

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.06.2022 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2021 RM (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	5,327,067	5,379,522
Right-Of-Use Assets	272,345	435,192
Investment Properties	161,583	163,930
Investment in Associate Company	2,011,835	1,291,827
Intangible Assets	2,078,677	3,046,427
Other Investments	612,997	133,000
<b>Total Non-Current Assets</b>	<u>10,464,504</u>	<u>10,449,898</u>
<b>Current Assets</b>		
Inventories	16,027,905	12,953,823
Tax Recoverable	13,065	13,194
Trade & Other Receivables	29,891,831	18,673,127
Amount due from Director	402,947	-
Amount due from Associate Company	26,893	26,893
Cash and Bank Balances	7,232,752	12,999,853
<b>Total Current Assets</b>	<u>53,595,393</u>	<u>44,666,890</u>
Assets of disposal group classified as held for sale	-	-
<b>TOTAL ASSETS</b>	<u><u>64,059,897</u></u>	<u><u>55,116,788</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share Capital	21,988,454	20,142,486
Reserves	(3,050,099)	(2,277,975)
<b>Shareholders' funds</b>	<u>18,938,355</u>	<u>17,864,511</u>
Non-Controlling Interest	31,022	34,838
<b>Total Equity</b>	<u>18,969,377</u>	<u>17,899,349</u>
<b>Non-Current Liabilities</b>		
Lease Liability	-	33,185
RCPS	1,000,000	1,000,000
Hire Purchase Payable	191,049	200,642
Deferred Tax Liabilities	524,282	524,282
<b>Total Non-Current Liabilities</b>	<u>1,715,331</u>	<u>1,758,109</u>
<b>Current Liabilities</b>		
Trade & Other Payables	43,285,199	35,259,389
Amount due to Director	-	1,336
Borrowings	-	-
Short Term Loan Payable	-	-
Tax Payables	25	175
Hire Purchase Payable	18,769	17,938
Lease Liability	71,196	180,492
<b>Total Current Liabilities</b>	<u>43,375,189</u>	<u>35,459,330</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>64,059,897</u></u>	<u><u>55,116,788</u></u>
Net Assets per Share (RM)	0.05	0.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 30.06.2022	PRECEDING QUARTER 30.06.2021	CURRENT PERIOD 30.06.2022	PRECEDING PERIOD 30.06.2021
	RM	RM	RM	RM
Revenue	7,429,508	16,392,492	15,447,098	20,988,151
Cost of Sales	<u>(6,190,579)</u>	<u>(13,490,857)</u>	<u>(12,516,812)</u>	<u>(17,093,206)</u>
Gross Profit	1,238,929	2,901,635	2,930,286	3,894,945
Other Income	109,533	218,849	148,641	223,200
Operating Expenses	(2,630,206)	(2,226,740)	(5,431,359)	(4,077,599)
Share of Profit of Associate	42,387	-	638,785	-
Finance Costs	<u>(683,822)</u>	<u>(19,842)</u>	<u>(1,263,482)</u>	<u>(24,731)</u>
(Loss)/Profit Before Tax	(1,923,179)	873,902	(2,977,129)	15,815
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the Period	<u>(1,923,179)</u>	<u>873,902</u>	<u>(2,977,129)</u>	<u>15,815</u>
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	<u>2,032,933</u>	<u>85,489</u>	<u>2,201,189</u>	<u>75,149</u>
	<u>2,032,933</u>	<u>85,489</u>	<u>2,201,189</u>	<u>75,149</u>
Total comprehensive income/(loss) for the period	<u>109,754</u>	<u>959,392</u>	<u>(775,940)</u>	<u>90,964</u>
<b>(Loss)/Profit Attributable to :</b>				
Owners of the Company	(1,920,175)	878,581	(2,973,313)	23,166
Non-Controlling Interest	<u>(3,004)</u>	<u>(4,678)</u>	<u>(3,816)</u>	<u>(7,351)</u>
(Loss)/Profit for the Period	<u>(1,923,179)</u>	<u>873,903</u>	<u>(2,977,129)</u>	<u>15,815</u>
<b>Total Comprehensive Income/(Loss) Attributable to :</b>				
Owners of the Company	112,758	964,070	(772,124)	98,315
Non-Controlling Interest	<u>(3,004)</u>	<u>(4,678)</u>	<u>(3,816)</u>	<u>(7,351)</u>
	<u>109,754</u>	<u>959,392</u>	<u>(775,940)</u>	<u>90,964</u>
(Loss)/Earnings per Share - Basic (sen)	(0.47)	0.36	(0.72)	0.01

