

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

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

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.09.2020 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2019 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	5,543,098	5,446,670
Right-of-use assets	306,784	-
Investment Properties	169,799	115,915
Intangible Assets	4,202,757	5,696,723
Other Investments	33,048	33,048
Total Non-current assets	<u>10,255,485</u>	<u>11,292,356</u>
Current Assets		
Inventories	2,043,061	1,923,847
Trade & Other Receivables	6,123,775	9,991,551
Cash and Bank Balances	1,141,562	2,333,835
Total Current Assets	<u>9,308,398</u>	<u>14,249,233</u>
TOTAL ASSETS	<u><u>19,563,883</u></u>	<u><u>25,541,589</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	7,240,905	7,240,905
Reserves	1,853,052	7,601,081
Shareholders' funds	<u>9,093,957</u>	<u>14,841,986</u>
Non-Controlling Interest	52,832	59,920
Total equity	<u>9,146,789</u>	<u>14,901,906</u>
Non-current liabilities		
Lease obligation	278,653	-
Deferred Tax Liabilities	524,282	516,441
Total Non-current liabilities	<u>802,935</u>	<u>516,441</u>
Current Liabilities		
Provisions	29,100	29,100
Trade & Other Payables	9,296,974	8,545,174
Amount due to director	13,622	1,548,968
Borrowings	241,864	-
Tax Payables	0	0
Lease obligation	32,598	-
Total Current Liabilities	<u>9,614,159</u>	<u>10,123,242</u>
Liabilities directly associated with assets classified as held for sale	-	-
TOTAL EQUITY AND LIABILITIES	<u><u>19,563,883</u></u>	<u><u>25,541,589</u></u>
Net Assets per share (RM)	0.07	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 NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEP 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 30.09.2020	PRECEDING QUARTER 30.09.2019	CURRENT PERIOD 30.09.2020	PRECEDING PERIOD 30.09.2019
	RM	RM	RM	RM
Revenue	2,927,353	3,784,167	8,448,986	10,422,822
Cost of Sales	<u>(2,615,705)</u>	<u>(1,070,343)</u>	<u>(6,957,698)</u>	<u>(3,910,451)</u>
Gross profit	311,648	2,713,824	1,491,289	6,512,372
Other Income	2,142,794	5,998	2,328,471	62.48% 6,934
Operating Expenses	(2,581,565)	(2,827,255)	(7,813,587)	(8,097,975)
Finance Costs	<u>(4,702)</u>	<u>(15,334)</u>	<u>(20,398)</u>	<u>(52,492)</u>
Loss before Tax	(131,825)	(122,767)	(4,014,225)	(1,631,161)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(131,825)</u>	<u>(122,767)</u>	<u>(4,014,225)</u>	<u>(1,631,161)</u>
Other comprehensive income/(loss), net of tax:				
Revaluation of land and buildings	(81,588)	-	(81,588)	-
Tax relating to revaluation of land and buildi	(7,841)	-	(7,841)	-
Foreign currency translation differences for foreign operations	(1,936,569)	(1,092,767)	(1,651,464)	(1,639,911)
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>(2,025,998)</u>	<u>(1,092,767)</u>	<u>(1,740,893)</u>	<u>(1,639,911)</u>
Total comprehensive income/(loss) for the period	<u>(2,157,823)</u>	<u>(1,215,534)</u>	<u>(5,755,118)</u>	<u>(3,271,072)</u>
Profit/(loss) Attributable to :				
Owners of the Company	(129,151)	(132,530)	(4,007,137)	(1,642,163)
Non-Controlling Interest	<u>(2,673)</u>	<u>9,763</u>	<u>(7,088)</u>	<u>11,002</u>
Loss for the period	<u>(131,824)</u>	<u>(122,767)</u>	<u>(4,014,225)</u>	<u>(1,631,161)</u>
Total Comprehensive income/(loss) Attributable to :				
Owners of the Company	(2,155,149)	(1,225,297)	(5,748,030)	(3,282,074)
Non-Controlling Interest	<u>(2,673)</u>	<u>9,763</u>	<u>(7,088)</u>	<u>11,002</u>
	<u>(2,157,822)</u>	<u>(1,215,534)</u>	<u>(5,755,118)</u>	<u>(3,271,072)</u>
Earnings/(loss) per share				
- Basic (sen)	(0.10)	(0.11)	(3.00)	(1.37)

(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)
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEP 2020**

