

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 30.9.2017	PRECEDING YEAR QUARTER 30.9.2016	CURRENT YEAR 30.9.2017	PRECEDING YEAR 30.9.2016
	RM	RM	RM	RM
Revenue	23,060,802	7,305,897	60,942,227	15,671,055
Cost of Sales	<u>(20,380,754)</u>	<u>(6,642,177)</u>	<u>(56,358,751)</u>	<u>(13,452,110)</u>
Gross profit	2,680,048	663,720	4,583,476	2,218,945
Other Income	352,100	305,526	481,843	502,573
Operating Expenses	(3,480,358)	(3,169,794)	(10,319,389)	(11,104,601)
Finance Costs	<u>(230,620)</u>	<u>(12,944)</u>	<u>(322,329)</u>	<u>(73,811)</u>
Loss before Tax	(678,830)	(2,213,492)	(5,576,399)	(8,456,894)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(678,830)</u>	<u>(2,213,492)</u>	<u>(5,576,399)</u>	<u>(8,456,894)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(629,930)	1,427,942	(1,360,823)	568,410
Reversal of income tax relating to components of other comprehensive income	-	-	-	204,099
	<u>(629,930)</u>	<u>1,427,942</u>	<u>(1,360,823)</u>	<u>772,509</u>
Total comprehensive (loss)/income for the period	<u>(1,308,760)</u>	<u>(785,550)</u>	<u>(6,937,222)</u>	<u>(7,684,385)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	(961,853)	(2,084,631)	(5,718,408)	(8,073,093)
Non-Controlling Interest	<u>283,023</u>	<u>(128,861)</u>	<u>142,009</u>	<u>(383,801)</u>
Loss for the period	<u>(678,830)</u>	<u>(2,213,492)</u>	<u>(5,576,399)</u>	<u>(8,456,894)</u>
<b>Total Comprehensive (loss)/income Attributable to :</b>				
Owners of the Company	(1,590,415)	(668,406)	(7,255,962)	(7,559,859)
Non-Controlling Interest	<u>281,655</u>	<u>(117,144)</u>	<u>318,740</u>	<u>(124,525)</u>
	<u>(1,308,760)</u>	<u>(785,550)</u>	<u>(6,937,222)</u>	<u>(7,684,385)</u>
Earnings/(loss) per share of RM0.50 each				
- Basic (sen)	(0.94)	(2.03)	(5.56)	(7.86)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2017**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.9.2017 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2016 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	10,951,758	11,294,657
Investment Properties	396,851	405,675
Intangible Assets	7,946,781	5,148,850
Other Investments	118,584	118,584
<b>Total Non-current assets</b>	<u>19,413,974</u>	<u>16,967,766</u>
<b>Current Assets</b>		
Inventories	2,441,137	5,199,704
Due from Customers on Contract	-	533,194
Trade & Other Receivables	3,421,934	9,557,685
Cash and Bank Balances	2,994,248	7,621,118
<b>Total Current Assets</b>	<u>8,857,319</u>	<u>22,911,701</u>
<b>TOTAL ASSETS</b>	<u>28,271,293</u>	<u>39,879,467</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	51,381,400	51,381,400
Reserves	(34,217,169)	(26,961,207)
<b>Shareholders' funds</b>	<u>17,164,231</u>	<u>24,420,193</u>
Non-Controlling Interest	3,355,735	3,036,995
<b>Total equity</b>	<u>20,519,966</u>	<u>27,457,188</u>
<b>Non-current liabilities</b>		
Borrowings	4,629	11,309
Deferred Tax Liabilities	1,020,016	1,020,016
<b>Total Non-current liabilities</b>	<u>1,024,645</u>	<u>1,031,325</u>
<b>Current Liabilities</b>		
Provisions	90,277	90,277
Trade & Other Payables	6,079,875	10,690,750
Borrowings	500,419	609,722
Due to Customers on Contract	56,111	205
<b>Total Current Liabilities</b>	<u>6,726,683</u>	<u>11,390,954</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>28,271,293</u>	<u>39,879,467</u>

