

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	AS AT THE END OF THE CURRENT FINANCIAL YEAR 31.12.2021 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2020 RM (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	5,607,251	5,559,960
Right-of-use assets	207,462	272,697
Investment Properties	163,930	168,625
Investment in Associate	1,365,679	-
Intangible Assets	3,046,427	3,540,087
Other Investments	133,000	462,672
<b>Total Non-current assets</b>	<u>10,523,749</u>	<u>10,004,041</u>
<b>Current Assets</b>		
Inventories	12,953,824	1,432,775
Tax recoverable	13,194	11,526
Trade & Other Receivables	17,714,564	4,419,712
Amount due from Associate Company	985,457	-
Cash and Bank Balances	13,034,852	647,785
<b>Total Current Assets</b>	<u>44,701,891</u>	<u>6,511,798</u>
Assets of disposal group classified as held for sale	-	-
<b>TOTAL ASSETS</b>	<u><u>55,225,640</u></u>	<u><u>16,515,839</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	20,142,486	7,240,905
Reserves	(2,166,727)	2,615,442
<b>Shareholders' funds</b>	<u>17,975,759</u>	<u>9,856,347</u>
Non-Controlling Interest	34,838	50,542
<b>Total equity</b>	<u>18,010,597</u>	<u>9,906,889</u>
<b>Non-current liabilities</b>		
Lease obligation	33,185	142,392
RCPS	1,000,000	-
Hire-purchase payable	200,641	-
Deferred Tax Liabilities	524,282	524,282
<b>Total Non-current liabilities</b>	<u>1,758,108</u>	<u>666,674</u>
<b>Current Liabilities</b>		
Trade & Other Payables	4,778,721	5,654,870
Amount due to director	1,336	-
Borrowings	-	151,145
Short term loan payable	30,478,273	-
Tax Payables	174	-
Hire-purchase payable	17,939	-
Lease obligation	180,492	136,261
<b>Total Current Liabilities</b>	<u>35,456,935</u>	<u>5,942,276</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>55,225,640</u></u>	<u><u>16,515,839</u></u>
Net Assets per share (RM)	0.05	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.)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 31.12.2021	PRECEDING QUARTER 31.12.2020	CURRENT YEAR 31.12.2021	PRECEDING YEAR 31.12.2020
	RM	RM	RM	RM
Revenue	10,222,857	8,982,282	41,706,664	17,431,268
Cost of Sales	<u>(9,461,235)</u>	<u>(8,071,356)</u>	<u>(36,157,037)</u>	<u>(15,029,054)</u>
Gross profit	761,622	910,926	5,549,627	2,402,214
Other Income	163,555	4,975,098	519,996	7,303,569
Operating Expenses	(3,286,129)	(2,304,299)	(10,194,722)	(10,117,886)
Finance Costs	(555,031)	(4,865)	(581,598)	(25,263)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
(Loss)/Profit before Tax	(2,915,982)	3,576,860	(4,706,697)	(437,366)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the period/year	<u>(2,915,982)</u>	<u>3,576,860</u>	<u>(4,706,697)</u>	<u>(437,366)</u>
Other comprehensive loss, net of tax:				
Revaluation of land and buildings	-	-	-	(81,588)
Tax relating to revaluation of land and building	-	-	-	(7,841)
Foreign currency translation differences for foreign operations	(198,368)	(2,816,758)	(124,737)	(4,468,222)
Gain 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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(198,368)</u>	<u>(2,816,758)</u>	<u>(124,737)</u>	<u>(4,557,651)</u>
Total comprehensive (loss)/income for the period/year	<u>(3,114,350)</u>	<u>760,102</u>	<u>(4,831,434)</u>	<u>(4,995,017)</u>
<b>(Loss)/Profit Attributable to :</b>				
Owners of the Company	(2,910,489)	3,579,149	(4,690,993)	(427,988)
Non-Controlling Interest	<u>(5,493)</u>	<u>(2,290)</u>	<u>(15,704)</u>	<u>(9,378)</u>
(Loss)/Profit for the period/year	<u>(2,915,982)</u>	<u>3,576,859</u>	<u>(4,706,697)</u>	<u>(437,366)</u>
<b>Total Comprehensive (Loss)/Profit Attributable to :</b>				
Owners of the Company	(3,108,857)	762,391	(4,815,730)	(4,985,639)
Non-Controlling Interest	<u>(5,493)</u>	<u>(2,290)</u>	<u>(15,704)</u>	<u>(9,378)</u>
	<u>(3,114,350)</u>	<u>760,101</u>	<u>(4,831,434)</u>	<u>(4,995,017)</u>
(Loss)/Earning per share				
- Basic (sen)	(1.10)	2.68	(1.77)	(0.32)

