated accounts	<u>(29,453,584)</u>	<u>(27,201,721)</u>

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

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, 24th till 26th June 2015 and 18th till 20th April 2016.

On 20 April 2016, the Arbitrator gave the following directions:

- The claimant to submit its final submission complete with authorities on or before 20 August 2016.
- The respondent to submit its final submission complete with authorities on or before 28 November 2016.
- The claimant to submit its final reply on or before 28 February 2017.

B13. Dividend

No dividend has been declared in the current quarter.

B14. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.3.2016	Preceding Year Quarter 31.3.2015	Current Year 31.3.2016	Preceding Year 31.3.2015
Net loss attributable to the owners of the Company for the period	(3,170,356)	(2,391,635)	(3,170,356)	(2,391,635)
Weighted average no. of ordinary shares in issue	102,762,800	102,762,800	102,762,800	102,762,800
Basic loss per share (sen)	(3.09)	(2.33)	(3.09)	(2.33)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.3.2016	Preceding Year Quarter 31.3.2015	Current Year 31.3.2016	Preceding Year 31.3.2015
Net loss attributable to the owners of the Company for the period	(3,170,356)	(2,391,635)	(3,170,356)	(2,391,635)
Weighted average no. of ordinary shares in issue	109,382,800	109,382,800	109,382,800	109,382,800
Diluted loss per share (sen)	(2.90)	(2.19)	(2.90)	(2.19)

B15. Authorisation For Issue

The interim financial statements for the three (3)-months financial period ended 31 March 2016 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

25 May 2016