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

0.17

0.24

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2017**

	Attributable to Owners of the Parent						Share- holders Fund	Non-Controlling Interest	Total Equity	
	Non Distributable					Fair value adjustment reserve				Distributable Retained earnings/ (accumulated losses)
	Share capital	Share premium	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves					
RM	RM	RM	RM	RM	RM	RM	RM	RM		
At 31 December 2016	51,381,400	1,253,054	5,668,279	-	4,799,534	68,460	(38,750,534)	24,420,193	3,036,995	27,457,188
Loss for the period	-	-	-	-	-	-	(5,718,408)	(5,718,408)	142,009	(5,576,399)
Foreign exchange translation	-	-	(1,537,554)	-	-	-	-	(1,537,554)	176,731	(1,360,823)
Total comprehensive loss for the period	-	-	(1,537,554)	-	-	-	(5,718,408)	(7,255,962)	318,740	(6,937,222)
At 30 September 2017	51,381,400	1,253,054	4,130,725	-	4,799,534	68,460	(44,468,942)	17,164,231	3,355,735	20,519,966
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 period	-	-	-	-	-	-	(8,073,093)	(8,073,093)	(383,801)	(8,456,894)
Crystallisation of deferred tax upon disposal of property	-	-	-	-	-	-	104,090	104,090	100,009	204,099
Foreign exchange translation	-	-	409,143	-	-	-	-	409,143	159,267	568,410
Total comprehensive loss for the period	-	-	409,143	-	-	-	(7,969,002)	(7,559,859)	(124,525)	(7,684,385)
Arising from disposal of property	-	-	-	-	(814,402)	-	814,402	-	-	-
At 30 September 2016	51,381,400	1,253,054	3,851,382	458,620	3,583,874	4,308	(34,356,321)	26,176,317	3,513,720	29,690,036

(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 2016 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 2017**

	Current Period 9 Months Ended 30.9.2017 (Unaudited)	Preceding Period 9 Months Ended 30.9.2016 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(5,576,399)	(8,456,894)
Adjustments for non-cash flow:-		
Non-cash items	(876,783)	1,532,589
Non-operating items	318,943	(262,551)
Operating loss before changes in working capital	(6,134,240)	(7,186,855)
Net change in current assets	9,414,537	3,440,316
Net change in current liabilities	(4,325,413)	528,470
Cash (used in)/generated from operations	(1,045,115)	(3,218,069)
Interest paid	(322,329)	(73,811)
Taxes refunded	15,529	24,168
Taxes paid	(12,526)	(12,023)
Net cash (used in)/generated from operating activities	(1,364,440)	(3,279,735)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(900)	(629,431)
Purchase of intangible assets	(3,123,301)	-
Proceeds from disposal of property, plant and equipment	21,500	2,433,520
Interest received	3,386	284,611
Net cash (used in)/generated from investing activities	(3,099,316)	2,088,699
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of hire purchase	(116,583)	(136,316)
Net cash (used in)/generated from financing activities	(116,583)	(136,316)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,580,339)	(1,327,352)
Effect of exchange rate changes	(47,131)	(203,085)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,130,137	4,016,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,502,667	2,486,168
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	2,994,248	3,266,534
Bank overdraft	(491,581)	(780,366)
	2,502,667	2,486,168

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2017 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 2016. 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 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 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 2017:-

**Effective for financial periods beginning on or after 1 January 2017**

Amendments to MFRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments to MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 - 2016 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 2016 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 2017.

**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 30 September 2017.

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 2017.

**INDUSTRONICS BERHAD (23699-X)**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 precision instruments, 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 precision instruments, integrated internet marketing services, development of IT applications, general trading and provision of hospitality services.

