

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

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

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 31.12.2020 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	5,559,960	5,446,670
Right-of-use assets	272,698	-
Investment Properties	168,625	115,915
Intangible Assets	3,540,087	5,696,723
Other Investments	462,672	33,048
<b>Total Non-current assets</b>	<u>10,004,042</u>	<u>11,292,356</u>
<b>Current Assets</b>		
Inventories	1,432,775	1,923,847
Trade & Other Receivables	4,431,238	9,991,551
Cash and Bank Balances	645,778	2,333,835
<b>Total Current Assets</b>	<u>6,509,791</u>	<u>14,249,233</u>
<b>TOTAL ASSETS</b>	<u><u>16,513,833</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	2,615,443	7,601,081
<b>Shareholders' funds</b>	<u>9,856,348</u>	<u>14,841,986</u>
Non-Controlling Interest	50,541	59,920
<b>Total equity</b>	<u>9,906,889</u>	<u>14,901,906</u>
<b>Non-current liabilities</b>		
Lease obligation	142,392	-
Deferred Tax Liabilities	524,282	516,441
<b>Total Non-current liabilities</b>	<u>666,675</u>	<u>516,441</u>
<b>Current Liabilities</b>		
Provisions	29,100	29,100
Trade & Other Payables	5,625,770	8,545,174
Amount due to director	-	1,548,968
Borrowings	149,138	-
Lease obligation	136,261	-
<b>Total Current Liabilities</b>	<u>5,940,270</u>	<u>10,123,242</u>
Liabilities directly associated with assets classified as held for sale	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>16,513,833</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.)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 31.12.2020	PRECEDING QUARTER 31.12.2019	CURRENT PERIOD 31.12.2020	PRECEDING PERIOD 31.12.2019
	RM	RM	RM	RM
Revenue	8,982,281	4,989,280	17,431,268	15,412,102
Cost of Sales	<u>(7,898,655)</u>	<u>(2,365,432)</u>	<u>(14,856,352)</u>	<u>(6,275,883)</u>
Gross profit	1,083,627	2,623,847	2,574,915	9,136,219
Other Income	5,016,525	(5,115)	7,344,997	1,819
Operating Expenses	(2,518,430)	(3,200,650)	(10,332,015)	(11,298,625)
Finance Costs	(4,865)	(6,191)	(25,263)	(58,683)
Profit/(Loss) before Tax	<u>3,576,857</u>	<u>(588,109)</u>	<u>(437,367)</u>	<u>(2,219,270)</u>
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) for the period	<u>3,576,857</u>	<u>(588,109)</u>	<u>(437,367)</u>	<u>(2,219,270)</u>
Other comprehensive income/(loss), net of tax:				
Revaluation of land and buildings	-	-	(81,588)	-
Tax relating to revaluation of land and buildi	-	-	(7,841)	-
Foreign currency translation differences for foreign operations	(2,816,757)	1,653,848	(4,468,222)	13,937
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>(2,816,757)</u>	<u>1,653,848</u>	<u>(4,557,651)</u>	<u>13,937</u>
Total comprehensive income/(loss) for the period	<u>760,100</u>	<u>1,065,739</u>	<u>(4,995,018)</u>	<u>(2,205,333)</u>
<b>Profit/(loss) Attributable to :</b>				
Owners of the Company	3,579,148	(586,440)	(427,988)	(2,228,603)
Non-Controlling Interest	<u>(2,291)</u>	<u>(1,669)</u>	<u>(9,379)</u>	<u>9,333</u>
Profit/(Loss) for the period	<u>3,576,857</u>	<u>(588,109)</u>	<u>(437,367)</u>	<u>(2,219,270)</u>
<b>Total Comprehensive income/(loss) Attributable to :</b>				
Owners of the Company	762,391	1,067,408	(4,985,639)	(2,214,666)
Non-Controlling Interest	<u>(2,291)</u>	<u>(1,669)</u>	<u>(9,379)</u>	<u>9,333</u>
	<u>760,100</u>	<u>1,065,739</u>	<u>(4,995,018)</u>	<u>(2,205,333)</u>
Earnings/(loss) per share				
- Basic (sen)	2.68	(0.49)	(0.32)	(1.87)

