

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 30.6.2017	PRECEDING YEAR QUARTER 30.6.2016	CURRENT YEAR 30.6.2017	PRECEDING YEAR 30.6.2016
	RM	RM	RM	RM
Revenue	20,394,064	6,077,785	37,881,425	8,365,158
Cost of Sales	<u>(19,133,630)</u>	<u>(5,487,841)</u>	<u>(35,977,997)</u>	<u>(6,809,933)</u>
Gross profit	1,260,434	589,944	1,903,428	1,555,224
Other Income	82,607	(51,783)	129,742	197,047
Operating Expenses	<u>(3,486,747)</u>	<u>(3,490,327)</u>	<u>(6,839,031)</u>	<u>(7,934,806)</u>
Finance Costs	<u>(79,743)</u>	<u>(26,233)</u>	<u>(91,708)</u>	<u>(60,867)</u>
Loss before Tax	<u>(2,223,449)</u>	<u>(2,978,399)</u>	<u>(4,897,569)</u>	<u>(6,243,401)</u>
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(2,223,449)</u>	<u>(2,978,399)</u>	<u>(4,897,569)</u>	<u>(6,243,401)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(301,436)	490,476	(730,893)	(859,532)
Reversal of income tax relating to components of other comprehensive income	-	-	-	204,099
	<u>(301,436)</u>	<u>490,476</u>	<u>(730,893)</u>	<u>(655,433)</u>
Total comprehensive (loss)/income for the period	<u>(2,524,885)</u>	<u>(2,487,924)</u>	<u>(5,628,462)</u>	<u>(6,898,834)</u>
Profit/(loss) Attributable to :				
Owners of the Company	(2,166,148)	(2,818,105)	(4,756,555)	(5,988,461)
Non-Controlling Interest	<u>(57,301)</u>	<u>(160,294)</u>	<u>(141,014)</u>	<u>(254,940)</u>
Loss for the period	<u>(2,223,449)</u>	<u>(2,978,399)</u>	<u>(4,897,569)</u>	<u>(6,243,401)</u>
Total Comprehensive (loss)/income Attributable to :				
Owners of the Company	(2,456,714)	(2,345,916)	(5,665,547)	(6,891,453)
Non-Controlling Interest	<u>(68,171)</u>	<u>(142,007)</u>	<u>37,085</u>	<u>(7,381)</u>
	<u>(2,524,885)</u>	<u>(2,487,924)</u>	<u>(5,628,462)</u>	<u>(6,898,834)</u>
Earnings/(loss) per share of RM0.50 each				
- Basic (sen)	(2.11)	(2.74)	(4.63)	(5.83)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.6.2017 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2016 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	11,060,929	11,294,657
Investment Properties	399,792	405,675
Intangible Assets	5,285,520	5,148,850
Other Investments	118,584	118,584
Total Non-current assets	<u>16,864,824</u>	<u>16,967,766</u>
Current Assets		
Inventories	7,679,710	5,199,704
Due from Customers on Contract	441,772	533,194
Trade & Other Receivables	6,061,601	9,557,685
Cash and Bank Balances	3,238,584	7,621,118
Total Current Assets	<u>17,421,667</u>	<u>22,911,701</u>
TOTAL ASSETS	<u>34,286,491</u>	<u>39,879,467</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	51,381,400	51,381,400
Reserves	(32,626,754)	(26,961,207)
Shareholders' funds	<u>18,754,646</u>	<u>24,420,193</u>
Non-Controlling Interest	3,074,080	3,036,995
Total equity	<u>21,828,726</u>	<u>27,457,188</u>
Non-current liabilities		
Borrowings	6,890	11,309
Deferred Tax Liabilities	1,020,016	1,020,016
Total Non-current liabilities	<u>1,026,907</u>	<u>1,031,325</u>
Current Liabilities		
Provisions	90,277	90,277
Trade & Other Payables	10,479,092	10,690,750
Borrowings	861,284	609,722
Due to Customers on Contract	205	205
Total Current Liabilities	<u>11,430,859</u>	<u>11,390,954</u>
TOTAL EQUITY AND LIABILITIES	<u>34,286,491</u>	<u>39,879,467</u>

Net Assets per share of RM0.50 each (RM)