Singapore - Trading, maintenance and supply of industrial electrical equipment

**A8. (a) Individual quarter**

Business segments:												
Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	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	1,047	1,221	840	309	-	-	21,174	5,775	-	-	23,061	7,305
Inter-segment	14,897	4,906	1	3	-	-	-	-	(14,898)	(4,909)	-	-
<b>Total revenue</b>	<b>15,944</b>	<b>6,127</b>	<b>841</b>	<b>312</b>	<b>-</b>	<b>-</b>	<b>21,174</b>	<b>5,775</b>	<b>(14,898)</b>	<b>(4,909)</b>	<b>23,061</b>	<b>7,305</b>
<b>Results</b>												
Interest income	-	-	1	-	-	-	-	-	-	-	1	-
Finance costs	230	11	-	-	-	-	-	2	-	-	230	13
Depreciation	34	39	12	21	-	22	-	140	-	-	46	222
Segment profit/(loss)	1,655	916	653	(166)	-	(318)	(256)	(1,253)	(2,730)	(1,391)	(678)	(2,212)
<b>Segment assets</b>	<b>21,758</b>	<b>25,227</b>	<b>6,697</b>	<b>8,828</b>	<b>-</b>	<b>571</b>	<b>9,873</b>	<b>18,617</b>	<b>(10,057)</b>	<b>(12,185)</b>	<b>28,271</b>	<b>41,058</b>
<b>Segment liabilities</b>	<b>(8,552)</b>	<b>(6,401)</b>	<b>(750)</b>	<b>(2,230)</b>	<b>-</b>	<b>(600)</b>	<b>(45,189)</b>	<b>(46,889)</b>	<b>46,740</b>	<b>44,752</b>	<b>(7,751)</b>	<b>(11,368)</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,738</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>2,738</b>	<b>210</b>
Geographical segments:												
	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	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			1,601	1,444	21,174	5,775	286	86	-	-	23,061	7,305
<b>Segment assets</b>			<b>23,302</b>	<b>32,776</b>	<b>9,868</b>	<b>18,609</b>	<b>5,158</b>	<b>1,858</b>	<b>(10,057)</b>	<b>(12,185)</b>	<b>28,271</b>	<b>41,058</b>
<b>Capital expenditure</b>			<b>-</b>	<b>-</b>	<b>2,738</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,738</b>	<b>210</b>

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting (continued)**

**b. Cumulative quarters**

Business segments:												
	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
Cumulative quarters ended	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	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	3,238	3,987	1,508	997	-	-	56,196	10,687	-	-	60,942	15,671
Inter-segment	52,686	10,637	3	52	-	-	-	-	(52,689)	(10,689)	-	-
<b>Total revenue</b>	<b>55,924</b>	<b>14,624</b>	<b>1,511</b>	<b>1,049</b>	<b>-</b>	<b>-</b>	<b>56,196</b>	<b>10,687</b>	<b>(52,689)</b>	<b>(10,689)</b>	<b>60,942</b>	<b>15,671</b>
<b>Results</b>												
Interest income	-	-	3	-	-	-	-	-	-	-	3	-
Finance costs	320	29	1	35	-	-	1	10	-	-	322	74
Depreciation	104	117	38	79	-	67	130	348	-	-	272	611
Segment profit/(loss)	(984)	(2,764)	423	(445)	-	(368)	(2,285)	(3,414)	(2,730)	(1,465)	(5,576)	(8,456)
<b>Segment assets</b>	<b>21,758</b>	<b>25,227</b>	<b>6,697</b>	<b>8,828</b>	<b>-</b>	<b>571</b>	<b>9,873</b>	<b>18,617</b>	<b>(10,057)</b>	<b>(12,185)</b>	<b>28,271</b>	<b>41,058</b>
<b>Segment liabilities</b>	<b>(8,552)</b>	<b>(6,401)</b>	<b>(750)</b>	<b>(2,230)</b>	<b>-</b>	<b>(600)</b>	<b>(45,189)</b>	<b>(46,889)</b>	<b>46,740</b>	<b>44,752</b>	<b>(7,751)</b>	<b>(11,368)</b>
<b>Capital expenditure</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,123</b>	<b>625</b>	<b>-</b>	<b>-</b>	<b>3,124</b>	<b>629</b>
<b>Geographical segments:</b>												
	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016		
	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		4,448	4,628	56,196	10,687	298	356	-	-	60,942	15,671	
<b>Segment assets</b>		<b>23,302</b>	<b>32,776</b>	<b>9,868</b>	<b>18,609</b>	<b>5,158</b>	<b>1,858</b>	<b>(10,057)</b>	<b>(12,185)</b>	<b>28,271</b>	<b>41,058</b>	
<b>Capital expenditure</b>		<b>1</b>	<b>4</b>	<b>3,123</b>	<b>625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,124</b>	<b>629</b>	