(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 TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	----- Attributable to Owners of the Parent -----						
	Share capital	Foreign currency reserve	Revaluation reserves	Distributable Retained earnings/ (accumulated losses)	Shareholders 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
Disposal of subsidiary company	-	(575)	-	34,136	33,561	-	33,561
Loss for the period	-	-	-	(4,690,993)	(4,690,993)	(15,704)	(4,706,697)
Foreign exchange translation	-	(124,737)	-	-	(124,737)	-	(124,737)
Total comprehensive loss for the year	-	(124,737)	-	(4,690,993)	(4,815,730)	(15,704)	(4,831,434)
Arising from Private Placement	3,236,581	-	-	-	3,236,581	-	3,236,581
Conversion from RCPS	9,665,000	-	-	-	9,665,000	-	9,665,000
<b>At 31 December 2021</b>	<b>20,142,486</b>	<b>(109,471)</b>	<b>3,819,608</b>	<b>(5,876,864)</b>	<b>17,975,759</b>	<b>34,838</b>	<b>18,010,597</b>
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)	(9,378)	(437,366)
Revaluation of land and 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)	(9,378)	(4,995,017)
At 31 December 2020	7,240,905	15,841	3,819,608	(1,220,007)	9,856,347	50,542	9,906,889

(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.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Current Year 12 Months Ended 31.12.2021 (Unaudited)	Preceding Year 12 Months Ended 31.12.2020 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,706,697)	(437,366)
Adjustments for non-cash flow:-		
Non-cash items	2,350,664	(4,008,553)
Non-operating items	524,992	3,017
Operating loss before changes in working capital	(1,831,041)	(4,442,902)
Net change in current assets	(26,112,709)	13,148,452
Net change in current liabilities	(874,813)	(5,884,372)
Cash (used in)/generated from operations	(28,818,563)	2,821,178
Interest paid	(581,598)	(5,026)
Interest income	56,606	1,695
Taxes refunded	-	-
Taxes paid	(1,493)	(2,695)
Net cash (used in)/generated from operating activities	(29,345,048)	2,815,152
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(242,187)	(383,437)
Investment in intangible assets	(1,621,865)	-
Purchase of quoted investments	(47,200)	-
Proceeds from disposal of property, plant and equipment	26,000	-
Net cash inflow from disposal of subsidiary companies	-	329,391
Proceeds from disposal of other investments	628,182	-
Investment in associate company	(1,332,792)	-
Net cash used in investing activities	(2,589,862)	(54,046)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of RCPS -Tranche 1, 2 & 3 a subsidiary	10,665,000	-
Proceeds from private placement	3,236,581	-
Repayment of finance lease liabilities	-	(130,393)
Drawdown from hire purchase	218,580	-
Drawdown from short term loan	30,478,273	-
Net cash generated from/(used in) financing activities	44,598,434	(130,393)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,663,524	2,630,713
Effect of exchange rate changes	(125,312)	(4,467,908)
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	13,034,852	496,640
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	13,034,852	647,785
Bank overdraft	-	(151,145)
	13,034,852	496,640

(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 year ended 31 December 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 year ended 31 December 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 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 2021.

**A7. Dividend paid**

There were no dividends paid during the current financial year ended 31 December 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.