	----- Attributable to Owners of the Parent -----						
	Share capital	Foreign currency reserve	Revaluation reserves	Distributable Retained earnings/ (accumulated losses)	Share-holders Fund	Non-Controlling Interest	Total Equity
	RM	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	-	-	-	(4,007,137)	(4,007,137)	(7,088)	(4,014,225)
Other comprehensive income:							
Revaluation of land & building	-	-	(81,588)	-	(81,588)	-	(81,588)
Tax relating to revaluation of land and building	-	-	(7,841)	-	(7,841)	-	(7,841)
Foreign exchange translation	-	(1,651,464)	-	-	(1,651,464)	-	(1,651,464)
Total comprehensive loss for the year	-	(1,651,464)	(89,429)	(4,007,137)	(5,748,030)	(7,088)	(5,755,118)
At 30 Sep 2020	7,240,904	2,832,601	3,819,608	(4,799,156)	9,093,956	52,832	9,146,788
At 31 December 2018	52,634,454	4,470,126	3,909,037	(46,763,416)	14,250,201	50,585	14,300,786
Reduction of Issued Share Capital	(48,200,000)			48,200,000	-	-	-
Loss for the year	-	-	-	(1,642,163)	(1,642,163)	11,002	(1,631,161)
Foreign exchange translation	-	(1,639,911)	-	-	(1,639,911)	-	(1,639,911)
Arising from 10% Private Placement	924,865	-	-	-	924,865	-	924,865
Arising from New Share Issued	1,881,588	-	-	-	1,881,588	-	1,881,588
Total comprehensive (loss)/income for the year	2,806,453	(1,639,911)	-	(1,642,163)	(475,621)	11,002	(464,619)
At 30 Sep 2019	7,240,907	2,830,215	3,909,037	(205,579)	13,774,580	61,587	13,836,167

(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 NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEP 2020**

	Current Period 3 Months Ended 30.09.2020 (Unaudited)	Preceding Period 3 Months Ended 30.09.2019 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,014,225)	(1,631,164)
Adjustments for non-cash flow:-		
Non-cash items	1,584,385	1,689,945
Non-operating items	11,160	52,492
Operating profit/(loss) before changes in working capital	(2,418,681)	111,273
Net change in current assets	1,601,601	(854,010)
Net change in current liabilities	1,365,871	836,314
Cash used in operations	548,791	93,577
Interest paid	(20,398)	(54,824)
Interest received	1,398	-
Taxes refunded	7,841	20,851
Taxes paid	(2,453)	-
Net cash used in perating activities	535,180	59,604
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	-	-
Purchase of property, plant and equipment	(318,067)	(57,655)
Addition of Right-of-use assets	(97,795)	-
Proceeds from disposal of property, plant and equipment	98,010	-
Net cash (used in)/ generated from investing activities	(317,853)	(57,655)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	-	924,865
Issuance of new shares	-	1,881,588
Net cash generated from financing activities	-	2,806,453
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	217,327	2,808,402
Effect of exchange rate changes	(1,651,464)	(1,712,754)
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	899,698	3,130,216
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,141,562	3,322,198
Bank overdraft	(241,864)	(191,982)
	899,698	3,130,216

(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 September 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 September 2020.

A7. Dividend paid

There were no dividends paid during the current financial period ended 30 September 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.
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.

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NOTES TO THE INTERIM FINANCIAL REPORT

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
- Operating E commerce business and target market is South East Asia.

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	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	404	1,855	336	640	2,188	1,289	-	-	2,927	3,784
Inter-segment	266	269	-	-	-	-	(266)	(269)	-	-
Total revenue	669	2,124	336	640	2,188	1,289	(266)	(269)	2,927	3,784
Results										
Interest income	0	0	0	-	-	-	-	-	0	0
Finance costs	5	15	0	0	(1)	1	-	-	5	15
Depreciation and amortisation	39	30	11	0	576	543	(22)	-	605	573
Segment profit/(loss)	(879)	(1,052)	(53)	195	(1,925)	734	2,726	-	(132)	(123)
Segment assets	14,228	14,152	1,497	1,497	12,368	12,091	(8,529)	(4,828)	19,564	22,912
Segment liabilities	(9,320)	(3,696)	(441)	(265)	(25,608)	(44,957)	24,951	39,843	(10,417)	(9,075)
Capital expenditure	4	18	1	-	9	-	-	-	14	18

Geographical segments:

