

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.06.2021 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2020 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	5,465,683	5,559,960
Right-of-use assets	204,523	272,697
Investment Properties	166,278	168,625
Intangible Assets	2,584,430	3,540,087
Other Investments	74,970	462,672
Total Non-current assets	<u>8,495,884</u>	<u>10,004,041</u>
Current Assets		
Inventories	2,865,176	1,432,775
Tax recoverable	12,216	-
Trade & Other Receivables	12,117,906	4,431,238
Cash and Bank Balances	10,535,515	647,785
Total Current Assets	25,530,813	6,511,798
Assets of disposal group classified as held for sale	-	-
TOTAL ASSETS	<u>34,026,697</u>	<u>16,515,839</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	13,905,905	7,240,905
Reserves	2,713,757	2,615,442
Shareholders' funds	<u>16,619,662</u>	<u>9,856,347</u>
Non-Controlling Interest	43,191	50,542
Total equity	<u>16,662,853</u>	<u>9,906,889</u>
Non-current liabilities		
Lease obligation	142,392	142,392
RCPS	4,000,000	-
Deferred Tax Liabilities	524,282	524,282
Total Non-current liabilities	<u>4,666,674</u>	<u>666,674</u>
Current Liabilities		
Trade & Other Payables	12,382,703	5,654,870
Amount due to director	246,337	-
Borrowings	-	151,145
Lease obligation	68,130	136,261
Total Current Liabilities	<u>12,697,170</u>	<u>5,942,276</u>
TOTAL EQUITY AND LIABILITIES	<u>34,026,697</u>	<u>16,515,839</u>
Net Assets per share (RM)	0.06	0.07

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 30.06.2021	PRECEDING QUARTER 30.06.2020	CURRENT PERIOD 30.06.2021	PRECEDING PERIOD 30.06.2020
	RM	RM	RM	RM
Revenue	16,392,492	1,915,041	20,988,151	5,521,633
Cost of Sales	<u>(13,490,857)</u>	<u>(1,636,047)</u>	<u>(17,093,206)</u>	<u>(4,341,993)</u>
Gross profit	2,901,635	278,994	3,894,945	1,179,640
Other Income	218,849	170,774	223,200	185,677
Operating Expenses	(2,226,740)	(2,535,587)	(4,077,599)	(5,232,022)
Finance Costs	(19,842)	(4,964)	(24,731)	(15,696)
Profit/(Loss) before Tax	<u>873,902</u>	<u>(2,090,783)</u>	<u>15,815</u>	<u>(3,882,401)</u>
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) for the period	<u>873,902</u>	<u>(2,090,783)</u>	<u>15,815</u>	<u>(3,882,401)</u>
Other comprehensive income/(loss), net of tax:				
Revaluation of land and buildings	-	-	-	-
Tax relating to revaluation of land and buildi	-	-	-	-
Foreign currency translation differences for foreign operations	85,489	133,285	75,149	285,105
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>85,489</u>	<u>133,285</u>	<u>75,149</u>	<u>285,105</u>
Total comprehensive income/(loss) for the period	<u>959,392</u>	<u>(1,957,498)</u>	<u>90,964</u>	<u>(3,597,296)</u>
Profit/(Loss) Attributable to :				
Owners of the Company	878,581	(2,089,273)	23,166	(3,877,986)
Non-Controlling Interest	<u>(4,678)</u>	<u>(1,510)</u>	<u>(7,351)</u>	<u>(4,415)</u>
Profit/(Loss) for the period	<u>873,903</u>	<u>(2,090,783)</u>	<u>15,815</u>	<u>(3,882,401)</u>
Total Comprehensive income/(loss) Attributable to :				
Owners of the Company	964,070	(1,955,988)	98,315	(3,592,881)
Non-Controlling Interest	<u>(4,678)</u>	<u>(1,510)</u>	<u>(7,351)</u>	<u>(4,415)</u>
	<u>959,392</u>	<u>(1,957,498)</u>	<u>90,964</u>	<u>(3,597,296)</u>
Earnings/(Loss) per share				
- Basic (sen)	0.36	(1.57)	0.01	(2.91)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	----- 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 2020	7,240,905	15,841	3,819,608	(1,220,007)	9,856,347	50,542	9,906,889
Profit for the year	-	-	-	23,166	23,166	(7,351)	15,815
Foreign exchange translation	-	75,149	-	-	75,149	-	75,149
Total comprehensive income/(loss) for the year	-	75,149	-	23,166	98,315	(7,351)	90,964
Conversion from RCPS	6,665,000	-	-	-	6,665,000	-	6,665,000
At 30 Jun 2021	13,905,905	90,990	3,819,608	(1,196,841)	16,619,662	43,191	16,662,853
At 31 December 2019	7,240,905	4,484,063	3,909,037	(792,019)	14,841,986	59,920	14,901,906
Reduction of Issued Share Capital	-	-	-	-	-	-	-
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 income/(loss) for the year	-	285,105	-	(3,877,986)	(3,592,881)	(4,415)	(3,597,296)
At 30 Jun 2020	7,240,905	4,769,169	3,909,037	(4,670,005)	11,249,105	55,505	11,304,611