(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 TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DEC 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	-	-	-	(427,988)	(427,988)	(9,379)	(437,367)
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	-	(4,468,222)	-	-	(4,468,222)	-	(4,468,222)
Total comprehensive loss for the year	-	(4,468,222)	(89,429)	(427,988)	(4,985,639)	(9,379)	(4,995,018)
<b>At 31 Dec 2020</b>	<b>7,240,904</b>	<b>15,843</b>	<b>3,819,608</b>	<b>(1,220,007)</b>	<b>9,856,347</b>	<b>50,541</b>	<b>9,906,889</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
Reduction of Issued Share Capital	(48,200,000)	-	-	48,200,000	-	-	-
Loss for the year	-	-	-	(2,228,603)	(2,228,603)	9,333	(2,219,270)
Foreign exchange translation	-	13,937	-	-	13,937	-	13,937
Arising from 10% Private Placement	924,865	-	-	-	924,865	-	924,865
Arising from New Share Issued	1,881,586	-	-	-	1,881,586	-	1,881,586
Total comprehensive (loss)/income for the year	2,806,451	13,937	-	(2,228,603)	591,785	9,333	601,118
At 31 Dec 2019	7,240,905	4,484,063	3,909,037	(792,019)	14,841,986	59,920	14,901,906

(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.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Current Period 3 Months Ended 31.12.2020 (Unaudited)	Preceding Period 3 Months Ended 31.12.2019 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(437,368)	(2,219,270)
Adjustments for non-cash flow:-		
Non-cash items	2,229,234	2,691,821
Non-operating items	36,460	31,416
Operating profit/(loss) before changes in working capital	1,828,326	503,967
Net change in current assets	5,706,333	(5,581,615)
Net change in current liabilities	(4,467,131)	2,607,961
Cash used in operations	3,067,528	(2,469,687)
Interest paid	(25,264)	(32,490)
Interest income	1,695	1,074
Taxes refunded	7,841	22,231
Taxes paid	(2,695)	-
Net cash used in operating activities	3,049,105	(2,478,872)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(383,438)	(64,397)
Addition of Right-of-use assets	(130,393)	-
Proceeds from disposal of property, plant and equipment	98,010	-
Net cash (used in)/ generated from investing activities	(415,821)	(64,397)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	-	924,865
Repayment of finance lease liabilities	-	(2,332)
Issuance of new shares	-	1,881,586
Net cash generated from financing activities	-	2,804,119
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	2,633,284	260,850
Effect of exchange rate changes	(4,470,479)	38,417
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>496,640</u>	<u>2,333,835</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	645,778	2,333,835
Bank overdraft	(149,138)	-
	<u>496,640</u>	<u>2,333,835</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 Material  
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform  
Amendments to MFRS 9: Business Combinations – Definition of Business  
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 year ended 31 December 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 year ended 31 December 2020.

**A7. Dividend paid**

There were no dividends paid during the current financial year ended 31 December 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  
- 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	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	2,573	2,553	399	541	6,010	1,895	-	-	8,982	4,989
Inter-segment	238	354	-	-	-	-	(238)	(354)	-	-
<b>Total revenue</b>	<b>2,811</b>	<b>2,907</b>	<b>399</b>	<b>541</b>	<b>6,010</b>	<b>1,895</b>	<b>(238)</b>	<b>(354)</b>	<b>8,982</b>	<b>4,989</b>
<b>Results</b>										
Interest income	0	1	-	-	-	-	-	-	0	1
Finance costs	3	6	0	0	2	1	-	-	5	7
Depreciation and amortisation	(6)	30	(32)	-	579	527	66	-	607	557
Segment profit/(loss)	1,948	1,121	(53)	(33)	(1,925)	(23)	2,726	(1,652)	2,696	(588)
<b>Segment assets</b>	<b>14,172</b>	<b>16,236</b>	<b>1,421</b>	<b>1,623</b>	<b>5,170</b>	<b>12,602</b>	<b>(4,250)</b>	<b>(4,919)</b>	<b>16,514</b>	<b>25,542</b>
<b>Segment liabilities</b>	<b>(4,982)</b>	<b>(4,663)</b>	<b>(421)</b>	<b>(425)</b>	<b>(11,520)</b>	<b>(45,036)</b>	<b>10,315</b>	<b>39,484</b>	<b>(6,607)</b>	<b>(10,640)</b>
<b>Capital expenditure</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>7</b>

