

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 31.03.2020 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2019 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	5,697,616	5,446,670
Investment Properties	114,742	115,915
Intangible Assets	5,452,579	5,696,723
Other Investments	33,048	33,048
Total Non-current assets	<u>11,297,984</u>	<u>11,292,356</u>
Current Assets		
Inventories	1,274,750	1,923,847
Trade & Other Receivables	10,557,580	9,991,551
Cash and Bank Balances	1,881,819	2,333,835
Total Current Assets	<u>13,714,149</u>	<u>14,249,233</u>
TOTAL ASSETS	<u>25,012,133</u>	<u>25,541,589</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	7,240,905	7,240,905
Reserves	5,964,188	7,601,081
Shareholders' funds	<u>13,205,093</u>	<u>14,841,986</u>
Non-Controlling Interest	57,015	59,920
Total equity	<u>13,262,108</u>	<u>14,901,906</u>
Non-current liabilities		
Deferred Tax Liabilities	516,441	516,441
Total Non-current liabilities	<u>516,441</u>	<u>516,441</u>
Current Liabilities		
Provisions	29,100	29,100
Trade & Other Payables	8,607,108	8,545,174
Amount due to director	2,199,966	1,548,968
Borrowings	397,410	-
Tax Payables	0	0
Total Current Liabilities	<u>11,233,584</u>	<u>10,123,242</u>
Liabilities directly associated with assets classified as held for sale	-	-
TOTAL EQUITY AND LIABILITIES	<u>25,012,133</u>	<u>25,541,589</u>
Net Assets per share (RM)	0.10	0.11

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 THREE (3)-MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 31.03.2020	PRECEDING QUARTER 31.03.2019	CURRENT PERIOD 31.03.2020	PRECEDING PERIOD 31.03.2019
	RM	RM	RM	RM
Revenue	3,606,592	2,042,750	3,606,592	2,042,750
Cost of Sales	<u>(2,705,946)</u>	<u>(609,382)</u>	<u>(2,705,946)</u>	<u>(609,382)</u>
Gross profit	900,646	1,433,368	900,646	1,433,368
Other Income	14,904	0	14,904	0
Operating Expenses	(2,696,437)	(2,559,003)	(2,696,437)	(2,559,003)
Finance Costs	<u>(10,732)</u>	<u>(16,341)</u>	<u>(10,732)</u>	<u>(16,341)</u>
Loss before Tax	(1,791,619)	(1,141,976)	(1,791,619)	(1,141,976)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(1,791,619)</u>	<u>(1,141,976)</u>	<u>(1,791,619)</u>	<u>(1,141,976)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	151,820	(682,088)	151,820	(682,088)
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>151,820</u>	<u>(682,088)</u>	<u>151,820</u>	<u>(682,088)</u>
Total comprehensive income/(loss) for the period	<u>(1,639,799)</u>	<u>(1,824,064)</u>	<u>(1,639,799)</u>	<u>(1,824,064)</u>
Profit/(loss) Attributable to :				
Owners of the Company	(1,788,713)	(1,143,327)	(1,788,713)	(1,143,327)
Non-Controlling Interest	<u>(2,905)</u>	<u>1,351</u>	<u>(2,905)</u>	<u>1,351</u>
Loss for the period	<u>(1,791,618)</u>	<u>(1,141,976)</u>	<u>(1,791,618)</u>	<u>(1,141,976)</u>
Total Comprehensive income/(loss) Attributable to :				
Owners of the Company	(1,636,893)	(1,825,415)	(1,636,893)	(1,825,415)
Non-Controlling Interest	<u>(2,905)</u>	<u>1,351</u>	<u>(2,905)</u>	<u>1,351</u>
	<u>(1,639,798)</u>	<u>(1,824,064)</u>	<u>(1,639,798)</u>	<u>(1,824,064)</u>
Earnings/(loss) per share				
- Basic (sen)	(1.34)	(1.01)	(1.34)	(1.01)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2020**

	----- 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 2019	7,240,905	4,484,063	3,909,037	(792,019)	14,841,986	59,920	14,901,906
Loss for the year	-	-	-	(1,788,713)	(1,788,713)	(2,905)	(1,791,618)
Foreign exchange translation	-	151,820	-	-	151,820	-	151,820
Total comprehensive loss for the year	-	151,820	-	(1,788,713)	(1,636,893)	(2,905)	(1,639,798)
At 31 March 2020	7,240,905	4,635,884	3,909,037	(2,580,732)	13,205,093	57,015	13,262,108
At 31 December 2018	52,634,454	4,470,128	3,909,037	(46,763,416)	14,250,203	50,587	14,300,790
Loss for the year	-	-	-	(1,143,327)	(1,143,327)	1,351	(1,141,976)
Foreign exchange translation	-	(682,088)	-	-	(682,088)	-	(682,088)
Arising from 10% Private Placement	924,859	-	-	-	924,859	-	924,859
Total comprehensive (loss)/income for the year	924,859	(682,088)	-	(1,143,327)	(900,556)	1,351	(899,205)
At 31 March 2019	53,559,313	3,788,040	3,909,037	(47,906,743)	13,349,647	51,938	13,401,585