(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 2020 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 THREE (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Current Period 6 Months Ended 30.06.2021 (Unaudited)	Preceding Period 6 Months Ended 30.06.2020 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	15,815	(3,882,401)
Adjustments for non-cash flow:-		
Non-cash items	886,604	1,274,783
Non-operating items	24,731	(85,637)
Operating profit/(loss) before changes in working capital	927,150	(2,693,255)
Net change in current assets	(9,130,594)	1,341,017
Net change in current liabilities	6,974,170	714,653
Cash used in operations	(1,229,274)	(637,585)
Interest paid	(24,731)	(15,697)
Interest income	-	1,398
Taxes paid	(690)	(1,137)
Net cash used in operating activities	(1,254,695)	(653,021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	553,423	(303,770)
Addition of Right-of-use assets	-	(65,197)
Proceeds from disposal of property, plant and equipment	-	99,936
Net cash generated from/(used in) investing activities	553,423	(269,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of RCPS -Tranche 1, 2 & 3	10,665,000	-
Net cash generated from financing activities	10,665,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,963,728	(922,052)
Effect of exchange rate changes	75,147	(3,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	496,640	2,333,835
Effects of exchange rate changes	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>10,535,515</u>	<u>1,408,481</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	10,535,515	1,806,039
Bank overdraft	-	(397,559)
	<u>10,535,515</u>	<u>1,408,480</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 2020 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 period ended 30 June 2021 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 2020. 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 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 except for the adoption of the following new MFRSs / Amendments with effect from 1 January 2021:-

Effective for financial years beginning on or after 1 January 2021

Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2

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 2020 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 2021.

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 period.

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 2021.

A7. Dividend paid

There were no dividends paid during the current financial period ended 30 June 2021.

A8. Segmental Reporting

For management purposes, the Group is organised into the following business units based on their products and services, and has three reportable operating segments as follows:

Electronics & system integration	- Design, manufacturing and installation of electronics and microprocessor controlled products. Trading, maintenance and supply of industrial electronic equipment. Intelligent transportation system and major system integration projects involving Information Communication Technology, supply and service of telecommunication equipment, audio visual multimedia systems.
Security systems, mechanical and electrical engineering ("M&E")	- Supply and installation of security systems. Specialist in fire protection system design and installation works and mechanical engineering services. Industrial maintenance and service works. Trading of transport equipment and provision of related services. Manufacturing of filter inclusive of import and marketing.
Other operations	- Involving in trading of precision instruments, provision of cloud service and general trading.

Geographical Segments

Malaysia	- All main businesses disclosed in primary reporting format-business segments.
Hong Kong	- Trading of precision instruments, provision of cloud service and general trading. - Operating E commerce business and target market is South East Asia.

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NOTES TO THE INTERIM FINANCIAL REPORT

A8. Information on Segments (Continued)

a) Individual quarter

Business segments:

Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	683	713	298	202	15,411	1,000	-	-	16,392	1,915
Inter-segment	195	71	-	-	1,162	-	(1,357)	(71)	-	-
Total revenue	878	785	298	202	16,573	1,000	(1,357)	(71)	16,392	1,915
Results										
Interest income	0	64	-	7	56	114	-	-	56	186
Finance costs	8	4	0	0	12	1	-	-	20	5
Depreciation and amortisation	36	42	12	11	602	622	(22)	(22)	627	654
Segment profit/(loss)	58	(634)	(94)	(30)	911	(702)	(1)	(724)	874	(2,091)
Segment assets	14,448	16,179	1,442	1,378	22,348	10,261	(4,211)	(4,417)	34,027	23,401
Segment liabilities	(4,902)	(5,380)	(578)	(268)	(42,349)	(45,038)	34,466	38,590	(13,364)	(12,097)
Capital expenditure	-	0	-	-	-	7	-	-	-	7