**Geographical segments:**

	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Revenue from external customers	3,210	3,448	6,010	1,895	(238)	(354)	8,982	4,989
<b>Segment assets</b>	<b>16,570</b>	<b>18,028</b>	<b>4,193</b>	<b>12,433</b>	<b>(4,250)</b>	<b>(4,919)</b>	<b>16,514</b>	<b>25,542</b>
<b>Capital expenditure</b>	<b>65</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>7</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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	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	7,022	8,563	1,206	2,035	9,203	4,814	-	-	17,431	15,412
Inter-segment	742	1,168	-	-	-	-	(742)	(1,168)	-	-
<b>Total revenue</b>	<b>7,764</b>	<b>6,824</b>	<b>1,206</b>	<b>1,494</b>	<b>9,203</b>	<b>2,919</b>	<b>(742)</b>	<b>(814)</b>	<b>17,431</b>	<b>15,412</b>
<b>Results</b>										
Interest income	2	1	0	-	-	-	-	-	2	1
Finance costs	22	58	0	0	2	-	-	-	25	58
Depreciation and amortisation	114	118	2	1	2,370	2,127	-	-	2,485	2,246
Impairment loss of trade receivable	92	49	94	108	-	213	-	-	186	370
Segment profit/(loss)	(947)	(743)	(188)	187	(2,224)	(15)	2,922	(1,648)	(437)	(2,219)
<b>Segment assets</b>	<b>14,172</b>	<b>16,236</b>	<b>1,421</b>	<b>1,623</b>	<b>5,170</b>	<b>13,358</b>	<b>(4,250)</b>	<b>(5,676)</b>	<b>16,514</b>	<b>25,541</b>
<b>Segment liabilities</b>	<b>(4,982)</b>	<b>(4,660)</b>	<b>(421)</b>	<b>(425)</b>	<b>(11,520)</b>	<b>(45,795)</b>	<b>10,315</b>	<b>40,241</b>	<b>(6,607)</b>	<b>(10,639)</b>
<b>Capital expenditure</b>	<b>29</b>	<b>64</b>	<b>5</b>	<b>-</b>	<b>349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>383</b>	<b>64</b>

**Geographical segments:**

	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Revenue from external customers	8,970	11,766	9,203	4,814	(742)	(1,168)	17,431	15,412
<b>Segment assets</b>	<b>12,321</b>	<b>18,028</b>	<b>4,193</b>	<b>13,189</b>	<b>(4,250)</b>	<b>(5,676)</b>	<b>16,514</b>	<b>25,541</b>
<b>Capital expenditure</b>	<b>383</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>383</b>	<b>64</b>
<b>Segment liabilities</b>	<b>(5,643)</b>	<b>(8,832)</b>	<b>(5,876)</b>	<b>(42,048)</b>	<b>10,315</b>	<b>40,241</b>	<b>(6,607)</b>	<b>(10,639)</b>
<b>Results</b>								
Interest income	2	1	-	-	-	-	-	2
Finance costs	23	57	2	1	-	-	-	25
Depreciation and amortisation	328	119	2,157	2,127	-	-	2,485	2,246
Impairment loss of trade receivable	186	157	-	213	-	-	186	370
Segment profit/(loss)	(2,143)	(610)	(1,216)	39	2,922	(1,648)	(437)	(2,219)

**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 February 2021, 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 redemmmable 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 facilitie the proposed issuance of RCPS and notniced of extraordinary general meeting.

On 8 Feb 2021, The Company received fund i.e. 1 Tranches of USD680,000.00 approximately of RM 2.66 million from subscriber. The Company will proceed to log SSM as of 22 Feb 2021.

**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 "ITRONIC" 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.
- c. On 30 November 2020, the Board of Directors of ITRONIC announced that the Company entered into a Share Sale Agreement ("SSA") with Mr. Khoo Yick Wai ("the Purchaser") for the disposal of its entire 100% equity interest in Great Voyage Berhad ("GVB") which comprises 100,000 ordinary shares ("GVB Sale Shares") to the Purchaser for a total cash consideration of RM1.00 ( Ringgit Malaysia: One Only)
- d. On 1 Decmeber 2020, the Board of Directors of ITRONIC announced that the Company entered into a Share Sale and Purchase Agreement ("SSA") with Mr. Lee Kwok Po ("the Purchaser") to dispose-off its 100% equity interest comprising of 1 ordinary share ("Sale Shares") in Industronics Technology Limited ("IBTECH") for a cash consideration of HKD800,000.00 which is equivalent to approximately RM428,984.00 subject to the terms and conditions as stipulated in the SSA ("the Proposed Disposal").

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A12. Contingent Assets or Contingent Liabilities**

There were no material changes in contingent assets or contingent liabilities since the last audited statement of financial position as at 31 December 2019.

**A13. Intangible Assets**

Intangible assets includes an amount of RM3,451,086.73 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 31 December 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):

	Q420 RM	Q419 RM	YTD 20 RM	YTD 19 RM
Interest Income	(296)	(463)	(1,695)	(1,074)
Other Income	-	(1,834)	(14,623)	(8,157)
Subsidy of wages	(152,833)	-	(465,839)	-
Interest expense	4,865	6,191	25,263	58,683
Depreciation and amortisation	606,910	557,277	2,484,909	2,246,394
Allowance for obsolete inventories	302,638	-	302,638	-
Reversal allowance for obsolete inventories	-	313,398	(42,288)	(1,914,821)
Inventories written off	-	(236,829)	42,288	1,991,390
Reversal Impairment loss on trade receivable	(152,798)	-	(152,798)	-
Impairment loss on trade receivable	186,035	370,224	186,035	370,224
Write off of property, plant and equipment	-	31	1,328	31
Fair value gain on investment	(429,624)	-	(429,624)	-
Revaluation reserve adjustment	(7,840)	-	(7,840)	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	(98,010)	-
Reversal of impairment loss:				
- Investment properties	-	-	(57,405)	-
(Gain) on disposal of subsidiaries	(4,441,060)	-	(6,342,114)	-
Realised foreign exchange loss/(gain)	17,197	(1,333)	8,689	(3,175)
Unrealised foreign exchange (gain)	3,049	7,113	4,203	7,603