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

INDUSTRONICS BERHAD (23699-X)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE (3)-MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Current Period 3 Months Ended 31.03.2020 (Unaudited)	Preceding Period 3 Months Ended 31.03.2019 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,791,619)	(1,141,976)
Adjustments for non-cash flow:-		
Non-cash items	587,644	551,797
Non-operating items	10,306	19,445
Operating profit/(loss) before changes in working capital	(1,193,669)	(570,734)
Net change in current assets	83,968	(1,662,647)
Net change in current liabilities	712,933	1,367,404
Cash used in operations	(396,768)	(865,978)
Interest paid	(10,732)	(16,364)
Interest received	426	-
Taxes refunded	-	22,080
Taxes paid	(900)	-
Net cash used in operating activities	(407,974)	(860,262)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(296,848)	(23,323)
Net cash (used in)/ generated from investing activities	(296,848)	(23,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of hire purchase	-	(2,332)
Proceeds from private placement	-	924,865
Net cash generated from financing activities	-	922,533
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(704,822)	38,948
Effect of exchange rate changes	(144,604)	(555,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,333,835	2,034,568
Effects of exchange rate changes	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,484,409	1,517,711
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,881,819	1,781,633
Bank overdraft	(397,410)	(263,922)
	1,484,409	1,517,711

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2019. 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 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019 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 2020:-

Effective for financial years beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 101: Presentation of Financial Statements
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 101: Presentation of Financial Statements – Definition of Materiality
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform
Amendments to MFRS 9: Business Combinations – Definition of Business Combination
MFRS 17 Insurance Contracts

The application of these amendments to MFRSs and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position 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 2019 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 period ended 31 March 2020.

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 period ended 31 March 2020.

A7. Dividend paid

There were no dividends paid during the current financial period ended 31 March 2020.

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.
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NOTES TO THE INTERIM FINANCIAL REPORT

- 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

A8. Information on Segments

Business segments:	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements				
	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Revenue													
External customers	3,332	789	268	420	6	833	-	-	3,607	2,043			
Inter-segment	167	286	-	1	-	-	(167)	(286)	-	-			
Total revenue	3,500	1,076	-	268	421	-	6	833	-	(167)	(286)	3,607	2,043
Results													
Interest income	-	0	-	-	-	-	-	-	-	-	0		
Finance costs	10	16	0	0	0	0	-	-	11	16			
Depreciation and amortisation	39	28	11	0	592	523	(22)	-	621	552			
Segment profit/(loss)	(342)	(1,111)	(58)	27	(911)	(57)	(481)	(1)	(1,792)	(1,142)			
Segment assets	16,252	14,332	1,367	1,275	14,262	12,570	(6,869)	(5,097)	25,012	23,080			
Segment liabilities	(4,838)	(4,906)	(226)	(236)	(47,030)	(44,813)	40,344	59,633	(11,750)	9,679			
Capital expenditure	21	23	0	-	275	-	-	-	297	23			
Geographical segments:	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements				
	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Revenue													
Revenue from external customer	3,768	1,496	6	833	-	-	(167)	286	3,607	2,043			
Segment assets	18,384	15,617	13,486	12,559	-	-	(6,869)	(5,097)	25,012	23,080			
Capital expenditure	297	23	-	-	-	-	-	-	297	23			

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

- a) As at 31 May 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 March 2020, M&A, on behalf of the Board of Directors of IB announced that the listing application to Bursa Malaysia Securities Berhad as well as the application to Bank Negara Malaysia in relation to the proposals has been submitted.

On 6 April 2020, M&A, on behalf of the Board of Directors of IB announced that the Company has entered into a supplemental agreement with the subscriber, BIF ("Supplemental Agreement") to vary, modify, substitute, alter and amend certain terms and relevant provisions of the Subscription Agreement. The revisions include proposal to issue up to 500,000,000 new RCPS at an issue price of RM0.04 per RCPS.

On 27 April 2020, M&A, on behalf of the Board of Directors of IB announced that the Company has entered into a 2nd supplemental agreement with the Subscriber ("Supplemental Agreement 2") to vary, modify, substitute, alter and amend certain terms and relevant provision of the Subscription Agreement.

NOTES TO THE INTERIM FINANCIAL REPORT

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 2019.

A13. Intangible Assets

Intangible assets includes an amount of RM5,363,579 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 March 2020.

