

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31DEC 2019**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 31.12.2019 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2018 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	5,446,670	5,506,343
Investment Properties	115,915	120,610
Intangible Assets	5,696,723	7,838,864
Other Investments	33,048	33,048
<b>Total Non-current assets</b>	<u>11,292,356</u>	<u>13,498,865</u>
<b>Current Assets</b>		
Inventories	1,923,847	1,449,473
Trade & Other Receivables	10,037,831	5,366,740
Cash and Bank Balances	2,287,552	2,399,949
<b>Total Current Assets</b>	<u>14,249,230</u>	<u>9,216,162</u>
<b>TOTAL ASSETS</b>	<u>25,541,586</u>	<u>22,715,027</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	7,240,907	52,634,454
Reserves	7,576,231	(38,384,253)
<b>Shareholders' funds</b>	<u>14,817,138</u>	<u>14,250,201</u>
Non-Controlling Interest	59,920	50,587
<b>Total equity</b>	<u>14,877,058</u>	<u>14,300,788</u>
<b>Non-current liabilities</b>		
Deferred Tax Liabilities	516,441	516,441
<b>Total Non-current liabilities</b>	<u>516,441</u>	<u>516,441</u>
<b>Current Liabilities</b>		
Provisions	30,900	39,900
Trade & Other Payables	10,117,187	7,490,160
Borrowings	-	367,713
Tax Payables	0	25
<b>Total Current Liabilities</b>	<u>10,148,087</u>	<u>7,897,798</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>25,541,586</u>	<u>22,715,027</u>
Net Assets per share (RM)	0.11	0.14

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 31.12.2019	PRECEDING QUARTER 31.12.2018	CURRENT PERIOD 31.12.2019	PRECEDING PERIOD 31.12.2018
	RM	RM	RM	RM
Revenue	4,989,280	1,552,957	15,412,102	38,288,219
Cost of Sales	<u>(2,306,257)</u>	<u>(306,109)</u>	<u>(6,216,708)</u>	<u>(28,602,909)</u>
Gross profit	2,683,023	1,246,848	9,195,394	9,685,310
Other Income	(5,115)	28,884	1,819	252,131
Operating Expenses	(3,284,646)	(2,698,819)	(11,382,622)	(12,616,367)
Finance Costs	<u>(6,191)</u>	<u>(6,020)</u>	<u>(58,683)</u>	<u>(28,102)</u>
Loss before Tax	(612,929)	(1,429,107)	(2,244,093)	(2,707,028)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(612,929)</u>	<u>(1,429,107)</u>	<u>(2,244,093)</u>	<u>(2,707,028)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	1,653,826	(76,672)	13,915	(58,725)
Fair values gain/(loss) on financial assets	-	-	-	-
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>1,653,826</u>	<u>(76,672)</u>	<u>13,915</u>	<u>(58,725)</u>
Total comprehensive income/(loss) for the period	<u>1,040,897</u>	<u>(1,505,779)</u>	<u>(2,230,178)</u>	<u>(2,765,753)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	(611,262)	(1,611,348)	(2,253,426)	(2,710,739)
Non-Controlling Interest	<u>(1,669)</u>	<u>182,241</u>	<u>9,333</u>	<u>3,711</u>
Loss for the period	<u>(612,931)</u>	<u>(1,429,107)</u>	<u>(2,244,093)</u>	<u>(2,707,028)</u>
<b>Total Comprehensive income/(loss) Attributable to :</b>				
Owners of the Company	1,042,564	(1,688,020)	(2,239,511)	(2,769,464)
Non-Controlling Interest	<u>(1,669)</u>	<u>182,241</u>	<u>9,333</u>	<u>3,711</u>
	<u>1,040,895</u>	<u>(1,505,779)</u>	<u>(2,230,178)</u>	<u>(2,765,753)</u>
Earnings/(loss) per share				
- Basic (sen)	(0.51)	(1.57)	(1.89)	(2.64)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2019**