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

The valuation of land and buildings have been brought forward from previous valuation done as at 30 December 2016.

**A10. Subsequent Events**

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

- The Board of Directors of the Company announced that Sukitronics Sdn Bhd ("the Vendor"), a 51% owned subsidiary of the Company has on 20 November 2017 entered into a Sale and Purchase Agreement ("SPA") with GNG Distributors Sdn. Bhd. (679213-U) ("the Purchaser") to dispose a 1½ storey light industrial terrace factory held under Lot No. 62066, GRN 215441 in the District of Petaling, State of Selangor, bearing Unit No. 22, Jalan Pendidik U1/31, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor ("the Property") to the Purchaser for a total consideration of Ringgit Malaysia Five Million and Two Hundred Thousand (RM5,200,000.00).

The Proposed Disposal is expected to result in a loss on disposal of approximately RM0.158 million after taking into consideration the audited net carrying amount of the Property, real estate commission, real property gain tax and professional fees.

**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 2016.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A13. Intangible Assets**

Intangible assets includes an amount of RM7,857,781 which 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 30.9.2017.

- a. The subsidiary of the Company, Industronics Technology Limited has a capital commitments related to software under development of HKD5,483,500, approximately equivalent to RM2,968,219.

**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	-	-

Outstanding balances with related parties as at 30 September 2017 and 31 December 2016 are as follows:

	As at 30.9.2017 Unaudited RM	As at 31.12.2016 Audited RM
Sales to an entity connected with a director of a subsidiary of the group	1,219,912	1,219,912
Provision for doubtful debts	(1,219,912)	(1,219,912)
Net balance	<u>-</u>	<u>-</u>

- 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.

**A16. Profit/(loss) Before Taxation**

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

	Q317 RM	Q316 RM	YTD 17 RM	YTD 16 RM
Interest Income	(1,083)	(284,223)	(3,386)	(284,612)
Other Income	1,079	(52,021)	(76,930)	(126,397)
Interest expense	230,621	12,944	322,329	73,811
Depreciation and amortization	110,322	222,328	336,071	610,547
Reversal of provision for doubtful debts	(175,783)	-	(175,783)	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	(20,008)	(51,751)
Realised foreign exchange (gain)/loss	(3,861)	30,718	(33,283)	(39,813)
Unrealised foreign exchange (gain)/loss	(187,319)	(985)	(172,453)	162,332

- 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 2017 (3Q17) compared with quarter ended 30 September 2016 (3Q16)

The Group's revenue was higher in 3Q17 (RM23.06 million) compared to 3Q16 (RM7.31 million). This is mainly due to higher revenue in Other Operation segment in 3Q17 (RM21.17 million) compared to 3Q16 (RM5.78 million).

The Group recorded loss before tax of approximately RM0.68 million in 3Q17 compared to RM2.21 million in 3Q16. The lower loss was mainly due to higher revenue generated in 3Q17 (RM23.06 million) compared to 3Q16 (RM7.31 million).