0.18

0.24

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2017**

	Attributable to Owners of the Parent									
	Non Distributable						Distributable			
	Share capital	Share premium	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves	Fair value adjustment reserve	Retained earnings/ (accumulated losses)	Shareholders Fund	Non-Controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2016	51,381,400	1,253,054	5,668,279	-	4,799,534	68,460	(38,750,534)	24,420,193	3,036,995	27,457,188
Loss for the period	-	-	-	-	-	-	(4,756,555)	(4,756,555)	(141,014)	(4,897,569)
Foreign exchange translation	-	-	(908,992)	-	-	-	-	(908,992)	178,099	(730,893)
Total comprehensive loss for the period	-	-	(908,992)	-	-	-	(4,756,555)	(5,665,547)	37,085	(5,628,462)
At 30 June 2017	51,381,400	1,253,054	4,759,287	-	4,799,534	68,460	(43,507,089)	18,754,646	3,074,080	21,828,726
At 31 December 2015	51,381,400	1,253,054	3,442,239	458,620	4,398,276	4,308	(27,201,721)	33,736,176	3,638,245	37,374,421
Loss for the period	-	-	-	-	-	-	(5,988,461)	(5,988,461)	(254,940)	(6,243,401)
Crystallisation of deferred tax upon disposal of property	-	-	-	-	-	-	104,090	104,090	100,009	204,099
Foreign exchange translation	-	-	(1,007,082)	-	-	-	-	(1,007,082)	147,550	(859,532)
Total comprehensive loss for the period	-	-	(1,007,082)	-	-	-	(5,884,371)	(6,891,453)	(7,381)	(6,898,834)
Arising from disposal of property	-	-	-	-	(814,402)	-	814,402	-	-	-
At 30 June 2016	51,381,400	1,253,054	2,435,157	458,620	3,583,874	4,308	(32,271,690)	26,844,723	3,630,864	30,475,587

(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 2016 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 2017**

	Current Period 6 Months Ended 30.6.2017 (Unaudited)	Preceding Period 6 Months Ended 30.6.2016 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,897,569)	(6,243,401)
Adjustments for non-cash flow:-		
Non-cash items	(248,867)	49,787
Non-operating items	20,991	8,727
Operating loss before changes in working capital	(5,125,445)	(6,184,887)
Net change in current assets	1,086,682	3,117,857
Net change in current liabilities	(183,793)	581,784
Cash (used in)/generated from operations	(4,222,555)	(2,485,245)
Interest paid	(23,294)	(60,867)
Taxes refunded	15,529	7,500
Taxes paid	(4,096)	(11,598)
Net cash (used in)/generated from operating activities	(4,234,416)	(2,550,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(648)	(418,605)
Purchase of intangible assets	(385,070)	-
Proceeds from disposal of property, plant and equipment	21,500	2,433,520
Interest received	2,303	389
Net cash (used in)/generated from investing activities	(361,915)	2,015,303
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of hire purchase	(109,834)	(99,817)
Net cash (used in)/generated from financing activities	(109,834)	(99,817)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,706,166)	(634,725)
Effect of exchange rate changes	(33,345)	(203,360)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,130,137	4,016,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,390,626	3,178,520
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,238,584	3,835,984
Bank overdraft	(847,958)	(657,464)
	2,390,626	3,178,520

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2017 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 2016. 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 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2017:-

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107

Statement of Cash Flows - Disclosure Initiative

Amendments to MFRS 112

Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 - 2016 Cycle

The adoption of the above standards will have no material impact on the financial statements 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 2016 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 subjected 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 2017.

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.

a. Issuance of equity

There was no new ordinary shares issued during the financial period ended 30 June 2017.

b. Share buy-backs, share cancellations and sale of treasury shares

There was no share buy-backs, share cancellation and sale of treasury shares during the financial period ended 30 June 2017.

NOTES TO THE INTERIM FINANCIAL REPORT

A7. Dividend paid

There were no dividends paid during the current financial period.

A8. Segmental Reporting

For management purposes, the Group is organised into the following business units based on their products and services, and has four 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.
Sheet metal fabrication	- Involving in precision sheet metal fabrications works and manufacturing of precision fabrication.
Other operations	- Involving in provision of mobile entertainment services, trading of precision instruments, integrated internet marketing services, development of IT applications, general trading and provision of hospitality services.

Geographical Segments

Malaysia	- All main businesses disclosed in primary reporting format-business segments
Hong Kong	- Provision of mobile entertainment services, trading of precision instruments, integrated internet marketing services, development of IT applications, general trading and provision of hospitality services.
Singapore	- Trading, maintenance and supply of industrial electrical equipment

A8. (a) Individual quarter

Business segments:												
	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
Individual quarter ended	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External customers	1,632	1,281	352	309	-	-	18,410	4,489	-	-	20,394	6,079
Inter-segment	18,593	1,475	1	-	-	-	-	-	(18,594)	(1,475)	-	-
Total revenue	20,225	2,756	353	309	-	-	18,410	4,489	(18,594)	(1,475)	20,394	6,079
Results												
Interest income	-	-	2	-	-	-	-	-	-	-	2	-
Finance costs	79	9	1	13	-	-	-	4	-	-	80	26
Depreciation	35	39	13	22	-	23	64	106	-	-	112	190
Segment profit/(loss)	(1,246)	(1,750)	(84)	(206)	-	(25)	(894)	(960)	-	(37)	(2,224)	(2,979)
Segment assets	24,311	23,373	6,933	9,128	-	743	15,122	19,400	(12,080)	(10,836)	34,286	41,808
Segment liabilities	(12,755)	(7,397)	(1,707)	(2,364)	-	(454)	(50,265)	(45,685)	52,269	44,567	(12,458)	(11,333)
Capital expenditure	1	3	-	-	-	-	(279)	415	-	-	(278)	418
Geographical segments:												
	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
Revenue from external customers			2,057	1,476	18,410	4,489	(73)	114	-	-	20,394	6,079
Segment assets			25,952	31,559	15,117	19,390	5,297	1,695	(12,080)	(10,836)	34,286	41,808
Capital expenditure			1	3	(279)	415	-	-	-	-	(278)	418