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

**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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	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	1,206	2,573	475	399	8,542	6,010	-	-	10,223	8,982
Inter-segment	254	238	-	-	-	-	(254)	(238)	-	-
<b>Total revenue</b>	<b>1,460</b>	<b>2,811</b>	<b>475</b>	<b>399</b>	<b>8,542</b>	<b>6,010</b>	<b>(254)</b>	<b>(238)</b>	<b>10,223</b>	<b>8,982</b>
<b>Results</b>										
Interest income	1	1	-	-	(0)	-	-	-	1	1
Finance costs	541	3	2	0	12	2	-	-	555	5
Depreciation and amortisation	39	(6)	26	(32)	589	579	(22)	66	632	607
Segment profit/(loss)	(1,113)	908	(110)	(46)	(998)	1,314	(695)	1,401	(2,916)	3,577
<b>Segment assets</b>	<b>21,942</b>	<b>14,173</b>	<b>1,516</b>	<b>1,422</b>	<b>31,702</b>	<b>5,170</b>	<b>66</b>	<b>(4,250)</b>	<b>55,226</b>	<b>16,515</b>
<b>Segment liabilities</b>	<b>(34,485)</b>	<b>(4,982)</b>	<b>(819)</b>	<b>(421)</b>	<b>(41,300)</b>	<b>(11,520)</b>	<b>40,389</b>	<b>10,315</b>	<b>(36,215)</b>	<b>(6,608)</b>
<b>Capital expenditure</b>	<b>6</b>	<b>3</b>	<b>236</b>	<b>3</b>	<b>(11)</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>65</b>

**Geographical segments:**

Individual quarter ended	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Revenue from external customers	1,935	3,210	8,542	6,010	(254)	(238)	10,223	8,982
<b>Segment assets</b>	<b>24,467</b>	<b>16,572</b>	<b>30,693</b>	<b>4,193</b>	<b>66</b>	<b>(4,250)</b>	<b>55,226</b>	<b>16,515</b>
<b>Capital expenditure</b>	<b>242</b>	<b>65</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>65</b>

**b) Cumulative quarters**

**Business segments:**

Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	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	3,004	7,022	1,466	1,206	37,237	9,203	-	-	41,707	17,431
Inter-segment	808	742	0	-	1,165	-	(1,973)	(742)	-	-
<b>Total revenue</b>	<b>3,812</b>	<b>7,764</b>	<b>1,466</b>	<b>1,206</b>	<b>38,402</b>	<b>9,203</b>	<b>(1,973)</b>	<b>(742)</b>	<b>41,707</b>	<b>17,431</b>
<b>Results</b>										
Interest income	1	2	-	0	56	-	-	-	57	2
Finance costs	554	22	3	0	25	3	-	-	582	25
Depreciation and amortisation	143	114	60	2	2,367	2,370	(88)	-	2,482	2,486
Segment profit/(loss)	(1,126)	(947)	(314)	(188)	(1,802)	(2,224)	(1,465)	2,922	(4,707)	(437)
<b>Segment assets</b>	<b>21,942</b>	<b>14,173</b>	<b>1,516</b>	<b>1,422</b>	<b>31,702</b>	<b>5,170</b>	<b>66</b>	<b>(4,250)</b>	<b>55,226</b>	<b>16,515</b>
<b>Segment liabilities</b>	<b>(34,485)</b>	<b>(4,982)</b>	<b>(819)</b>	<b>(421)</b>	<b>(41,300)</b>	<b>(11,520)</b>	<b>40,389</b>	<b>10,315</b>	<b>(36,215)</b>	<b>(6,608)</b>
<b>Capital expenditure</b>	<b>6</b>	<b>29</b>	<b>236</b>	<b>5</b>	<b>1,622</b>	<b>349</b>	<b>-</b>	<b>-</b>	<b>1,864</b>	<b>383</b>

**Geographical segments:**

Cumulative quarters ended	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Revenue from external customers	5,310	8,970	38,370	9,203	(1,973)	(742)	41,707	17,431
<b>Segment assets</b>	<b>24,467</b>	<b>16,572</b>	<b>30,693</b>	<b>4,193</b>	<b>66</b>	<b>(4,250)</b>	<b>55,226</b>	<b>16,515</b>
<b>Capital expenditure</b>	<b>242</b>	<b>383</b>	<b>1,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,864</b>	<b>383</b>
<b>Segment liabilities</b>	<b>(43,994)</b>	<b>(11,046)</b>	<b>(32,610)</b>	<b>(5,877)</b>	<b>40,389</b>	<b>10,315</b>	<b>(36,215)</b>	<b>(6,608)</b>
<b>Results</b>								
Interest income	1	2	56	-	-	-	57	2
Finance costs	570	23	12	2	-	-	582	25
Depreciation and amortisation	428	329	2,142	2,157	(88)	-	2,482	2,486
Segment profit/(loss)	(4,454)	(2,143)	1,212	(1,216)	(1,465)	2,922	(4,707)	(437)

**A9. Valuation of property, plant and equipment**

The valuation of land and buildings have been brought forward from previous valuation done as at 31 December 2020.