	----- Attributable to Owners of the Parent -----						Total Equity
	Share capital	Foreign currency reserve	Revaluation reserves	Distributable Retained earnings/ (accumulated losses)	Share- holders Fund	Non-Controlling Interest	
	RM	RM	RM	RM	RM	RM	
At 31 December 2018	52,634,454	4,470,126	3,909,037	(46,763,416)	14,250,201	50,587	14,300,788
Reduction of Issued Share Capital	(48,200,000)			48,200,000	-	-	-
Loss for the year	-	-	-	(2,253,426)	(2,253,426)	9,333	(2,244,093)
Foreign exchange translation	-	13,915	-	-	13,915	-	13,915
Total comprehensive loss for the year	-	13,915	-	(2,253,426)	(2,239,511)	9,333	(2,230,178)
Arising from 10% Private Placement	924,860	-	-	-	924,860	-	924,860
Arising from New Share Issued	1,881,588				1,881,588		1,881,588
<b>At 31 December 2019</b>	<b>7,240,907</b>	<b>4,484,041</b>	<b>3,909,037</b>	<b>(816,842)</b>	<b>14,817,138</b>	<b>59,920</b>	<b>14,877,058</b>
At 31 December 2017	52,634,454	3,791,043	3,909,037	(44,052,677)	16,281,857	897,111	17,178,968
Loss for the year	-	-	-	(2,710,739)	(2,710,739)	3,711	(2,707,028)
Foreign exchange translation	-	(58,725)	-	-	(58,725)		(58,725)
Disposal of land and building	-	-	-	-	-	-	-
Disposal of subsidiary companies	-	737,808	-	-	737,808	(850,235)	(112,427)
Expiry of share issuance scheme	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	679,083	-	(2,710,739)	(2,031,656)	(846,524)	(2,878,180)
At 31 December 2018	52,634,454	4,470,126	3,909,037	(46,763,416)	14,250,201	50,587	14,300,788

(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 2018 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 2019**

	Current Period 12 Months Ended 31.12.2019 (Unaudited)	Preceding Period 12 Months Ended 31.12.2018 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,244,093)	(2,707,028)
Adjustments for non-cash flow:-		
Non-cash items	2,398,067	2,112,568
Non-operating items	58,683	48,796
Operating profit/(loss) before changes in working capital	212,657	(545,664)
Net change in current assets	(5,378,112)	(1,766,957)
Net change in current liabilities	2,618,027	2,042,682
Cash used in operations	(2,547,428)	(269,939)
Interest paid	-	(14,217)
Interest received	-	485
Taxes refunded	22,231	255,677
Taxes paid	-	(24,969)
Net cash used in operating activities	(2,525,197)	(52,963)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(64,397)	(54,377)
Proceeds from disposal of property, plant and equipment	-	18,000
Net cash inflow from disposal of subsidiaries	-	406,492
Net cash (used in)/ generated from investing activities	(64,397)	370,115
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	924,860	-
Net repayment of bank borrowings	-	(159,265)
Net repayment of hire purchase	(2,332)	(8,977)
Issuance of new shares	1,881,588	-
Net cash generated from/ (used in) financing activities	2,804,116	(168,242)
NET INCREASE IN CASH AND CASH EQUIVALENTS	214,522	148,910
Effect of exchange rate changes	38,462	(218,356)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,034,568	2,104,014
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,287,552</u>	<u>2,034,568</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	2,287,552	2,399,949
Bank overdraft	-	(365,381)
	<u>2,287,552</u>	<u>2,034,568</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 2018 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 2019 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 2018. 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 2018.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial year beginning 1 January 2019:-

**Effective for financial years beginning on or after 1 January 2019**

IC Interpretation 23, Uncertainty over Income Tax Treatments

MFRS 16, Leases

Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*

Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*

Amendments MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments MFRS 119, *Employee Benefits - Plan Amendments, Curtailment or Settlement*

Amendments MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017*

Amendments MFRS 128, *Investments in Associates and Joint Ventures - Long-term interests in Associates and Joint Ventures*

**A2. Auditors' report on the preceding year's audited financial statements**

The Group's financial statements for the financial year ended 31 December 2018 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 2019.