Geographical segments:

Individual quarter ended	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Revenue from external customers	2,337	987	15,412	1,000	(1,357)	(71)	16,392	1,915
Segment assets	16,764	18,269	21,473	9,550	(4,211)	(4,417)	34,027	23,401
Capital expenditure	-	7	-	-	-	-	0	7

b) Cumulative quarters

Business segments:

Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	1,335	4,045	698	471	18,956	1,005	-	-	20,988	5,522
Inter-segment	423	239	0	-	1,162	-	(1,585)	(239)	-	-
Total revenue	1,759	4,284	698	471	20,117	1,005	(1,585)	(239)	20,988	5,522
Results										
Interest income	0	64	-	7	56	114	-	-	56	186
Finance costs	12	14	0	0	13	1	-	-	25	18
Depreciation and amortisation	72	81	23	23	1,181	1,214	(44)	(44)	1,231	1,273
Segment profit/(loss)	59	(977)	(147)	(88)	102	(1,613)	2	(1,205)	16	(3,882)
Segment assets	14,448	16,179	1,442	1,378	22,348	10,261	(4,211)	(4,417)	34,027	23,401
Segment liabilities	(4,902)	(5,380)	(578)	(268)	(42,349)	(45,038)	34,466	38,590	(13,364)	(12,097)
Capital expenditure	-	21	-	0	1	282	-	-	1	304

Geographical segments:

Cumulative quarters ended	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Revenue from external customers	3,650	4,755	18,924	1,005	(1,585)	(239)	20,988	5,522
Segment assets	16,764	18,268	21,473	9,550	(4,211)	(4,417)	34,027	23,401
Capital expenditure	1	304	-	-	-	-	1	304
Segment liabilities	(12,514)	(10,058)	(35,316)	(40,631)	34,466	38,590	(13,364)	(12,097)
Results								
Interest income	0	86	56	100	-	-	56	186
Finance costs	13	15	12	1	-	-	25	18
Depreciation and amortisation	207	207	1,068	1,110	(44)	(44)	1,231	1,273
Segment profit/(loss)	(1,581)	(1,313)	1,594	(1,365)	2	(1,204)	16	(3,882)

A9. Valuation of property, plant and equipment

The valuation of land and buildings have been brought forward from previous valuation done as at 30 September 2020.

A10. Subsequent Events

As at 29 September 2021, being the latest practicable date ("LPD") prior to the issue of this quarterly report, material events subsequent to the end of the financial period at 30 June 2021 are as follows:

NOTES TO THE INTERIM FINANCIAL REPORT

A10. Subsequent Events (Continued)

On 19 July 2021, on behalf of the Board of Directors of ITRONIC, TA Securities Holdings Berhad announced that the Company proposes to undertake the Proposed Private Placement of Shares not exceeding 20% of the total number of issued shares of ITRONIC (excluding treasury shares) at the time of issue.

On 23 July 2021, an additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities.

On 30 July 2021, the Board of Directors of ITRONIC announced that the parties to the MOU are still in discussion and negotiating the terms for the proposed acquisition of shares in Bluemount.

On 19 August 2021, on behalf of the Board of Directors of ITRONIC, TA Securities Holdings Berhad announced that Bursa Securities had, vide its letter dated 19 August 2021, resolved to approve the listing and quotation of up to 80,005,500 Shares to be issued pursuant to the Proposed Private Placement subject to the following:

- (i) Itronic and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) Itronic and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) Itronic to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- (iv) Itronic to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Sections 75 and 76 of the Companies Act, 2016, in the event the current authority has expired.

On 20 August 2021, the Board of Directors of ITRONIC announced that the Company has on 20 August 2021 entered into a Subscription Agreement ("SA") to subscribe for additional 2,449,999 ordinary shares in All Best Group Limited (incorporated in Hong Kong SAR with a Company number : 2942499) ["All Best"] for a total cash consideration of HKD2,449,999.00 ("Subscription"). Currently, All Best is a wholly-owned subsidiary of ITRONIC, holding 1 ordinary share of HKD1. Upon completion of the Subscription, All Best shall become a 49%-owned associate company of ITRONIC, holding 2,450,000 ordinary shares. On 27 August 2021, the shares have successfully been allotted to the Company.