**A10. Subsequent Events**

As at 28 February 2022, 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 2021 are as follows:

On 21 January 2022, the Company entered into a Memorandum of Agreement with Eduspec Holdings Berhad to discuss and negotiate in greater detail on entering into a joint venture agreement ("JVA") for the purpose of setting up a Special Purpose Vehicle ("SPV") company to offer electronic hardwares and school equipments to over 10,000 schools in Malaysia by way of instalments, leasing or rental.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A10. Subsequent Events (Continued)**

On 3 February 2022, 17,749,700 Shares being allotted and issued at the issue price of RM0.104 per share through Private Placement.

**A11. Effect of Changes in the Composition of the Group**

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

On 20 August 2021, the Company 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"). On 27 August 2021, the shares have successfully been allotted to the Company and All Best has changed from a wholly-owned subsidiary of ITRONIC, holding 1 ordinary share of HKD1 to a 49%-owned associate company of ITRONIC, holding 2,450,000 ordinary shares.

**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 RM1,424,563 which is related to investment in software development from a former 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 31 December 2021.

**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. Loss Before Taxation**

The following amounts have been included in arriving at operating loss:

	Q421 RM	Q420 RM	YTD 21 RM	YTD 20 RM
Interest Income	(317)	(297)	(56,606)	(1,695)
Other Income	-	-	-	(14,623)
Interest expense	555,031	4,865	581,598	25,263
Depreciation and amortisation	631,824	747,684	2,482,470	2,486,155
Reversal of inventories written down	-	42,288	-	-
Subsidy of wages	-	(152,988)	(55,200)	(465,994)
Allowance for obsolete inventories	303,108	-	303,108	-
Write off of inventories	-	260,349	-	302,637
Write off of property, plant and equipment	1	-	1,974	1,328
Loss/(Gain) on disposal of subsidiary	-	(4,441,111)	758,240	(6,342,125)
Gain on disposal of property, plant and equipment	(25,998)	-	(25,998)	-
Reversal of impairment loss:				
- Investment properties	-	-	-	(57,406)
Realised foreign exchange loss	317,610	11,423	329,122	2,915
Unrealised foreign exchange gain	(115,072)	(1,468)	(210,585)	(314)

\*\*\* 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 31 December 2021 (4Q21) compared with quarter ended 31 December 2020 (4Q20)

The Group has recorded a higher revenue in 4Q21 (RM10.22 million) compared to 4Q20 (RM8.98 million). The higher revenue was mainly contributed from other operations segment in 4Q21 (RM8.54 million), ie income from cloud service, trading of precision instruments and management income, as compared to previous year 4Q20 (RM6.01 million).

For 4Q21, the Group recorded a loss before tax of RM2.92 million as compared to a profit before tax of RM3.58 million in 4Q20. The losses in 4th quarter were mainly due to interest on loan and allowance for slow moving stocks taken up in current quarter.

- b) Current financial year ended 31 December 2021 (12M21) compared with preceding financial year ended 31 December 2020 (12M20)

The Group's revenue increased significantly to RM41.71 million for 12M21 compared to RM17.43 million for 12M20, mainly attributable to higher revenue generated by other operations segment in 12M21, RM37.24 million. However, this was offset by the decrease in sales from electronics segment in 12M21 to RM3 million as compared to 12M20 of RM7.02 million. Sales from this segment dropped was mainly because of lesser projects secured for this current financial year due to Covid-19 pandemic.

The Group recorded a loss before tax of RM4.71 million in 12M21 compared to a loss before tax of RM0.44 million in 12M20, mainly due to loss on deemed disposal of a subsidiary, share of loss of the associate company and interest on short term borrowing incurred during the Year 2021.

Other income recognised in this year were mainly from unrealised gain on foreign exchange recognised, gain from sales of other investment and wages subsidies received from the government. Operating expenses for Year 2021 has included a loss on deemed disposal of a subsidiary and share of loss of the associate company.

**B2. Material Changes in the Quarterly Results (4Q21) compared to the Results of the Preceding Quarter (3Q21)**

The Group recorded a slightly lower revenue of RM10.22 million in 4Q21 compared with RM10.50 million in 3Q21. Loss before tax was RM2.92 million in the current quarter as compared to loss before tax of RM1.81 million in 3Q21.