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	----- Attributable to Owners of the Parent -----						
	Share capital	Foreign currency translation reserve	Revaluation reserves	Accumulated losses	Shareholders Fund	Non-Controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM
At 31 December 2021	20,142,486	(122,070)	3,819,608	(5,975,513)	17,864,511	34,838	17,899,349
Loss for the period	-	-	-	(2,973,313)	(2,973,313)	(3,816)	(2,977,129)
Foreign exchange translation	-	2,201,189	-	-	2,201,189	-	2,201,189
Total comprehensive income/(loss) for the period	-	2,201,189	-	(2,973,313)	(772,124)	(3,816)	(775,940)
Arising from Private Placement	1,845,968	-	-	-	1,845,968	-	1,845,968
<b>At 30 June 2022</b>	<b>21,988,454</b>	<b>2,079,119</b>	<b>3,819,608</b>	<b>(8,948,826)</b>	<b>18,938,355</b>	<b>31,022</b>	<b>18,969,377</b>
At 31 December 2020	7,240,905	15,841	3,819,608	(1,220,007)	9,856,347	50,542	9,906,889
Profit/(Loss) for the period	-	-	-	23,166	23,166	(7,351)	15,815
Foreign exchange translation	-	75,149	-	-	75,149	-	75,149
Total comprehensive income/(loss) for the period	-	75,149	-	23,166	98,315	(7,351)	90,964
Conversion from RCPS	6,665,000	-	-	-	6,665,000	-	6,665,000
At 30 June 2021	13,905,905	90,990	3,819,608	(1,196,841)	16,619,662	43,191	16,662,853

(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 2021 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Current Period 6 Months Ended 30.06.2022	Preceding Period 6 Months Ended 30.06.2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(2,977,129)	15,815
Adjustments for non-cash flow:-		
Non-cash items	642,367	886,604
Non-operating items	<u>1,261,655</u>	<u>24,731</u>
Operating (loss)/profit before changes in working capital	(1,073,107)	927,150
Net change in current assets	(14,695,734)	(9,130,594)
Net change in current liabilities	<u>8,025,809</u>	<u>6,974,170</u>
Cash used in operations	(7,743,032)	(1,229,274)
Interest paid	(1,263,482)	(24,731)
Interest income	1,827	-
Taxes refunded	714	-
Taxes paid	<u>(735)</u>	<u>(690)</u>
Net cash used in operating activities	<u>(9,004,708)</u>	<u>(1,254,695)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(40,477)	553,423
Purchase of investments	(479,997)	-
Proceeds from disposal of property, plant and equipment	4,000	-
Net cash (used in)/from investing activities	<u>(516,474)</u>	<u>553,423</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of RCPS -Tranche 1, 2 and 3	-	10,665,000
Proceeds from private placement	1,845,968	-
Repayment of finance lease liabilities	(74,600)	-
Repayment of hire purchase	(8,762)	-
Net cash generated from financing activities	<u>1,762,606</u>	<u>10,665,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,758,576)	9,963,728
Effect of exchange rate changes	1,991,475	75,147
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,999,853	496,640
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>7,232,752</u></u>	<u><u>10,535,515</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	7,232,752	10,535,515
Bank overdraft	<u>-</u>	<u>-</u>
	<u><u>7,232,752</u></u>	<u><u>10,535,515</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 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 2022 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 2021. 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 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021 except for the adoption of the following new MFRSs / Amendments with effect from 1 January 2022:-

**Effective for Financial Years beginning on or after 1 January 2022**

Annual Improvements to MFRS Standards 2018-2020 - MFRS 1, MFRS 9, MFRS 141

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts

– Cost of Fulfilling a Contract

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 2021 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 2022.

**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 2022.

**A7. Dividend Paid**

There were no dividends paid during the current financial period ended 30 June 2022.