A11. Effect of Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial period including business combination, acquisition of subsidiaries and long term investment, disposal of subsidiaries, restructuring and discontinuing operations as of to date.

A12. Contingent Assets or Contingent Liabilities

There were no material changes in contingent assets or contingent liabilities since the last audited statement of financial position as at 31 December 2020.

A13. Intangible Assets

Intangible assets includes an amount of RM2,495,430 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 were transferred 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 June 2021.

A15. Related Party Transactions

- a. There were no significant transactions and balances with related parties of the Group during the current financial period 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.

NOTES TO THE INTERIM FINANCIAL REPORT

A16. Profit/(Loss) Before Taxation

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

	Q221 RM	Q220 RM	YTD 21 RM	YTD 20 RM
Interest Income	(56,009)	(972)	(56,009)	(1,398)
Other Income	-	(15,943)	-	(15,943)
Interest expense	19,841	4,964	24,731	15,696
Depreciation and amortisation	626,804	654,239	1,231,238	1,274,783
Subsidy of wages	(13,200)	(68,400)	(13,200)	(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)	9,534	805	5,893	4,255
Unrealised foreign exchange loss/(gain)	2,614	1,216	1,822	(757)

*** 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 June 2021 (2Q21) compared with quarter ended 30 June 2020 (2Q20)

The Group's revenue was higher in 2Q21 (RM16.39 million) compared to 2Q20 (RM1.92 million). This is mainly due to higher revenue generated from other operations segment in 2Q21 (RM15.41 million) as compared to last year 2Q20 (RM1 million).

The Group recorded a profit before tax of approximately RM0.87 million in 2Q21 as compared to a loss before tax of RM2.09 million in 2Q20. The profit was mainly due to the significant increase in the sales of other operations segment for this quarter which has contributed positively to the Group's profit. Besides that, the operating expenses for this quarter has reduced by RM0.31 million as compared to second quarter of preceeding year resulting from the disposal of non-performing subsidiaries.

- b) Current financial period ended 30 June 2021 (6M21) compared with preceding financial period ended 30 June 2020 (6M20)

The Group recorded higher revenue of RM20.99 million for 6M21 compared to RM5.52 million for 6M20, mainly attributable to higher revenue generated by other operations segment in 6M21, RM18.96 million. However, this was offsetted by the decrease in sales from electronics segment in 6M20, RM2.71 million.

The Group recorded a profit before tax of RM0.02 million in 6M21 compared to a loss before tax of RM3.88 million in 6M20, mainly due to higher sales generated from other operations segment which has contributed a profit to the Group. This has resulted to higher gross profit in 6M21 of RM3.89 million compared to 6M20 of RM1.19 million.

Operating expenses of the Group has reduced by RM1.15 million which was mainly attributed to disposal of loss-making subsidiaries and subsequently strenghten the overall performance of the Group. A slight increase in other income for 6M21 was mainly due to gain on disposal of other investment by the holding company.

B2. Material Changes in the Quarterly Results (2Q21) compared to the Results of the Preceding Quarter (1Q21)

The Group recorded higher revenue of RM16.39 million in 2Q21 compared with RM4.59 million in 1Q21. Profit before tax was RM0.87 million in the current quarter as compared to loss before tax of RM0.85 million in 1Q21.

B3. Current Year Prospects

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

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

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

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

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Taxation

Taxation comprises the following:-

	Current Quarter RM	Cumulative Quarters
Current tax	-	-
Deferred tax	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

B6. Sale of Quoted and Unquoted Investments

There were no material sale of quoted and unquoted investments for the financial period ended 30 June 2021.

B7. Sale of Properties

There was no disposal of property for the financial period ended 30 June 2021.

B8. Status of Corporate Proposals

As at 29 September 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 ITRONIC 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 ITRONIC announced that the Company has entered into a supplemental agreement with the subscriber, Bluemount Investment Fund SPC "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.