**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 except as disclosed below:

a. i. Issuance of equity & Share capital reduction

There was Proposed Private Placement of Up to 10% of the total number of issued new ordinary shares of 10,276,280 at an issued share of RM0.09 per share by allotted and issued on 26 March 2019 to Mr. Kevin Chan Ka Leung.

ii. On 23 May 2019, TA Securities on behalf of The Board of Directors of Industronics Berhad announced that an office copy of the sealed order of the High Court of Malaya confirming the Share Capital Reduction has been lodged with Companies Commission of Malaysia on 23 May 2019. Pursuant thereto, the Share Capital Reduction shall therefore take effect and be deemed completed on 23 May

iii. There was Proposed Issuance of Up to 20% of the total number of issued new ordinary shares of 20,363,494 at an issued share price of RM0.0924 per share by allotted and issued to Mr. Kevin Chan Ka Leung and Mr. Chu Boon Tiong had been completed on 7 August 2019.

	<u>No. of shares</u>
Mr. Chu Boon Tiong, an Executive Director of the Company	10,276,280
Mr. Kevin Chan Ka Leung, a substantial shareholder of the Company	10,087,214
	<u>20,363,494</u>

**NOTES TO THE INTERIM FINANCIAL REPORT**

- 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 2019.

**A7. Dividend paid**

There were no dividends paid during the current financial year.

**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:**

Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	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	2,553	833	541	482	1,895	239	-	-	4,989	1,553
Inter-segment	354	237	-	-	-	-	(354)	(237)	-	0
<b>Total revenue</b>	<b>2,907</b>	<b>7,369</b>	<b>541</b>	<b>482</b>	<b>1,895</b>	<b>239</b>	<b>(354)</b>	<b>(4,446)</b>	<b>4,989</b>	<b>1,553</b>
<b>Results</b>										
Interest income	1	(0)	-	-	-	-	-	-	1	(0)
Finance costs	6	5	0	0	1	-	-	-	7	6
Depreciation and amortisation	74	25	0	-	543	525	-	-	617	550
<b>Segment profit/(loss)</b>	<b>1,096</b>	<b>(669)</b>	<b>(33)</b>	<b>409</b>	<b>(23)</b>	<b>(811)</b>	<b>(1,652)</b>	<b>(358)</b>	<b>(613)</b>	<b>(1,429)</b>
<b>Segment assets</b>	<b>16,236</b>	<b>13,754</b>	<b>1,623</b>	<b>1,171</b>	<b>12,602</b>	<b>12,492</b>	<b>(4,919)</b>	<b>(4,703)</b>	<b>25,542</b>	<b>22,715</b>
<b>Segment liabilities</b>	<b>(4,688)</b>	<b>(4,142)</b>	<b>(425)</b>	<b>(159)</b>	<b>(45,036)</b>	<b>(45,161)</b>	<b>39,484</b>	<b>41,049</b>	<b>(10,665)</b>	<b>(8,414)</b>
<b>Capital expenditure</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>3</b>

**Geographical segments:**

Individual quarter ended	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	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	3,094	1,314	1,895	239	-	1	-	-	4,989	1,553
<b>Segment assets</b>	<b>18,028</b>	<b>13,629</b>	<b>12,433</b>	<b>13,789</b>	<b>-</b>	<b>-</b>	<b>(4,919)</b>	<b>(4,703)</b>	<b>25,542</b>	<b>22,715</b>
<b>Capital expenditure</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>3</b>