Revenue	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Revenue from external customers	1,005	2,764	2,188	1,289	(266)	(269)	2,927	3,784
Segment assets	16,784	15,831	11,309	11,908	(8,529)	(4,828)	19,564	22,912
Capital expenditure	14	18	-	-	-	-	14	18

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	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	4,449	6,010	807	1,494	3,193	2,919	-	-	8,449	10,423
Inter-segment	504	814	-	-	-	-	(504)	(814)	-	-
Total revenue	4,953	6,824	807	1,494	3,193	2,919	(504)	(814)	8,449	10,423
Results										
Interest income	1	1	0	-	-	-	-	-	1	1
Finance costs	19	51	0	0	1	1	-	-	20	52
Depreciation and amortisation	120	88	34	1	1,790	1,600	(66)	-	1,878	1,689
Segment profit/(loss)	(1,856)	(1,863)	(142)	220	(3,538)	12	1,521	-	(4,014)	(1,631)
Segment assets	14,228	14,152	1,497	1,497	12,368	12,091	(8,529)	(4,828)	19,564	22,912
Segment liabilities	(9,320)	(3,696)	(441)	(265)	(25,608)	(44,957)	24,951	39,843	(10,417)	(9,075)
Capital expenditure	26	58	2	-	291	-	-	-	318	58

Geographical segments:

Revenue	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Revenue from external cus	5,760	8,318	3,193	2,919	(504)	(814)	8,449	10,423
Segment assets	16,773	15,831	11,309	11,908	(8,529)	(4,828)	19,564	22,912
Capital expenditure	318	58	-	-	-	-	318	58

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A9. Valuation of property, plant and equipment

In line with the Group's accounting policies on property, plant and equipment, a revaluation exercise was carried out on 30 September 2020 by an independent professional valuer City Valuers and Consultants Sdn Bhd using the comparison method of valuation to reflect the fair values of properties of the Group.

Arising from this exercise, revaluation deficits of RM89,429 was debited to other comprehensive income of the Group

A10. Subsequent Events

- a) As at 26 November 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.

On 30 July 2020, The Company cicuar to shareholders in relation to the proposed issuance of up to 266,625,000 new redeemable convertible preference shares ("RCPS") to Bluemount Investment Fund SPC at an issue price of RM0.04 per RCPS and proposed amendments to the constitution of the company to facilitate the proposed issuance of RCPS and notice of extraordinary general meeting.

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:

- a. The Board of Directors of Industronics Berhad announced that the Company had on 9 September 2020 entered into a Share Sale Agreement with Mr Pan Jiye (China Passport No.: EG9139748), of Room 1702, Building No. 3, Yang Guang Li Jing Garden, 29 Lian Jiang Road, Shantou City, Guandong Province, China, People's Republic of China ("the Purchaser") to dispose its entire shareholdings (100%) in Industronics (HK) Limited [Registaion No:1871222] ("IHKL") comprising 1 ordinary share in the issued and paid up share capital of IHKL for a total cash consideration of HKD1.00 (Hong Kong Dollar: One Only).
- b. On 15 September 2020, the Company had acquired a new wholly-owned subsidiary, namely All Best Group Limited [Company No.: 2942499] ("All Best") for the purpose of operating E commerce business and target market is South East Asia.

All Best was incorporated in Hong Kong on 18 May 2020 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with an issued share capital of HKD1.00 divided into 1 ordinary share.

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.

NOTES TO THE INTERIM FINANCIAL REPORT

A13. Intangible Assets

Intangible assets includes an amount of RM4,113,757.07 which is related to investment in software development from a subsidiary of the Company, Industronics Technology Limited ("IBTECH"). The software development consists of openstack cloud computing software platform, file hosting platform and game server platform.

On 31 August 2020, that the assets transfer from IBTECH to ECGO International Limited at net book value as part of the proposed internal restructuring plan to reorganise and realign the business by streamlining operational management structure for better synergy to enhance the corporate direction of the Company and the Group.

