

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 31.12.2018	PRECEDING QUARTER 31.12.2017	CURRENT YEAR 31.12.2018	PRECEDING YEAR 31.12.2017
	RM	RM	RM	RM
Revenue	1,559,294	14,384,022	38,294,555	75,326,249
Cost of Sales	<u>(309,791)</u>	<u>(11,831,297)</u>	<u>(28,606,591)</u>	<u>(68,190,048)</u>
Gross profit	1,249,503	2,552,725	9,687,964	7,136,201
Other Income	17,574	1,461,299	240,820	1,943,142
Operating Expenses	(2,667,359)	(4,956,325)	(12,584,907)	(15,275,714)
Finance Costs	(5,699)	(14,139)	(27,781)	(336,468)
Profit/(Loss) before Tax	(1,405,982)	(956,440)	(2,683,903)	(6,532,839)
Income Tax	-	(12,189)	-	(12,189)
Profit/(Loss) for the period	<u>(1,405,982)</u>	<u>(968,629)</u>	<u>(2,683,903)</u>	<u>(6,545,028)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(76,421)	(354,712)	(58,474)	(1,715,535)
Fair values gain/(loss) on financial assets	-	(31,104)	-	(31,104)
Available-for-sale financial assets - reclassification of fair value adjustment to profit or loss upon disposal	-	-	-	-
Capital repayment to non-controlling interest by a subsidiary	-	-	-	-
Reversal of income tax relating to components of other comprehensive income	-	-	-	-
	<u>(76,421)</u>	<u>(385,816)</u>	<u>(58,474)</u>	<u>(1,746,639)</u>
Total comprehensive income/(loss) for the period	<u>(1,482,403)</u>	<u>(1,354,445)</u>	<u>(2,742,377)</u>	<u>(8,291,667)</u>
<b>Profit/(Loss) Attributable to :</b>				
Owners of the Company	(1,409,084)	(485,035)	(2,508,475)	(6,203,443)
Non-Controlling Interest	<u>3,102</u>	<u>(483,594)</u>	<u>(175,428)</u>	<u>(341,585)</u>
Profit/(Loss) for the period	<u>(1,405,982)</u>	<u>(968,629)</u>	<u>(2,683,903)</u>	<u>(6,545,028)</u>
<b>Total Comprehensive income/(loss) Attributable to :</b>				
Owners of the Company	(1,485,505)	(855,821)	(2,405,248)	(8,111,783)
Non-Controlling Interest	<u>3,102</u>	<u>(498,624)</u>	<u>(337,129)</u>	<u>(179,884)</u>
	<u>(1,482,403)</u>	<u>(1,354,445)</u>	<u>(2,742,377)</u>	<u>(8,291,667)</u>
Earnings/(loss) per share				
- Basic (sen)	(1.37)	(0.94)	(2.44)	(6.04)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 DECEMBER 2018**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 31.12.2018 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2017 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	5,511,998	5,652,634
Investment Properties	120,610	393,912
Intangible Assets	7,838,867	9,788,200
Other Investments	33,048	87,480
<b>Total Non-current assets</b>	<u>13,504,522</u>	<u>15,922,226</u>
<b>Current Assets</b>		
Inventories	1,498,822	2,174,502
Due from Customers on Contract	-	60,000
Trade & Other Receivables	5,540,257	7,908,945
Cash and Bank Balances	2,400,135	2,526,492
<b>Total Current Assets</b>	<u>9,439,214</u>	<u>12,669,939</u>
<b>TOTAL ASSETS</b>	<u><u>22,943,736</u></u>	<u><u>28,592,165</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	52,634,454	52,634,454
Reserves	(38,731,292)	(36,326,044)
<b>Shareholders' funds</b>	<u>13,903,162</u>	<u>16,308,410</u>
Non-Controlling Interest	447,555	897,111
<b>Total equity</b>	<u>14,350,717</u>	<u>17,205,521</u>
<b>Non-current liabilities</b>		
Borrowings	-	2,332
Deferred Tax Liabilities	516,441	516,441
<b>Total Non-current liabilities</b>	<u>516,441</u>	<u>518,773</u>
<b>Current Liabilities</b>		
Provisions	45,953	45,953
Trade & Other Payables	7,662,887	10,230,993
Borrowings	367,712	590,720
Tax Payables	25	-
Due to Customers on Contract	-	205
<b>Total Current Liabilities</b>	<u>8,076,578</u>	<u>10,867,871</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>22,943,736</u></u>	<u><u>28,592,165</u></u>