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

**A8. b. Cumulative quarters**

<b>Business segments:</b>		Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
Cumulative quarters ended		31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		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		8,563	6,553	2,035	1,493	4,814	30,243	0	0	15,412	38,288
Inter-segment		1,168	24,673	-	73	-	-	(1,168)	(24,747)	-	-
<b>Total revenue</b>		<b>9,731</b>	<b>67,562</b>	<b>2,035</b>	<b>1,815</b>	<b>4,814</b>	<b>68,086</b>	<b>(1,168)</b>	<b>(62,140)</b>	<b>15,412</b>	<b>38,288</b>
<b>Results</b>											
Interest income		2	2	0	-	-	-	-	-	2	2
Finance costs		57	27	0	0	1	-	-	-	58	28
Depreciation and amortisation		162	132	45	1	2,127	2,151	(88)	-	2,246	2,284
Segment profit/(loss)		(767)	(2,661)	187	74	(11)	437	(1,652)	(557)	(2,244)	(2,707)
<b>Segment assets</b>		<b>16,236</b>	<b>13,754</b>	<b>1,623</b>	<b>1,171</b>	<b>12,602</b>	<b>12,492</b>	<b>(4,919)</b>	<b>(4,703)</b>	<b>25,542</b>	<b>22,715</b>
<b>Segment liabilities</b>		<b>(4,688)</b>	<b>(4,142)</b>	<b>(425)</b>	<b>(159)</b>	<b>(45,036)</b>	<b>(45,161)</b>	<b>39,484</b>	<b>41,049</b>	<b>(10,665)</b>	<b>(8,414)</b>
<b>Capital expenditure</b>		<b>64</b>	<b>52</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>54</b>

<b>Geographical segments:</b>		Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements	
31.12.2019		31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	
		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		10,598	5,305	4,814	30,243	-	2,741	-	-	15,412	38,288
<b>Segment assets</b>		<b>18,028</b>	<b>13,629</b>	<b>12,433</b>	<b>13,789</b>	<b>-</b>	<b>-</b>	<b>(4,919)</b>	<b>(4,703)</b>	<b>25,542</b>	<b>22,715</b>
<b>Capital expenditure</b>		<b>64</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>54</b>
<b>Segment liabilities</b>		<b>(8,859)</b>	<b>(7,933)</b>	<b>(41,289)</b>	<b>(41,530)</b>	<b>-</b>	<b>-</b>	<b>39,484</b>	<b>41,049</b>	<b>(10,665)</b>	<b>(8,414)</b>
<b>Results</b>											
Interest income		2	2	-	-	-	-	-	-	2	2
Finance costs		57	28	1	-	-	-	-	-	58	28
Depreciation and amortisation		207	133	2,127	2,151	-	-	(88)	-	2,246	2,284
Segment profit/(loss)		(634)	(2,607)	42	457	-	-	(1,652)	(557)	(2,244)	(2,707)

**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 2020, 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 2019 are as follows:

On 13 February 2020, M&A Securities Sdn Bhd ("M&A Securities") on behalf of the Board of Directors of the Itronic ("Board"), announced that the Company proposes to undertake the proposed issuance of up to 250,000,000 new redeemable convertible preference shares ("RCPS") to Bluemount Investment Fund SPC ("BIF") at an issue price of RM0.08 per RCPS ("Proposed Issuance of RCPS") and proposed amendments to the Constitution of the Company to facilitate the Proposed Issuance of RCPS ("Proposed Amendments")

**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 year including business combination, acquisition of subsidiaries and long term investment, disposal of subsidiaries, restructuring and discontinuing operations as of to date.