**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 31 December 2021.

**B7. Sale of Properties**

There was no disposal of property for the financial year ended 31 December 2021.

**B8. Status of Corporate Proposals**

As at 28 February 2022, 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:

**i) Redeemable Convertible Preference Shares ("RCPS")**

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	0.20	0.20	Within 1 month
<b>Total</b>	<b>10.67</b>	<b>10.67</b>	<b>3.41</b>	<b>7.26</b>	

**ii) Private Placement of not more than 20% of the total number of issued shares ("Private Placement")**

On 19 July 2021, TA Securities Holdings Berhad ("TA"), on behalf of the Board of Directors of ITRONIC announced that the Company proposes to undertake the Proposed Private Placement.

On 23 July 2021, TA, on behalf of the Board of Directors of ITRONIC announced that an additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on 23 July 2021.

On 19 August 2021, TA, on behalf of the Board of Directors of ITRONIC 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 22 September 2021, the Board fixed the issue price for the Placement Shares at RM0.158 each ("Issue Price") in relation to the Private Placement. The Issue Price represents a discount of approximately 9.46% to the 5-day volume weighted average market price of Itronic Shares up to and including 21 September 2021 (being the last market day immediately preceding the Price-fixing Date) of RM0.1745 per Itronic Share.

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

**B8. Status of corporate proposals (Continued)**

On 1 October 2021, 14,258,400 new ordinary shares in the Company ("Placement Shares") at the issue price of RM0.158 per share be hereby allotted and issued.

On 18 October 2021, the Board fixed the issue price for the Placement Shares at RM0.182 each ("Issue Price") in relation to the Private Placement. The Issue Price represents a discount of approximately 9.99% to the 5-day volume weighted average market price of Itronic Shares up to and including 15 October 2021 (being the last market day immediately preceding the Price-fixing Date) of RM0.2022 per Itronic Share.

On 27 October 2021, 5,494,600 new ordinary shares in the Company ("Placement Shares") at the issue price of RM0.182 per share be hereby allotted and issued.

The table below sets out the status of utilisation of proceeds raised from the Private Placement as mentioned above amounting to RM3.25 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)	
Purchase of inventories for the trading of precision instruments	0.00	0.00	0.00	0.00	Within 24 months
Working capital	3.17	3.17	3.17	0.00	Within 24 months
Expenses for the Proposed Private Placement	0.08	0.08	0.08	0.00	Immediately
<b>Total</b>	<b>3.25</b>	<b>3.25</b>	<b>3.25</b>	<b>0.00</b>	

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 31 December 2021:-

	RM
a) Secured and unsecured :	
Total secured borrowings	-
Total unsecured borrowings	30,478,273
Total borrowings	<u>30,478,273</u>
	RM
b) Short Term and Long Term	
Total short-term borrowings	30,478,273
Total long term borrowings	-
Total borrowings	<u>30,478,273</u>

All borrowings are denominated in Hong Kong Dollar.

The freehold land and buildings of the Group with a carrying amount of RM5,083,375 (2020:RM5,132,675) are pledged as securities to a financial institution for banking facilities granted to the Company with Bank Guarantee limit of RM202,805 as at end of the financial year ended 31 December 2021.

**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. a) Basic (loss)/earning per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.12.2021	Preceding 31.12.2020	Current 31.12.2021	Preceding 31.12.2020
Net (loss)/income attributable to the owners of the Company for the year	(2,910,489)	3,579,149	(4,690,993)	(427,988)
Weighted average no. of ordinary shares in issue	264,941,274	133,402,574	264,941,274	133,402,574
Basic (loss)/earning per share (sen)	(1.10)	2.68	(1.77)	(0.32)

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

B13. b) Diluted (loss)/earning per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 31.12.2021	Preceding 31.12.2020	Current 31.12.2021	Preceding 31.12.2020
Net (loss)/income attributable to the owners of the Company for the year	(2,910,489)	3,579,149	(4,690,993)	(427,988)
Weighted average no. of ordinary shares in issue	289,941,274	133,402,574	289,941,274	133,402,574
Diluted (loss)/earning per share (sen)	(1.00)	2.68	(1.62)	(0.32)

B14. Authorisation For Issue

The interim financial statements for the twelve (12)-months financial year ended 31 December 2021 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

INDUSTRONICS BERHAD  
28 February 2022