Net Assets per share (RM)

0.14

0.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Attributable to Owners of the Parent									
	Non-Distributable						Distributable Retained earnings/ (accumulated losses)	Share- holders Fund	Non-Controlling Interest	Total Equity
	Share capital	Share premium	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves	Fair value adjustment reserve				
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 31 December 2017	52,634,454	-	3,791,043	-	2,932,394	37,356	(43,086,837)	16,308,410	897,111	17,205,521
Disposal of subsidiary companies	-	-	-	-	-	-	-	-	(112,427)	(112,427)
Loss for the year	-	-	-	-	-	-	(2,508,475)	(2,508,475)	(175,428)	(2,683,903)
Foreign exchange translation	-	-	103,227	-	-	-	-	103,227	(161,701)	(58,474)
Total comprehensive loss for the year	-	-	103,227	-	-	-	(2,508,475)	(2,405,248)	(337,129)	(2,742,377)
At 31 December 2018	52,634,454	-	3,894,270	-	2,932,394	37,356	(45,595,312)	13,903,162	447,555	14,350,717
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 year	-	-	-	-	-	-	(6,203,443)	(6,203,443)	(341,585)	(6,545,028)
Crystallisation of deferred tax upon disposal of property	-	-	-	-	-	-	-	-	-	-
Disposal of land and building	-	-	-	-	(1,867,140)	-	1,867,140	-	-	-
Tax relating to revaluation of land and building	-	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets - Fair value loss	-	-	-	-	-	(31,104)	-	(31,104)	-	(31,104)
Available-for-sales financial assets reclassification of fair value adjustment to profit or loss upon disposal	-	-	-	-	-	-	-	-	-	-
Foreign exchange translation	-	-	(1,877,236)	-	-	-	-	(1,877,236)	161,701	(1,715,535)
Total comprehensive (loss)/income for the year	-	-	(1,877,236)	-	(1,867,140)	(31,104)	(4,336,303)	(8,111,783)	(179,884)	(8,291,667)
Capital repayment from a subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	(1,960,000)	(1,960,000)
Transfer pursuant to Companies Act 2016	1,253,054	(1,253,054)	-	-	-	-	-	-	-	-
At 31 December 2017	52,634,454	-	3,791,043	-	2,932,394	37,356	(43,086,837)	16,308,410	897,111	17,205,521

(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 2017 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 TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Current Year 12 Months Ended 31.12.2018 (Unaudited)	Preceding Year 12 Months Ended 31.12.2017 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,683,903)	(6,532,839)
Adjustments for non-cash flow:-		
Non-cash items	2,078,829	(564,457)
Non-operating items	<u>(156,767)</u>	<u>330,656</u>
Operating profit/(loss) before changes in working capital	(761,841)	(6,766,640)
Net change in current assets	(1,929,822)	11,404,189
Net change in current liabilities	<u>2,161,138</u>	<u>(4,471,664)</u>
Cash (used in)/generated from operations	(530,525)	165,885
Interest paid	(14,217)	(336,468)
Taxes refunded	255,677	15,530
Taxes paid	<u>(24,968)</u>	<u>(12,638)</u>
Net cash generated from/(used in) operating activities	<u>(314,033)</u>	<u>(167,691)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income	-	3,888
Purchase of property, plant and equipment	(54,047)	(4,303)
Purchase of intangible assets	-	(3,795,412)
Proceeds from disposal of property, plant and equipment	18,000	108,586
Net cash inflow from disposal of subsidiaries	406,492	-
Interest received	485	1,924
Net cash generated from/(used in) investing activities	<u>370,930</u>	<u>(3,685,317)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of bank borrowings	(159,265)	159,265
Net repayment of hire purchase	(8,977)	(118,741)
Net cash (used in)/generated from financing activities	<u>(168,242)</u>	<u>40,524</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(111,345)	(3,812,484)
Effect of exchange rate changes	(12,346)	(1,213,639)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,104,014	7,130,137
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,980,323</u>	<u>2,104,014</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	2,400,135	2,526,492
Bank overdraft	<u>(365,381)</u>	<u>(422,478)</u>
	<u>2,034,754</u>	<u>2,104,014</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 2017 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 year ended 31 December 2018 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 2017. 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 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2017 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 2018:-

**Effective for financial periods beginning on or after 1 January 2018**

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarification to MFRS 15
Amendments to MFRS 2	Share-based Payment - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	Investment Property - Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	
- Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128	Investment in Associates and Joint Ventures

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 2017 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 subject 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 year ended 31 December 2018.

