

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.06.2020 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2019 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	5,656,578	5,446,670
Right-of-use assets	340,872	-
Investment Properties	113,568	115,915
Intangible Assets	4,874,733	5,696,723
Other Investments	33,048	33,048
<b>Total Non-current assets</b>	<u>11,018,799</u>	<u>11,292,356</u>
<b>Current Assets</b>		
Inventories	2,179,074	1,923,847
Trade & Other Receivables	8,397,261	9,991,551
Cash and Bank Balances	1,806,039	2,333,835
<b>Total Current Assets</b>	<u>12,382,374</u>	<u>14,249,233</u>
<b>TOTAL ASSETS</b>	<u><u>23,401,173</u></u>	<u><u>25,541,589</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	7,240,905	7,240,905
Reserves	4,008,201	7,601,081
<b>Shareholders' funds</b>	<u>11,249,106</u>	<u>14,841,986</u>
Non-Controlling Interest	55,505	59,920
<b>Total equity</b>	<u>11,304,611</u>	<u>14,901,906</u>
<b>Non-current liabilities</b>		
Lease obligation	278,653	-
Deferred Tax Liabilities	516,441	516,441
<b>Total Non-current liabilities</b>	<u>795,094</u>	<u>516,441</u>
<b>Current Liabilities</b>		
Provisions	29,100	29,100
Trade & Other Payables	10,220,915	8,545,174
Amount due to director	587,880	1,548,968
Borrowings	397,559	-
Tax Payables	817	0
Lease obligation	65,196	-
<b>Total Current Liabilities</b>	<u>11,301,468</u>	<u>10,123,242</u>
Liabilities directly associated with assets classified as held for sale	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>23,401,173</u></u>	<u><u>25,541,589</u></u>
Net Assets per share (RM)	0.08	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 SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 30.06.2020	PRECEDING QUARTER 30.06.2019	CURRENT PERIOD 30.06.2020	PRECEDING PERIOD 30.06.2019
	RM	RM	RM	RM
Revenue	1,915,041	4,595,906	5,521,633	6,638,655
Cost of Sales	<u>(1,636,047)</u>	<u>(2,230,726)</u>	<u>(4,341,993)</u>	<u>(2,840,108)</u>
Gross profit	278,994	2,365,179	1,179,640	3,798,547
Other Income	170,774	936	185,677	936
Operating Expenses	(2,535,587)	(2,711,717)	(5,232,022)	(5,270,720)
Finance Costs	<u>(4,964)</u>	<u>(20,816)</u>	<u>(15,696)</u>	<u>(37,158)</u>
Loss before Tax	(2,090,783)	(366,418)	(3,882,401)	(1,508,394)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(2,090,783)</u>	<u>(366,418)</u>	<u>(3,882,401)</u>	<u>(1,508,394)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	133,285	134,944	285,105	(547,144)
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>133,285</u>	<u>134,944</u>	<u>285,105</u>	<u>(547,144)</u>
Total comprehensive income/(loss) for the period	<u>(1,957,498)</u>	<u>(231,474)</u>	<u>(3,597,296)</u>	<u>(2,055,538)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	(2,089,273)	(366,306)	(3,877,986)	(1,509,633)
Non-Controlling Interest	<u>(1,510)</u>	<u>(112)</u>	<u>(4,415)</u>	<u>1,239</u>
Loss for the period	<u>(2,090,783)</u>	<u>(366,418)</u>	<u>(3,882,401)</u>	<u>(1,508,394)</u>
<b>Total Comprehensive income/(loss) Attributable to :</b>				
Owners of the Company	(1,955,988)	(231,362)	(3,592,881)	(2,056,777)
Non-Controlling Interest	<u>(1,510)</u>	<u>(112)</u>	<u>(4,415)</u>	<u>1,239</u>
	<u>(1,957,498)</u>	<u>(231,474)</u>	<u>(3,597,296)</u>	<u>(2,055,538)</u>
Earnings/(loss) per share				
- Basic (sen)	(1.57)	(0.33)	(2.91)	(1.36)