A14. Capital Commitment

The Group has no material capital commitments as at 30 September 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

566.58

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

	Q320 RM	Q319 RM	YTD 20 RM	YTD 19 RM
Interest Income	-	(266)	(1,398)	(611)
Other Income	-	(4,440)	(14,623)	(6,323)
Interest expense	4,702	15,326	20,398	52,492
Depreciation and amortisation	604,621	573,258	1,738,471	1,689,117
Reversal of inventories written down	(42,288)	(2,228,219)	(42,288)	(2,228,219)
Subsidy of wages	(244,606)	-	(313,006)	-
Write off of inventories	42,288	2,228,219	42,288	2,228,219
Write off of property, plant and equipment	62	-	1,328	-
(Gain) on disposal of subsidiaries	(1,901,014)	-	(1,901,014)	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	(98,010)	-
Reversal of impairment loss:				
- Investment properties	(57,405)	-	(57,405)	-
Realised foreign exchange loss/(gain)	(4,253)	(1,131)	(8,508)	(1,842)
Unrealised foreign exchange (gain)	397	(86)	1,154	490

*** Gain or loss on derivatives is not applicable as the Company does not have any derivative financial instrument.

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

B1. Review of Performance

- a) Quarter ended 30 September 2020 (3Q20) compared with quarter ended 30 September 2019 (3Q19)

The Group's revenue was lower in 3Q20 (RM2.93 million) compared to 3Q19 (RM3.78 million). This is mainly due to lower revenue in electronics and security integration segment in 3Q20 (RM0.7 million) compared to 3Q19 (RM2.49 million) offset with increase in other operation segment in 3Q20(RM2.18 million) compared to 3Q19 (RM1.28 million) . The lower revenue electronics and security integration segment, because of lesser project tender during COVID-19 outbreak and Movement Control Order "MCO" implemented by government during this period. The higher revenue in other operation segment mainly due to there is revenue generated from ECGO International Limited, a wholly-owned subsidiary incorporated on 13 February 2019, i.e. selling of tea leaves.

The Group recorded loss before tax of approximately RM0.13 million in 3Q20 compared to loss before tax of RM0.12 million in 3Q19. The slightly higher of loss before tax was mainly due to there is a gain of disposal of subsidiary i.e. Industroncis (HK) Limited recognised in this quarter, approximately of RM1.90 million and saving of RM0.30 million from operating expenses against the lower of gross profit margin of RM2.40 million

The 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.

- b) Current financial period ended 30 September 2020 (9M20) compared with preceding financial period ended 30 September 2019 (9M19)

The Group recorded lower revenue of RM8.44 million for 9M20 compared to RM10.42 million for 9M19, mainly attributable to lower revenue generated in electronics and security integration segment in 9M20, RM5.25 million as compared to 9M19, RM7.50 million

The Group recorded higher loss before tax of RM4.04 million in 9M20 compared to RM1.63 million in 9M19 mainly due to higher loss before tax from other operation segment, approximately -RM3.58 million for 9M20 compared to RM0.012 million for 9M19.

Higher other income of RM2.32 million for 9M20 compared to RM0.007 million for 9M19, mainly attributable to gain of disposal of subsidiary i.e. Industroncis (HK) Limited, approximately RM1.90 million and wages subsidy received from respective government of RM0.31 million during the year.

B2. Material Changes in the Quarterly Results (3Q20) compared to the Results of the Preceding Quarter (2Q20)

The Group recorded lower revenue of RM2.93 million in 3Q20 compared with RM1.91 million in 2Q20. Loss before tax was RM0.13 million in the current quarter compared to loss before tax was RM2.09 million in 2Q20.

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 September 2020.

B7. Sale of Properties

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

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

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.

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 30 September 2020:-

	RM
a) Secured and unsecured :	
Total secured borrowings	241,864
Total unsecured borrowings	-
Total borrowings	<u>241,864</u>
	RM
b) Short Term and Long Term	
Total short-term borrowings	241,864
Total long term borrowings	-
Total borrowings	<u>241,864</u>

All borrowings are denominated in Ringgit Malaysia.

The freehold land and buildings of the Group with a carrying amount of RM5,145,500.00 (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 September 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	Preceding	Current	Preceding
	30.9.2020	30.09.2019	30.9.2020	30.09.2019
Net profit/(loss) attributable to the owners of the Company for the period	(129,151)	(132,530)	(4,007,137)	(1,642,163)
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)	(0.10)	(0.12)	(3.00)	(1.48)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current	Preceding	Current	Preceding
	30.9.2020	30.09.2019	30.9.2020	30.09.2019
Net profit/(loss) attributable to the owners of the Company for the period	(129,151)	(132,530)	(4,007,137)	(1,642,163)
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)	(0.10)	(0.12)	(3.00)	(1.48)

B14. Authorisation For Issue

The interim financial statements for the nine (9)-months financial period ended 30 September 2020 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

INDUSTRONICS BERHAD
26 November 2020