**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 year.

**A6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities for the current financial year.

a. Issuance of equity

There was no new ordinary shares issued during the financial year ended 31 December 2018.

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 year ended 31 December 2018.

**A7. Dividend paid**

There were no dividends paid during the current financial year.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting**

For management purposes, the Group is organised into the following business units based on their products and services, and has three 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.

Other operations - Involving in provision of mobile entertainment services, trading of precision instruments, development of IT applications and general trading

**Geographical Segments**

Malaysia - All main businesses disclosed in primary reporting format-business segments, except for other operations business segment

Hong Kong - Provision of mobile entertainment services, trading of precision instruments, development of IT applications and general trading

Singapore - Trading, maintenance and supply of industrial electrical equipment

**A8. a. Individual quarter**

Business segments:		Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
Individual quarter ended	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	
	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	839	2,214	482	277	239	11,893	-	-	1,560	14,384	
Inter-segment	237	9,424	(0)	27	-	-	(237)	(9,451)	-	-	
<b>Total revenue</b>	<b>1,076</b>	<b>11,638</b>	<b>482</b>	<b>304</b>	<b>239</b>	<b>11,890</b>	<b>(237)</b>	<b>(9,451)</b>	<b>1,560</b>	<b>14,381</b>	
<b>Results</b>											
Interest income	(0)	-	-	1	-	-	-	-	(0)	1	
Finance costs	5	16	0	-	-	-	-	-	6	16	
Depreciation and amortisation	27	35	0	10	525	854	-	-	553	899	
Segment profit/(loss)	(664)	991	396	(721)	(781)	1,057	(358)	(2,283)	(1,406)	(956)	
<b>Segment assets</b>	<b>14,001</b>	<b>21,273</b>	<b>1,155</b>	<b>6,382</b>	<b>12,492</b>	<b>11,484</b>	<b>(4,704)</b>	<b>(10,547)</b>	<b>22,944</b>	<b>28,592</b>	
<b>Segment liabilities</b>	<b>(4,385)</b>	<b>(7,175)</b>	<b>(156)</b>	<b>(3,270)</b>	<b>(45,130)</b>	<b>(44,102)</b>	<b>58,264</b>	<b>43,160</b>	<b>8,593</b>	<b>(11,387)</b>	
<b>Capital expenditure</b>	<b>-</b>	<b>3</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>2,725</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2,728</b>	
<b>Geographical segments:</b>	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements		
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	
	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	1,320	2,417	239	11,893	1	74	-	-	1,560	14,384	
<b>Segment assets</b>	<b>13,859</b>	<b>23,759</b>	<b>13,789</b>	<b>11,477</b>	<b>-</b>	<b>3,903</b>	<b>(4,704)</b>	<b>(10,547)</b>	<b>22,944</b>	<b>28,592</b>	
<b>Capital expenditure</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>2,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2,728</b>	

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting (continued)**

**b. Cumulative quarters**

Business segments:		Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements		
Cumulative quarters ended	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	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	6,559	5,455	1,493	1,785	30,243	68,086	0	0	38,295	75,326		
Inter-segment	24,673	62,110	73	30	-	-	(24,747)	(62,140)	-	-		
<b>Total revenue</b>	<b>31,232</b>	<b>67,562</b>	<b>1,566</b>	<b>1,815</b>	<b>30,243</b>	<b>68,086</b>	<b>(24,747)</b>	<b>(62,140)</b>	<b>38,295</b>	<b>75,326</b>		
<b>Results</b>												
Interest income	2	-	-	4	-	-	-	-	2	4		
Finance costs	27	323	0	-	-	13	-	-	28	336		
Depreciation and amortisation	131	139	4	48	2,151	984	-	-	2,287	1,171		
Segment profit/(loss)	(2,656)	(10)	61	(404)	467	(1,154)	(557)	(4,977)	(2,684)	(6,545)		
<b>Segment assets</b>	<b>14,001</b>	<b>21,273</b>	<b>1,155</b>	<b>6,382</b>	<b>12,492</b>	<b>11,484</b>	<b>(4,704)</b>	<b>(10,547)</b>	<b>22,944</b>	<b>28,592</b>		
<b>Segment liabilities</b>	<b>(4,385)</b>	<b>(7,175)</b>	<b>(156)</b>	<b>(3,270)</b>	<b>(45,130)</b>	<b>(44,102)</b>	<b>58,264</b>	<b>43,160</b>	<b>8,593</b>	<b>(11,387)</b>		
<b>Capital expenditure</b>	<b>52</b>	<b>4</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>5,848</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>5,852</b>		
<b>Geographical segments:</b>		Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements		
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>												
Revenue from external customers	5,311	6,865	30,243	68,086	2,741	375	-	-	38,295	75,326		
<b>Segment assets</b>	<b>13,859</b>	<b>23,759</b>	<b>13,789</b>	<b>11,477</b>	<b>-</b>	<b>3,903</b>	<b>(4,704)</b>	<b>(10,547)</b>	<b>22,944</b>	<b>28,592</b>		
<b>Capital expenditure</b>	<b>54</b>	<b>4</b>	<b>-</b>	<b>5,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>5,852</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**