**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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Security systems, mechanical and electrical engineering ("M&E")	- Supply and installation of security systems. Specialist in fire protection system design and installation works and mechanical engineering services. Industrial maintenance and service works. Trading of transport equipment and provision of related services. Manufacturing of filter inclusive of import and marketing.
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Trading and services operations	- Involving in trading of precision instruments, provision of cloud service and general trading.
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**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)**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

**A8. Segmental Reporting (Continued)**

**a) Individual quarter**

**Business segments:**

Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Trading & Services Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	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	209	683	602	298	6,618	15,411	-	-	7,429	16,392
Inter-segment	228	195	-	-	-	1,162	(228)	(1,357)	-	-
<b>Total revenue</b>	<b>437</b>	<b>878</b>	<b>602</b>	<b>298</b>	<b>6,618</b>	<b>16,573</b>	<b>(228)</b>	<b>(1,357)</b>	<b>7,429</b>	<b>16,392</b>
<b>Results</b>										
Interest income	1	0	-	-	0	56	-	-	1	56
Finance costs	674	8	3	0	6	12	-	-	683	20
Depreciation and amortisation	25	36	11	12	617	602	-	(22)	653	627
Segment (loss)/profit	(954)	58	(60)	(94)	(605)	911	(304)	(1)	(1,923)	874
<b>Segment assets</b>	<b>15,665</b>	<b>14,448</b>	<b>1,722</b>	<b>1,442</b>	<b>46,667</b>	<b>22,348</b>	<b>6</b>	<b>(4,211)</b>	<b>64,060</b>	<b>34,027</b>
<b>Segment liabilities</b>	<b>(44,070)</b>	<b>(4,902)</b>	<b>(1,102)</b>	<b>(578)</b>	<b>(57,525)</b>	<b>(42,349)</b>	<b>57,606</b>	<b>34,466</b>	<b>(45,091)</b>	<b>(13,364)</b>
<b>Capital expenditure</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>

**Geographical segments:**

	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements			
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Revenue</b>										
Revenue from external customers	1,039	2,337	6,618	15,412	-	-	(228)	(1,357)	7,429	16,392
Segment (loss)/profit	(1,719)	(759)	100	1,633	(304)	(1)	(304)	(1)	(1,923)	873
<b>Segment assets</b>	<b>18,749</b>	<b>16,764</b>	<b>45,305</b>	<b>21,473</b>	<b>6</b>	<b>(4,211)</b>	<b>6</b>	<b>(4,211)</b>	<b>64,060</b>	<b>34,027</b>
<b>Capital expenditure</b>	<b>2</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>

**b) Cumulative quarters**

**Business segments:**

Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Trading & Services Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	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	1,769	1,335	1,036	698	12,642	18,956	-	-	15,447	20,988
Inter-segment	511	423	-	0	-	1,162	(511)	(1,585)	-	-
<b>Total revenue</b>	<b>2,280</b>	<b>1,759</b>	<b>1,036</b>	<b>698</b>	<b>12,642</b>	<b>20,117</b>	<b>(511)</b>	<b>(1,585)</b>	<b>15,447</b>	<b>20,988</b>
<b>Results</b>										
Interest income	1	0	-	-	1	56	-	-	2	56
Finance costs	1,249	12	7	0	7	13	-	-	1,263	25
Depreciation and amortisation	50	72	27	23	1,209	1,181	-	(44)	1,286	1,231
Segment (loss)/profit	(1,715)	59	(76)	(147)	(1,132)	102	(54)	2	(2,977)	16
<b>Segment assets</b>	<b>15,665</b>	<b>14,448</b>	<b>1,722</b>	<b>1,442</b>	<b>46,667</b>	<b>22,348</b>	<b>6</b>	<b>(4,211)</b>	<b>64,060</b>	<b>34,027</b>
<b>Segment liabilities</b>	<b>(44,070)</b>	<b>(4,902)</b>	<b>(1,102)</b>	<b>(578)</b>	<b>(57,525)</b>	<b>(42,349)</b>	<b>57,606</b>	<b>34,466</b>	<b>(45,091)</b>	<b>(13,364)</b>
<b>Capital expenditure</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>1</b>