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

B8. Status of corporate proposals (Continued)

On 27 April 2020, M&A, on behalf of the Board of Directors of ITRONIC 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 ITRONIC 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 8 Feb 2021, The Company received fund i.e. Tranche 1 of USD680,000.00 approximately of RM 2.66 million from Subscriber. The Company will proceed to log SSM as of 22 Feb 2021.

On 5 March 2021, Bluemount Investment Fund SPC converted 33,350,000 redeemable convertible preference shares of RM0.04 each into ordinary share.

On 19 April 2021, Bluemount Investment Fund SPC converted converted 33,275,000 redeemable preference preference shares of RM0.04 each into ordinary share.

On 28 April 2021, on behalf of the Board of Directors of ITRONIC announced that the Bluemount Investment Fund SPC "Subscriber" subscribed for Tranche 2 comprising 100,000,000 RCPS in the share capital of ITRONIC at an issue price of RM0.04 per RCPS for a cash consideration of RM4,000,000 subject to the Rights and Terms of the RCPS and in accordance with the relevant provisions of the Constitution of ITRONIC.

On 11 May 2021, Bluemount Investment Fund SPC converted 50,000,000 Redeemable Convertible Preference Shares of RM0.04 each into ordinary shares.

On 23 June 2021, Bluemount Investment Fund SPC converted 50,000,000 Redeemable Convertible Preference Shares of RM0.04 each into ordinary shares.

On 24 June 2021, on behalf of the Board of Directors of ITRONIC announced that the Bluemount Investment Fund SPC "Subscriber" subscribed for Tranche 3 comprising 100,000,000 RCPS in the share capital of ITRONIC at an issue price of RM0.04 per RCPS for a cash consideration of RM4,000,000 subject to the Rights and Terms of the RCPS and in accordance with the relevant provisions of the Constitution of ITRONIC.

On 20 September 2021, Bluemount Investment Fund SPC converted 75,000,000 Redeemable Convertible Preference Shares of RM0.04 each into ordinary shares.

The table below sets out the status of utilisation of proceeds raised from the RCPS Issuance of Tranches 1, 2 & 3 as mentioned above amounting to RM10.67 million.

Descriptions	Proposed utilisation *	Actual Proceeds Raised	Actual Utilisation	Balance	Estimate time frame for the utilisation upon receipt of Tranches 1, 2 & 3
	RM (Million)	RM (Million)	RM (Million)	RM (Million)	
Business expansion	7.27	7.27	0.55	6.72	Within 24 months
Working capital for the existing group's business	3.00	3.00	2.66	0.34	Within 24 months
Estimated expenses relating to the Proposals	0.40	0.40	0.06	0.34	Within 1 month
Total	10.67	10.67	3.27	7.40	

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 30 June 2021:-

	RM
a) Secured and unsecured :	
Total secured borrowings	-
Total unsecured borrowings	-
Total borrowings	-
	RM
b) Short Term and Long Term	
Total short-term borrowings	-
Total long term borrowings	-
Total borrowings	-

All borrowings are denominated in Ringgit Malaysia.

The freehold land and buildings of the Group with a carrying amount of RM5,108,025.00 (2020:RM5,132,675.00) are pledged as securities to a financial institution for banking facilities granted to the Company which amount of bank overdrafts limit of RM100,000 as at end of the financial period ended 30 June 2021.

B10. Off Balance Sheet Financial Instruments

Not applicable as off balance sheet financial instruments are accounted for in the statement of financial position.

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

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 30.06.2021	Preceding 30.06.2020	Current 30.06.2021	Preceding 30.06.2020
Net profit/(loss) attributable to the owners of the Company for the period	878,581	(2,089,273)	23,166	(3,877,986)
Weighted average no. of ordinary shares in issue	241,710,907	133,402,574	241,710,907	133,402,574
Basic earnings/(loss) per share (sen)	0.36	(1.57)	0.01	(2.91)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 30.06.2021	Preceding 30.06.2020	Current 30.06.2021	Preceding 30.06.2020
Net profit/(loss) attributable to the owners of the Company for the period	878,581	(2,089,273)	23,166	(3,877,986)
Weighted average no. of ordinary shares in issue	291,710,907	133,402,574	291,710,907	133,402,574
Diluted earnings/(loss) per share (sen)	0.30	(1.57)	0.01	(2.91)

B14. Authorisation For Issue

The interim financial statements for the six (6)-months financial period ended 30 June 2021 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

INDUSTRONICS BERHAD

30 September 2021