As at 28 February 2019, being the latest practicable date ("LPD") prior to the issue of this quarterly report, material events subsequent to the end of the financial year at 31 December 2018 are as follows:

- The Board of Directors of Industronics Berhad announced that the Company proposes to undertake the Proposed Share Capital Reduction. The Proposed Share Capital Reduction entails the reduction of RM48.20 million of the issued share capital of IB pursuant to Section 116 of the Act. The corresponding credit of RM48.20 million arising from such cancellation will be utilised to eliminate the accumulated losses of the Company and the balance will be credited to the retained earnings account of the Company which may be utilised in such manner as the Board deems fit and as permitted by the relevant and applicable laws and the Company's Constitution.
- The Board of Directors of Industronics Berhad announced that the Company proposes to undertake the Proposed Private Placement of up to 10% of the total number of issued shares of ITRONIC ("Proposed Private Placement"); and proposed issuance of up to 20,552,560 new ordinary shares in ITRONIC representing up to 20% of the total number of issued shares of ITRONIC at issue price to be determined later. ("Proposed Shares Issuance")

**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:

- On 14 March 2018, the Company has incorporated a wholly-owned subsidiary in Malaysia known as Great Voyage Berhad ("GVB") with share capital of RM2 comprising of 2 ordinary shares. The intended activities of GVB are provision of trading, services and management of automobile and related services.
- The Board of Directors of Industronics Berhad announced that the Company had, on 10 August 2018 entered into a Share Sale Agreement with LOW KWAI SOON (IC No. 570712-08-6135, a Malaysian citizen of full age and residing at Pangsapuri Seri Jati, Block J06-07-13, Jalan Setia Gemilang U13/45C, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan ("the Purchaser") for the disposal of its entire shareholding of 510,000 ordinary shares representing 51% of the total number of shares issued in Sukitronics Sdn. Bhd. to the Purchaser for a total consideration of RM5,100.00
- The Board of Directors of Industronics Berhad announced that the Company had on 14 August 2018 entered into a Share Sale Agreement with Mr Pang Jiye (China Passport No.: E24832554), a Chinese citizen of full age ("The Purchaser") for the disposal of its entire shareholdings of 70,000 ordinary shares representing 70% of the total number of shares issued in Industrial Electronics Pte Ltd to the Purchaser for a total consideration of SGD370,760.00.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A12. Contingent Assets or Contingent Liabilities**

There were no material changes in contingent assets or contingent liabilities since the last audited statement of financial position as at 31 December 2017.

**A13. Intangible Assets**

Intangible assets includes an amount of RM7,749,867 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**

The Group has no material capital commitments as at 31 December 2018.

**A15. Related Party Transactions**

- a. There were no significant transactions and balances with related parties of the Group during the current financial year under review.
- 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):

	Q418 RM	Q417 RM	YTD 18 RM	YTD 17 RM
Interest Income	(193)	(1,084)	(1,884)	(4,470)
Other Income	(9,199)	(3,639)	(46,833)	(80,569)
Interest expense	5,699	16,120	27,781	338,449
Depreciation and amortisation	552,425	834,600	2,286,862	1,170,671
Reversal of inventories written down	-	(56,732)	-	(56,732)
Reversal of provision for doubtful debts	-	(1,077,502)	-	(1,253,285)
Gain on disposal of subsidiaries	-	-	(170,499)	-
(Gain)/Loss on disposal of property, plant and equipment	(4,000)	(328,056)	(17,424)	(348,064)
Realised foreign exchange (gain)/loss	(24,596)	29,924	(1,957)	(3,359)
Unrealised foreign exchange (gain)/loss	(10,229)	(17,342)	(2,225)	(189,795)

- 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 December 2018 (4Q18) compared with quarter ended 31 December 2017 (4Q17)

The Group's revenue was lower in 4Q18 (RM1.56 million) compared to 4Q17 (RM14.38 million). This is mainly due to lower revenue in Other Operation segment in 4Q18 (RM0.23 million) compared to 4Q17 (RM11.89 million).