**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 2018.

**A13 Intangible Assets**

Intangible assets includes an amount of RM5,607,723 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 2019.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**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):

	Q419 RM	Q418 RM	YTD 19 RM	YTD 18 RM
Interest Income	(454)	(193)	(1,065)	(1,884)
Other Income	(1,834)	(9,199)	(8,157)	(46,833)
Interest expense	6,191	5,699	58,683	28,102
Depreciation and amortisation	557,244	552,425	2,246,361	2,286,862
Allowance for obsolete inventories	59,175	-	59,175	-
Reversal of inventories written down	0	-	(2,228,219)	-
Impairment loss on trade receivable	364,133	-	364,133	3,210
Write off of inventories	-	-	2,228,219	-
Write off of property, plant and equipment	24,390	-	24,390	-
Gain on disposal of subsidiaries	-	-	-	(170,499)
(Gain)/Loss on disposal of property, plant and equipment	-	(4,000)	-	(17,424)
Realised foreign exchange loss/(gain)	17,874	(24,596)	16,032	(1,957)
Unrealised foreign exchange (gain)	(6,267)	(10,229)	(5,777)	(2,225)

\*\*\* 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 2019 (4Q19) compared with quarter ended 31 December 2018 (4Q18)

The Group's revenue was higher in 4Q19 (RM4.98 million) compared to Q418 (RM1.55 million). This is mainly due to higher revenue in electronic and system intergration in Q419 (RM2.52 million) and other operation segment in 4Q19 (RM1.89 million) compared to 4Q18 (RM0.83 million) and Q418 (RM0.23) respectively.

The Group recorded loss before tax of approximately RM0.61 million in 4Q19 compared to 4Q18 (RM1.42 million). The lower loss was mainly due to higher of sales generated from electronics and system integration and other operations segment in 4Q19.

- b. Current financial year ended 31 December 2019 (12M19) compared with preceding financial year ended 31 December 2018 (12M18)

The Group recorded lower revenue of RM15.4 million for 12M19 compared to RM38.3 million for 12M18, mainly attributable to lower revenue generated in Other Operation segment in 12M19.

The Group recorded lower loss before tax of RM2.24 million in 12M19 compared to RM2.70 million in 12M18 mainly due to better improvement in electronic and system intergration segment in 12M19, which is approximately loss before tax of RM0.76 million in 12M19 as compared to 12M18 of RM2.6 million.

**B2. Material Changes in the Quarterly Results (4Q19) compared to the Results of the Preceding Quarter (3Q19)**

The Group recorded higher revenue of RM4.98 million in 4Q19 compared with RM3.78 million in Q3Q19. Loss before tax was RM0.61 million in the current quarter compared to RM0.12 million in 3Q19.

**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 2019.

**B7. Sale of Properties**

There was no disposal of property for the financial year ended 31 December 2019.

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

**B8. Status of Corporate Proposals**

There was no corporate proposal proposed during the quarter ended 31 December 2019.

**B9. Group Borrowings and Debt Securities**

The freehold land and buildings of the Group with a carrying amount of RM5,262,588 (2018:RM5,310,588) are pledged as securities to a financial institution for banking facilities granted to the Company which amount of bank overdrafts limit of RM550,000 as at end of the financial year ended 31 December 2019.

**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**

To date, the Company has no material litigation case pending

**B12. Dividend**

No dividend has been declared in the current quarter.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.12.2019	Preceding 31.12.2018	Current 31.12.2019	Preceding 31.12.2018
Net profit/(loss) attributable to the owners of the Company for the period	(611,262)	(1,611,348)	(2,253,426)	(2,710,739)
Weighted average no. of ordinary shares in issue	118,954,799	102,762,800	118,954,799	102,762,800
Basic earnings/(loss) per share (sen)	(0.51)	(1.57)	(1.89)	(2.64)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.12.2019	Preceding 31.12.2018	Current 31.12.2019	Preceding 31.12.2018
Net profit/(loss) attributable to the owners of the Company for the period	(611,262)	(1,611,348)	(2,253,426)	(2,710,739)
Weighted average no. of ordinary shares in issue	118,954,799	102,762,800	118,954,799	102,762,800
Diluted earnings/(loss) per share (sen)	(0.51)	(1.57)	(1.89)	(2.64)

**B14. Authorisation For Issue**

The interim financial statements for the twelve (12)-months financial year ended 31 December 2019 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**

INDUSTRONICS BERHAD  
26 February 2020