(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 SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	-	(3,877,986)	(3,877,986)	(4,415)	(3,882,401)
Foreign exchange translation	-	285,105	-	-	285,105	-	285,105
Total comprehensive loss for the year	-	285,105	-	(3,877,986)	(3,592,881)	(4,415)	(3,597,296)
<b>At 30 June 2020</b>	<b>7,240,905</b>	<b>4,769,170</b>	<b>3,909,037</b>	<b>(4,670,005)</b>	<b>11,249,105</b>	<b>55,505</b>	<b>11,304,611</b>
At 31 December 2018	52,634,454	4,470,126	3,909,037	(46,763,416)	14,250,201	50,587	14,300,788
Loss for the year	-	-	-	(1,509,633)	(1,509,633)	1,239	(1,508,394)
Foreign exchange translation	-	(547,144)	-	-	(547,144)	-	(547,144)
Reduction of Issued Share Capital Arising from 10% Private Placement	(48,200,000) 924,865	- -	- -	48,200,000 -	- 924,865	- -	- 924,865
Total comprehensive (loss)/income for the year	(47,275,135)	(547,144)	-	46,690,367	(1,131,912)	1,239	(1,130,673)
At 30 June 2019	5,359,319	3,922,982	3,909,037	(73,049)	13,118,289	51,826	13,170,115

(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)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Current Period 3 Months Ended 30.06.2020 (Unaudited)	Preceding Period 3 Months Ended 30.06.2019 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(3,882,401)	(1,141,976)
Adjustments for non-cash flow:-		
Non-cash items	1,274,783	551,797
Non-operating items	<u>(85,637)</u>	<u>19,445</u>
Operating profit/(loss) before changes in working capital	(2,693,255)	(570,734)
Net change in current assets	1,341,017	(1,662,647)
Net change in current liabilities	<u>714,653</u>	<u>1,367,404</u>
Cash used in operations	(637,585)	(865,978)
Interest paid	(15,697)	(16,364)
Interest received	1,398	-
Taxes refunded	-	22,080
Taxes paid	<u>(1,137)</u>	<u>-</u>
Net cash used in perating activities	<u>(653,021)</u>	<u>(860,262)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income	-	
Purchase of property, plant and equipment	(303,770)	(23,323)
Addition of Right-of-use assets	(65,197)	
Proceeds from disposal of property, plant and equipment	99,936	-
Net cash (used in)/ generated from investing activities	<u>(269,031)</u>	<u>(23,323)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of hire purchase	-	(2,332)
Proceeds from private placement	-	924,865
Net cash generated from financing activities	<u>-</u>	<u>922,533</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(922,052)	38,948
Effect of exchange rate changes	(3,302)	(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	<u><u>1,408,481</u></u>	<u><u>1,517,711</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,806,039	1,781,633
Bank overdraft	<u>(397,559)</u>	<u>(263,922)</u>
	<u><u>1,408,480</u></u>	<u><u>1,517,711</u></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 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 30 June 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 30 June 2020.

**A7. Dividend paid**

There were no dividends paid during the current financial period ended 30 June 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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**INDUSTRONICS BERHAD (23699-X)**  
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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**

**a) Individual quarter**

**Business segments:**

Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	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	713	3,365	202	434	1,000	798	-	-	1,915	4,596
Inter-segment	71	260	-	-	-	-	(71)	(260)	-	-
<b>Total revenue</b>	<b>785</b>	<b>3,625</b>	<b>202</b>	<b>434</b>	<b>1,000</b>	<b>798</b>	<b>(260)</b>	<b>(9,761)</b>	<b>1,915</b>	<b>4,596</b>
<b>Results</b>										
Interest income	64	0	7	-	114	-	-	-	186	0
Finance costs	4	20	0	0	1	0	-	-	5	21
Depreciation and amortisation	42	30	11	0	622	534	(22)	-	654	564
Segment profit/(loss)	(634)	300	(30)	(2)	(702)	(665)	(724)	1	(2,091)	(366)
<b>Segment assets</b>	<b>16,179</b>	<b>15,806</b>	<b>1,378</b>	<b>1,372</b>	<b>10,261</b>	<b>11,124</b>	<b>(4,417)</b>	<b>(4,516)</b>	<b>23,401</b>	<b>23,786</b>
<b>Segment liabilities</b>	<b>(5,380)</b>	<b>(6,080)</b>	<b>(268)</b>	<b>(336)</b>	<b>(45,038)</b>	<b>(44,631)</b>	<b>38,590</b>	<b>40,430</b>	<b>(12,097)</b>	<b>(10,616)</b>
<b>Capital expenditure</b>	<b>0</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>16</b>