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):

	Q120 RM	Q119 RM	YTD 20 RM	YTD 19 RM
Interest Income	(426)	(118)	(426)	(118)
Other Income	-	(600)	-	(600)
Interest expense	10,732	16,364	10,732	16,364
Depreciation and amortisation	587,644	551,796	587,644	551,796
Write off of property, plant and equipment	1,266	-	1,266	-
Realised foreign exchange loss/(gain)	3,450	-	3,450	-
Unrealised foreign exchange (gain)	(1,973)	(1,645)	(1,973)	(1,645)

*** 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

Quarter ended 31 March 2019 (1Q20) compared with quarter ended 31 March 2019 (1Q19)

The Group's revenue was higher in 1Q19 (RM3.60 million) compared to 1Q19 (RM2.04 million). This is mainly due to higher revenue in electronics and security integration segment in 1Q20 (RM3.33 million) compared to 1Q19 (RM0.78 million) offset against lower revenue in other segment.

The Group recorded loss before tax of approximately RM1.79 million in 1Q20 compared to loss before tax of RM1.14 million in 1Q19. The higher loss before tax was mainly due to lower sales revenue and gross profit generated in other operation segment.

B2. Material Changes in the Quarterly Results (1Q20) compared to the Results of the Preceding Quarter (4Q19)

The Group recorded lower revenue of RM3.60 million in 1Q20 compared with RM4.98 million in 4Q19. Loss before tax was RM1.79 million in the current quarter compared to loss before tax was RM0.61 million in 4Q19.

B3. Current Year Prospects

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

The COVID-19 pandemic has impacted significantly on the global and domestic economies. Even though a partial of the Group's activities are considered as essential operations, it is foreseen that the Covid-19 pandemic may have financial implications to the Group i.e. cash flow and operation cost.

The Group is expecting the local market to be challenging in view of the COVID-19 pandemic spread throughout the world, resulting in major economic slowdown, which would in turn impact the demand for our products and services.

Moving forward, the Group will tighten its control on the operating expenses and focus on developing new customer base. The Group is also constantly reviewing its portfolio and will continue to divest any current non-profitable entity if required to enhance its overall profitability and cash flow. The Group will also evaluate any opportunities in investing into new potential business that may arise in this crisis.

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 2020.

B7. Sale of Properties

There was no disposal of property for the financial period ended 31 March 2020.

B8. Status of Corporate Proposals

As at 31 May 2020, 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:

On 13 March 2020, M&A, on behalf of the Board of Directors of IB announced that the listing application to Bursa Malaysia Securities Berhad as well as the application to Bank Negara Malaysia in relation to the proposals has

On 6 April 2020, M&A, on behalf of the Board of Directors of IB announced that the Company has entered into a supplemental agreement with the subscriber, BIF ("Supplemental Agreement") to vary, modify, substitute, alter and amend certain terms and relevant provisions of the Subscription Agreement. The revisions include proposal to issue up to 500,000,000 new RCPS at an issue price of RM0.04 per RCPS.

On 27 April 2020, M&A, on behalf of the Board of Directors of IB announced that the Company has entered into a 2nd supplemental agreement with the Subscriber ("Supplemental Agreement 2") to vary, modify, substitute, alter and amend certain terms and relevant provision of the Subscription Agreement.

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

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 31 March 2020:-

	RM
a) Secured and unsecured :	
Total secured borrowings	397,410
Total unsecured borrowings	-
Total borrowings	<u>397,410</u>
	RM
b) Short Term and Long Term	
Total short-term borrowings	397,410
Total long term borrowings	-
Total borrowings	<u>397,410</u>

All borrowings are denominated in Ringgit Malaysia.

The freehold land and buildings of the Group with a carrying amount of RM5,250,588 (2019:RM5,262,588) are pledged as securities to a financial institution for banking facilities granted to the Company which amount of bank overdrafts limit of RM400,000 as at end of the financial period ended 31 March 2020.

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

There was no material litigation pending as at the date of this quarterly report.

B12. Dividend

No dividend has been declared in the current quarter.

B13. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.3.2020	Preceding 31.03.2019	Current 31.3.2020	Preceding 31.03.2019
Net profit/(loss) attributable to the owners of the Company for the period	(1,788,713)	(1,143,327)	(1,788,713)	(1,143,327)
Weighted average no. of ordinary shares in issue	133,402,574	113,039,080	133,402,574	113,039,080
Basic earnings/(loss) per share (sen)	(1.34)	(1.01)	(1.34)	(1.01)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.3.2020	Preceding 31.03.2019	Current 31.3.2020	Preceding 31.03.2019
Net profit/(loss) attributable to the owners of the Company for the period	(1,788,713)	(1,143,327)	(1,788,713)	(1,143,327)
Weighted average no. of ordinary shares in issue	133,402,574	113,039,080	133,402,574	113,039,080
Diluted earnings/(loss) per share (sen)	(1.34)	(1.01)	(1.34)	(1.01)

B14. Authorisation For Issue

The interim financial statements for the three (3)-months financial period ended 31 March 2020 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

INDUSTRONICS BERHAD
29 June 2020