**Geographical segments:**

	Malaysia		Hong Kong		Adjustments and eliminations		Per consolidated financial statements			
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Revenue</b>										
Revenue from external customers	3,316	3,650	12,642	18,924	(511)	(1,585)	(511)	(1,585)	15,447	20,988
<b>Segment assets</b>	<b>18,749</b>	<b>16,764</b>	<b>45,305</b>	<b>21,473</b>	<b>6</b>	<b>(4,211)</b>	<b>6</b>	<b>(4,211)</b>	<b>64,060</b>	<b>34,027</b>
<b>Capital expenditure</b>	<b>2</b>	<b>1</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>1</b>
<b>Segment liabilities</b>	<b>(55,704)</b>	<b>(12,514)</b>	<b>(46,993)</b>	<b>(35,316)</b>	<b>57,606</b>	<b>34,466</b>	<b>57,606</b>	<b>34,466</b>	<b>(45,091)</b>	<b>(13,364)</b>
<b>Results</b>										
Interest income	1	0	1	56	-	-	-	-	2	56
Finance costs	1,257	13	6	12	-	-	-	-	1,263	25
Depreciation and amortisation	190	207	1,096	1,068	-	(44)	-	(44)	1,286	1,231
Segment (loss)/profit	(3,281)	(1,581)	358	1,594	(54)	2	(54)	2	(2,977)	16

**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**

There were no material events subsequent to the end of the financial period ended 30 June 2022.

**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.

**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 2021.

**A13. Intangible Assets**

Intangible assets includes an amount of RM374,267 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 30 June 2022.

**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.

**A16. (Loss)/Profit Before Tax**

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

	Q222 RM	Q221 RM	YTD 22 RM	YTD 21 RM
Interest Income	(943)	(56,009)	(1,827)	(56,009)
Interest expense	683,822	19,841	1,263,482	24,731
Depreciation and amortisation	653,751	626,804	1,286,261	1,231,238
Reversal of inventories written down	-	-	(1,336)	-
Subsidy of wages	-	(13,200)	-	(13,200)
Write off of property, plant and equipment	226	-	226	-
Gain on disposal of property, plant and equipment	(4,000)	-	(4,000)	-
Realised foreign exchange (gain)/loss	(109,950)	9,534	(108,909)	5,893
Unrealised foreign exchange loss/(gain)	14,199	2,614	(31)	1,822

\*\*\* 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 2022 (2Q22) compared with quarter ended 30 June 2021 (2Q21)

The Group's revenue was lower in 2Q22 (RM7.43 million) as compared to 2Q21 (RM16.39 million). This was mainly due to lower sales generated from trading & services operations segment in 2Q22 (RM6.62 million) as compared to last year 2Q21 (RM15.41 million).

The Group has recorded a loss before tax of RM1.92 million in 2Q22 as compared to a profit before tax of RM0.87 million in 2Q21. This was due to loss making position by operations in Malaysia as the revenue generated was insufficient to cover the overhead costs despite Hong Kong subsidiary has contributed a profit of RM0.1 million. The increase in finance costs was mainly due to interest on loan from third parties incurred in this individual quarter.

b) Current financial period ended 30 June 2022 (6M22) compared with preceding financial period ended 30 June 2021 (6M21)

The Group recorded a lower revenue of RM15.45 million for 6M22 as compared to RM20.99 million for 6M21, mainly due to lower revenue generated from trading & services operations segment in 6M22 of RM12.64 million (6M21: RM18.96 million) as one of the Hong Kong subsidiary has become the associate company in August 2021. However, the increase in revenue from electronics & system integration and security systems & M&E segments have slightly improved the performance of the Group.

The Group recorded a loss before tax of RM2.98 million in 6M22 as compared to a profit before tax of RM0.02 million in 6M21. These were mainly due to lower gross profit of RM0.96 million, increase in operating expenses of RM1.35 million and increase in finance costs of RM1.24 million in this 6M22. However, this was offset by share of associate's profit of RM0.64 million.

Other income recognised in current quarter ended 30 June 2022 was mainly from unrealised gain on foreign exchange recognised.