**Geographical segments:**

	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Revenue from external customers	987	4,058	1,000	798	(71)	(260)	1,915	4,596
<b>Segment assets</b>	<b>18,269</b>	<b>17,199</b>	<b>9,550</b>	<b>11,103</b>	<b>(4,417)</b>	<b>(4,516)</b>	<b>23,401</b>	<b>23,786</b>
<b>Capital expenditure</b>	<b>7</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>16</b>

**A8. b) Cumulative quarters**

**Business segments:**

Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	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	4,045	4,154	471	854	1,005	1,630	-	-	5,522	6,639
Inter-segment	239	546	-	-	-	-	(239)	(546)	-	-
<b>Total revenue</b>	<b>4,284</b>	<b>4,700</b>	<b>471</b>	<b>854</b>	<b>1,005</b>	<b>1,630</b>	<b>(239)</b>	<b>(546)</b>	<b>5,522</b>	<b>6,639</b>
<b>Results</b>										
Interest income	64	0	7	-	114	-	-	-	186	0
Finance costs	14	36	0	0	1	0	-	-	16	37
Depreciation and amortisation	81	58	23	0	1,214	1,057	(44)	-	1,273	1,116
Segment profit/(loss)	(977)	(811)	(88)	25	(1,613)	(723)	(1,205)	-	(3,882)	(1,508)
<b>Segment assets</b>	<b>16,179</b>	<b>15,806</b>	<b>1,378</b>	<b>1,372</b>	<b>10,261</b>	<b>11,124</b>	<b>(4,417)</b>	<b>(4,516)</b>	<b>23,401</b>	<b>23,786</b>
<b>Segment liabilities</b>	<b>(5,380)</b>	<b>(6,080)</b>	<b>(268)</b>	<b>(336)</b>	<b>(45,038)</b>	<b>(44,631)</b>	<b>38,590</b>	<b>40,430</b>	<b>(12,097)</b>	<b>(10,616)</b>
<b>Capital expenditure</b>	<b>21</b>	<b>40</b>	<b>0</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304</b>	<b>40</b>

**Geographical segments:**

	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Revenue from external customer	4,755	5,554	1,005	1,630	(239)	(546)	5,522	6,639
<b>Segment assets</b>	<b>18,258</b>	<b>17,199</b>	<b>9,550</b>	<b>11,103</b>	<b>(4,417)</b>	<b>(4,516)</b>	<b>23,401</b>	<b>23,786</b>
<b>Capital expenditure</b>	<b>304</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304</b>	<b>40</b>

**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 26 August 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.

On 25 June 2020, on behalf of the Board of Directors of IB announced that the Company has applied and been granted by the Companies Commission of Malaysia an extension of time pursuant to Section 340(4) of the Companies Act 2016 to hold its 45th AGM on or before 28 September 2020.

On 20 July 2020, M&A, on behalf of the Board of Directors of IB wishes to announce that Bursa Securities has vide its letter dated 20 July 2020, resolved to approve the listing of up to 266,625,000 new Itronic Shares to be issued pursuant to the conversion of the RCPS arising from the Proposed Issuance of RCPS.