\*\*\* 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 REQUIREMENT:**

**B1. Review of Performance**

- a) Quarter ended 31 December 2020 (4Q20) compared with quarter ended 31 December 2019 (4Q19)

The Group's revenue was higher in 4Q20 (RM8.98 million) compared to 4Q19 (RM4.98 million). This is mainly due to lower revenue in electronics and security integration segment in 4Q20 (RM0.12 million) offset with increase in other operation segment in 4Q20(RM4.11 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 through the year of 2020. 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 and trading of precision instruments.

The Group recorded profit before tax of approximately RM3.57 million in 4Q20 compared to loss before tax of RM0.58 million in 4Q19. The profit before tax of current period was mainly due to there is a gain of disposal of subsidiary i.e. Industronics Technologies Limited and Great Voyage Berhad recognised as other income in this quarter which is approximately of RM2.54 million and RM1.89 million is reclassification of foreign exchange reserve. Other than this, there was saving of RM0.60 million from operating expenses against the lower of gross profit margin of RM1.54 million

- b) Current financial year ended 31 December 2020 (12M20) compared with preceding financial year ended 31 December 2019 (12M19)

The Group recorded higher revenue of RM17.43 million for 12M20 compared to RM15.41 million for 12M19, mainly attributable to lower revenue generated in electronics and security integration segment in 12M20, RM2.36 million offset with increase in other operation segment in 12M20, RM4.38 million.

The Group recorded lower loss before tax of RM0.44 million in 12M20 compared to RM2.22 million in 12M19 mainly due to higher of other income and saving from operation expenses offset with lower gross profit margin. Increase other income resulted from disposal of subsidiaries during the year, which is approximately of RM6.34 million. Moreover, there was RM0.42 million gain on fair value adjustment of other investment recognised as other income.

Lower gross profit margin in 12M20, RM2.57 million compared to 12M19, RM9.13 million mainly due to cost of sold for trading of precision instruments getting more competitive in 2020 due to covid19 outbreak and impact of protest Hong Kong in 2019/2020. Other than this, there was saving of RM0.96 million from operation expenses which resulting to close negative gap of loss before tax in this year.

**B2. Material Changes in the Quarterly Results (4Q20) compared to the Results of the Preceding Quarter (3Q20)**

The Group recorded lower revenue of RM8.98 million in 4Q20 compared with RM2.93 million in 3Q20. Profit before tax was RM3.57 million in the current quarter compared to loss before tax was RM0.13 million in 3Q20.

**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 year ended December 2020.

**B7. Sale of Properties**

There was no disposal of property for the financial year ended 31 December 2020.

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

**B8. Status of Corporate Proposals**

As at 26 February 2021, 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 31 December 2020:-

	RM
a) Secured and unsecured :	
Total secured borrowings	149,139
Total unsecured borrowings	-
Total borrowings	<u>149,139</u>
	RM
b) Short Term and Long Term	
Total short-term borrowings	149,139
Total long term borrowings	-
Total borrowings	<u>149,139</u>

All borrowings are denominated in Ringgit Malaysia.

The freehold land and buildings of the Group with a carrying amount of RM5,132,675.00 (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 RM150,000 as at end of the financial year ended 31 December 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 31.12.2020	Preceding 31.12.2019	Current 31.12.2020	Preceding 31.12.2019
Net profit/(loss) attributable to the owners of the Company for the period	3,579,148	(586,440)	(427,988)	(2,228,603)
Weighted average no. of ordinary shares in issue	133,402,574	118,954,799	133,402,574	118,954,799
Basic earnings/(loss) per share (sen)	2.68	(0.49)	(0.32)	(1.87)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.12.2020	Preceding 31.12.2019	Current 31.12.2020	Preceding 31.12.2019
Net profit/(loss) attributable to the owners of the Company for the period	3,579,148	(586,440)	(427,988)	(2,228,603)
Weighted average no. of ordinary shares in issue	133,402,574	118,954,799	133,402,574	118,954,799
Diluted earnings/(loss) per share (sen)	2.68	(0.49)	(0.32)	(1.87)

**B14 Authorisation For Issue**

The interim financial statements for the twelve (12)-months financial year ended 31 December 2020 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**

INDUSTRONICS BERHAD  
26 February 2021