**B2. Material Changes in the Quarterly Results (2Q22) Compared to the Results of the Preceding Quarter (1Q21)**

The Group recorded a lower revenue of RM7.43 million in 2Q22 compared with RM8.02 million in 1Q22. Loss before tax was RM1.92 million in the current quarter as compared to loss before tax of RM1.05 million in 1Q22.

**B3. Current Year Prospects**

On 8 March 2022, Malaysia commenced its transition to the endemic phase and reopened its borders from 1 April 2022 after careful deliberation on various aspects including the national vaccination programme and economy, with risk management conducted by the authorities.

Going forward, the Group will continue to focus its efforts in developing new value-adding solutions to support existing customers and promoting business continuity and sustainability. The Group recognise the intensely complicated environment in which it is operating today and is taking every step possible to further develop and strengthen the Group's performance.

While it is difficult to estimate the extent and severity of the COVID-19 pandemic impact to the economy and to the Group's financial position, the management has taken proactive steps to solidify the Group's financial standing and mitigate any adverse consequences. These steps include monitoring all costing, reducing workforce size and instituting initiatives to encourage savings in business operations. The Group continues to carefully monitor this crisis and will take additional actions as needed.

**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 2022.

**B7. Sale of Properties**

There was no disposal of property for the financial period ended 30 June 2022.

**B8. Status of Corporate Proposals**

As at 26 August 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.

On 12 August 2022, Bluemount Investment Fund SPC converted 25,000,000 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	0.24	0.16	Within 1 month
<b>Total</b>	<b>10.67</b>	<b>10.67</b>	<b>3.45</b>	<b>7.22</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.

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

**B8. Status of Corporate Proposals (Continued)**

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.

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.

On 25 January 2022, the Board fixed the issue price for the Placement Shares at RM0.104 each ("Issue Price") in relation to the Private Placement. The Issue Price represents a discount of approximately 9.41% to the 5-day volume weighted average market price of Itronic Shares up to and including 24 January 2022 (being the last market day immediately preceding the Price-fixing Date) of RM0.1148 per Itronic Share.

On 31 January 2022, 17,749,700 new ordinary shares in the Company ("Placement Shares") at the issue price of RM0.104 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 RM5.10 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	5.01	5.01	5.01	0.00	Within 24 months
Expenses for the Proposed Private Placement	0.09	0.09	0.09	0.00	Immediately
<b>Total</b>	<b>5.10</b>	<b>5.10</b>	<b>5.10</b>	<b>0.00</b>	

**iii) Multiple Proposals : (i) Proposed Rights Issue; and (ii) Proposed Diversification ("Proposals")**

On 8 July 2022, TA Securities Holdings Berhad ("TA"), on behalf of the Board of Directors of Industronics announced that the Company proposes to undertake the Proposals.

On 23 August 2022, TA, on behalf of the Board of Directors of Industronics announced that an additional listing application in relation to the Proposed Rights Issue has been submitted to Bursa Securities on 23 August 2022.

**B9. Group Borrowings and Debt Securities**

Total Group Borrowings as at 30 June 2022:-

	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.

**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.

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

**B12. Dividend**

No dividend has been declared in the current quarter.

**B13. a) Basic (Loss)/Earnings per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 30.06.2022	Preceding 30.06.2021	Current 30.06.2022	Preceding 30.06.2021
Net (loss)/profit attributable to the owners of the Company for the period	(1,920,175)	878,581	(2,973,313)	23,166
Weighted average no. of ordinary shares in issue	411,051,132	241,710,907	411,051,132	241,710,907
Basic (loss)/earnings per share (sen)	(0.47)	0.36	(0.72)	0.01

**b) Diluted (Loss)/Earnings per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current 30.06.2022	Preceding 30.06.2021	Current 30.06.2022	Preceding 30.06.2021
Net (loss)/profit attributable to the owners of the Company for the period	(1,920,175)	878,581	(2,973,313)	23,166
Weighted average no. of ordinary shares in issue	423,551,132	291,710,907	423,551,132	291,710,907
Diluted (loss)/earnings per share (sen)	(0.45)	0.30	(0.70)	0.01

**B14. Authorisation for Issue**

The interim financial statements for the six (6)-months financial period ended 30 June 2022 were authorised for issue by the Board of Directors.

**BY ORDER OF THE BOARD**

INDUSTRONICS BERHAD  
26 August 2022