The Group recorded loss before tax of approximately RM1.40 million in 4Q18 compared to RM0.95 million in 4Q17. The higher loss was mainly due to lower gross profit generated in 4Q18 (RM1.25 million) compared to 4Q17 (RM2.56 million), lower of other income generated in 4Q18 (RM0.017 million) compared to 4Q17 (RM1.46million) offset with saving from operating expenses of RM2.29 million due to disposal of subsidiaries in current financial year.

- b. Current financial year ended 31 December 2018 (12M18) compared with preceding financial year ended 31 December 2017 (12M17)

The Group recorded lower revenue of RM38.3 million for 12M18 compared to RM75.3 million for 12M17, mainly attributable to lower revenue generated in Other Operation segment in 12M18.

The Group recorded lower loss before tax of RM2.68 million in 12M18 compared to RM6.54 million in 12M17 mainly due to higher gross profit generated in 12M18 and saving from the operating expenses offset with lower of other income in current financial year.

**B2. Material Changes in the Quarterly Results (4Q18) compared to the Results of the Preceding Quarter (3Q18)**

The Group recorded lower revenue of RM1.56 million in 4Q18 compared with RM10.48 million in 3Q18. Loss before tax was RM1.40 million in the current quarter compared to profit before tax of RM0.79 million in 3Q18.

**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 year ended 31 December 2018.

**B7. Sale of Properties**

There was no disposal of property for the financial period ended 31 December 2018.

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

**B8. Status of Corporate Proposals**

As at 28 February 2019, 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. The Board of Directors of Industronics Berhad announced that the Company proposes to undertake the Proposed Share Capital Reduction. The Proposed Share Capital Reduction entails the reduction of RM48.20 million of the issued share capital of IB pursuant to Section 116 of the Act. The corresponding credit of RM48.20 million arising from such cancellation will be utilised to eliminate the accumulated losses of the Company and the balance will be credited to the retained earnings account of the Company which may be utilised in such manner as the Board deems fit and as permitted by the relevant and applicable laws and the Company's Constitution.

The Board of Directors of Industronics Berhad announced that the Company proposes to undertake the Proposed Private Placement of up to 10% of the total number of issued shares of ITRONIC ("Proposed Private Placement"); and proposed issuance of up to 20,552,560 new ordinary shares in ITRONIC representing up to 20% of the total number of issued shares of ITRONIC at issue price to be determined later. ("Proposed Shares Issuance")

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 31 December 2018:-

	RM
a) Secured and unsecured :	
Total secured borrowings	367,712
Total unsecured borrowings	-
Total borrowings	<u>367,712</u>
b) Short Term and Long Term	
Total short-term borrowings	367,712
Total long term borrowings	-
Total borrowings	<u>367,712</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. Material Litigations**

As at the LPD prior to the issue of this quarterly report, the Group is not engaged in any material litigations. Material litigations disclosed in Q1 & Q2 2018 report are no longer applicable due to disposal of its subsidiary, Sukitronics Sdn Bhd on 10 August 2018. Details of the disposal is disclosed in Note A11.

**B12. Dividend**

No dividend has been declared in the current quarter.

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

**B13. Basic earnings/(loss) per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current	Preceding	Current	Preceding
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net profit/(loss) attributable to the owners of the Company for the period	(1,409,084)	(485,035)	(2,508,475)	(6,203,443)
Weighted average no. of ordinary shares in issue	102,762,800	102,762,800	102,762,800	102,762,800
Basic earnings/(loss) per share (sen)	(1.37)	(0.47)	(2.44)	(6.04)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current	Preceding	Current	Preceding
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net profit/(loss) attributable to the owners of the Company for the period	(1,409,084)	(485,035)	(2,508,475)	(6,203,443)
Weighted average no. of ordinary shares in issue	102,762,800	102,762,800	102,762,800	102,762,800
Diluted earnings/(loss) per share (sen)	(1.37)	(0.47)	(2.44)	(6.04)

**B14. Authorisation For Issue**

The interim financial statements for the twelve (12)-months financial year ended 31 December 2018 were authorised for issue by the Board of Directors.

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

28 February 2019