- b. Current financial period ended 30 September 2017 (9M17) compared with preceding financial period ended 30 September 2016 (9M16)

The Group recorded higher revenue of RM60.94 million for 9M17 compared to RM15.67 million for 9M16, mainly attributable to higher revenue generated in Other Operation segment in 9M17.

The Group recorded lower loss before tax of RM5.58 million in 9M17 compared to RM8.46 million in 9M16 mainly due to higher gross profit and lower operating expenses in 9M17.

**B2. Material Changes in the Quarterly Results (3Q17) compared to the Results of the Preceding Quarter (2Q17)**

The Group recorded higher revenue of RM23.06 million in 3Q17 compared with RM20.39 million in 2Q17. Loss before tax was RM0.68 million in the current quarter compared to RM2.22 million in 2Q17.

**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>

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

There were no material sale of quoted and unquoted investments for the financial period ended 30 September 2017.

**B7. Sale of Properties**

There were no disposal of properties for the financial period ended 30 September 2017.

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

**B8. Status of Corporate Proposals**

As at 27 November 2017, 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.

- b. on 29 September 2017, the Board of Directors of Industronics announced that Sukitronics Sdn Bhd ("Sukitronics"), a 51% owned subsidiary of the Company proposes to carry out a capital reduction exercise to reduce its paid-up share capital from RM5,000,000.00 to RM1,000,000.00 by way of returning RM4,000,000.00 which is in excess of the needs of Sukitronics to its shareholders pursuant to Section 117 of the Companies Act, 2016 ("Proposed Capital Reduction Exercise").

Pursuant to the Proposed Capital Reduction Exercise, the Company is expected to receive RM2,040,000.00 from Sukitronics in respect of 2,040,000 ordinary shares held by the Company in Sukitronics upon the completion of the exercise and the same will be utilised as working capital of the Company.

As at LPD, the Proposed Capital Reduction Exercise is still pending for approval from the relevant authorities.

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 30 September 2017:-

	RM
a) Secured and unsecured :	
Total secured borrowings	505,048
Total unsecured borrowings	-
Total borrowings	<u>505,048</u>
b) Short Term and Long Term	
Total short-term borrowings	500,419
Total long term borrowings	4,629
Total borrowings	<u>505,048</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 30.9.2017 RM (unaudited)	As at 31.12.2016 RM (audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(86,101,808)	(84,369,089)
- Unrealised	202,408	(286,176)
Less: consolidation adjustments	41,430,459	45,904,731
Total group (accumulated losses)/retained profits as per consolidated accounts	<u>(44,468,942)</u>	<u>(38,750,534)</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.

On 10 February 2017, the Arbitrator gave the following directions:

- The respondent to submit its final submission complete with authorities on or before 13 February 2017.
- The claimant to submit its final reply on or before 16 June 2017.

The respondent have delivered their written submission dated 13 February 2017 and the claimant have also delivered their reply submission dated 18 June 2017. The Arbitrator is in the process of deciding the final award.

**B13. Dividend**

No dividend has been declared in the current quarter.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2017	Preceding Year Quarter 30.9.2016	Current Year 30.9.2017	Preceding Year 30.9.2016
Net loss attributable to the owners of the Company for the period	(961,853)	(2,084,631)	(5,718,408)	(8,073,093)
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)	(0.94)	(2.03)	(5.56)	(7.86)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2017	Preceding Year Quarter 30.9.2016	Current Year 30.9.2017	Preceding Year 30.9.2016
Net loss attributable to the owners of the Company for the period	(961,853)	(2,084,631)	(5,718,408)	(8,073,093)
Weighted average no. of ordinary shares in issue	102,762,800	109,382,800	102,762,800	109,382,800
Diluted loss per share (sen)	(0.94)	(1.91)	(5.56)	(7.38)

**B15. Authorisation For Issue**

The interim financial statements for the nine (9)-months financial period ended 30 September 2017 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**  
INDUSTRONICS BERHAD