**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 RM4,785,733.40 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 30 June 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):

	Q220 RM	Q219 RM	YTD 20 RM	YTD 19 RM
Interest Income	(972)	-	(1,398)	(118)
Other Income	(15,943)	-	(15,943)	(818)
Interest expense	4,964	20,816	15,696	37,158
Depreciation and amortisation	654,239	564,063	1,274,783	1,115,859
Subsidy of wages	(68,400)	-	(68,400)	-
Write off of property, plant and equipment	-	-	1,266	-
(Gain)/Loss on disposal of property, plant and equipment	(99,936)	-	(99,936)	-
Realised foreign exchange loss/(gain)	805	(711)	4,255	(711)
Unrealised foreign exchange (gain)	1,216	2,221	(757)	576

\*\*\* 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 30 June 2020 (2Q20) compared with quarter ended 30 June 2019 (1Q19)

The Group's revenue was lower in 2Q20 (RM1.92 million) compared to 2Q19 (RM4.59 million). This is mainly due to lower revenue in electronics and security integration segment in 2Q20 (RM0.92 million) compared to 2Q19 (RM3.80 million). It is because of the lesser project tender during COVID-19 outbreak and Movement Control Order "MCO" implemented by government during this period.

The Group recorded loss before tax of approximately RM2.09 million in 2Q20 compared to loss before tax of RM0.37 million in 2Q19. The higher loss before tax was mainly due to lower sales revenue and gross profit generated during "MCO" period, it resulting major local economic slow down. Even though a partial of the Group's activities are considered as essential operations but it significantly impacted our business partner and customers, for instance, some is close business operation during MCO, hence caused the Group and company facing challenge in performing the contracted recurring maintenance service to our customer.

**B2. Material Changes in the Quarterly Results (2Q20) compared to the Results of the Preceding Quarter (1Q20)**

The Group recorded lower revenue of RM1.92 million in 2Q20 compared with RM3.60 million in 1Q20. Loss before tax was RM2.09 million in the current quarter compared to loss before tax was RM1.79 million in 1Q20.

**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>

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

There were no material sale of quoted and unquoted investments for the financial period ended 30 June 2020.

**B7. Sale of Properties**

There was no disposal of property for the financial period ended 30 June 2020.

**B8. Status of Corporate Proposals**

As at 26 August 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 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.

On 20 July 2020, M&A, on behalf of the Board of Directors of IB wishes to announce that Bursa Securities has vide its letter dated 20 July 2020, resolved to approve the listing of up to 266,625,000 new Itronic Shares to be issued pursuant to the conversion of the RCPS arising from the Proposed Issuance of RCPS.



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

**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 30 June 2020:-

	RM
a) Secured and unsecured :	
Total secured borrowings	397,559
Total unsecured borrowings	-
Total borrowings	<u>397,559</u>
	RM
b) Short Term and Long Term	
Total short-term borrowings	397,559
Total long term borrowings	-
Total borrowings	<u>397,559</u>

All borrowings are denominated in Ringgit Malaysia.

The freehold land and buildings of the Group with a carrying amount of RM5,238,588.00 (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 30 June 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 30.6.2020	Preceding 30.06.2019	Current 30.6.2020	Preceding 30.06.2019
Net profit/(loss) attributable to the owners of the Company for the period	(2,089,273)	(366,306)	(3,877,986)	(1,509,633)
Weighted average no. of ordinary shares in issue	133,402,574	111,326,367	133,402,574	111,326,367
Basic earnings/(loss) per share (sen)	(1.57)	(0.33)	(2.91)	(1.36)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 30.6.2020	Preceding 30.06.2019	Current 30.6.2020	Preceding 30.06.2019
Net profit/(loss) attributable to the owners of the Company for the period	(2,089,273)	(366,306)	(3,877,986)	(1,509,633)
Weighted average no. of ordinary shares in issue	133,402,574	111,326,367	133,402,574	111,326,367
Diluted earnings/(loss) per share (sen)	(1.57)	(0.33)	(2.91)	(1.36)

**B14. Authorisation For Issue**

The interim financial statements for the six (6)-months financial period ended 30 June 2020 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**  
INDUSTRONICS BERHAD  
26 August 2020