INDUSTRONICS BERHAD (23699-X)
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NOTES TO THE INTERIM FINANCIAL REPORT

A8. Segmental Reporting (continued)

b. Cumulative quarters

Business segments:												
	Electronics &		Security Systems		Sheet Metal		Other		Adjustments and		Per consolidated	
Cumulative quarters ended	System Integration		& M&E		Fabrication		Operations		Eliminations		Financial Statements	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External customers	2,191	2,766	668	688	-	-	35,022	4,912	-	-	37,881	8,366
Inter-segment	37,789	5,731	2	49	-	-	-	-	(37,791)	(5,780)	-	-
Total revenue	39,980	8,497	670	737	-	-	35,022	4,912	(37,791)	(5,780)	37,881	8,366
Results												
Interest income	-	-	2	-	-	-	-	-	-	-	2	-
Finance costs	90	18	1	35	-	-	1	8	-	-	92	61
Depreciation	70	78	26	58	-	45	130	208	-	-	226	389
Segment profit/(loss)	(2,639)	(3,680)	(230)	(279)	-	(50)	(2,029)	(2,161)	-	(74)	(4,898)	(6,244)
Segment assets	24,311	23,373	6,933	9,128	-	743	15,122	19,400	(12,080)	(10,836)	34,286	41,808
Segment liabilities	(12,755)	(7,397)	(1,707)	(2,364)	-	(454)	(50,265)	(45,685)	52,269	44,567	(12,458)	(11,333)
Capital expenditure	1	4	-	-	-	-	385	415	-	-	386	419
Geographical segments:												
			Malaysia		Hong Kong		Singapore		Adjustments and		Per consolidated	
									eliminations		financial statements	
			30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
Revenue from external customers			2,847	3,184	35,022	4,912	12	270	-	-	37,881	8,366
Segment assets			25,952	31,559	15,117	19,390	5,297	1,695	(12,080)	(10,836)	34,286	41,808
Capital expenditure			1	4	385	415	-	-	-	-	386	419

A9. Valuation of property, plant and equipment

The valuation of land and buildings have been brought forward from previous valuation done as at 30 December 2016.

A10. Subsequent Events

There were no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

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.

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 2016.

NOTES TO THE INTERIM FINANCIAL REPORT

A13. Intangible Assets

Intangible assets includes an amount of RM5,196,520 which is related to investment in software development from a subsidiary of the Company, Industronics Technology Limited. The software development consists of openstack cloud computing software platform, file hosting platform and game server platform.

A14. Capital Commitment

Other than as disclosed below, the Group has no other material capital commitments as at 30.6.2017.

- a. The subsidiary of the Company, Industronics Technology Limited has a capital commitments related to software under development of HKD10,553,500, approximately equivalent to RM5,805,480.

A15. Related Party Transactions

- a. Save as disclosed below, there were no significant transactions and balances with related parties of the Group during the current financial period under review.

	Individual Current Quarter RM	Cumulative Quarters RM
Sales to an entity connected with a director of a subsidiary of the group	-	-

Outstanding balances with related parties as at 30 June 2017 and 31 December 2016 are as follows:

	As at 30.6.2017 Unaudited RM	As at 31.12.2016 Audited RM
Sales to an entity connected with a director of a subsidiary of the group	1,219,912	1,219,912
Provision for doubtful debts	(1,219,912)	(1,219,912)
Net balance	-	-

- b. There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

A16. Profit/(loss) Before Taxation

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

	Q217 RM	Q216 RM	YTD 17 RM	YTD 16 RM
Interest Income	(1,109)	(52)	(2,303)	(389)
Other Income	(60,375)	76,460	(78,009)	(74,376)
Interest expense	79,742	26,233	91,708	60,867
Depreciation and amortization	111,476	189,115	225,749	388,219
(Gain)/Loss on disposal of property, plant and equipment	(6,440)	45,022	(20,008)	(51,751)
Realised foreign exchange (gain)/loss	(14,683)	(69,647)	(29,422)	(70,531)
Unrealised foreign exchange (gain)/loss	5,232	5,851	14,866	163,317

- a. 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 2017 (2Q17) compared with quarter ended 30 June 2016 (2Q16)

The Group's revenue was higher in 2Q17 (RM20.39 million) compared to 2Q16 (RM6.08 million). This is mainly due to higher revenue in Other Operation segment in 2Q17 (RM18.41 million) compared to 2Q16 (RM4.49 million).

The Group recorded loss before tax of approximately RM2.22 million in 2Q17 compared to RM2.98 million in 2Q16. The lower loss was mainly due to higher revenue generated in 2Q17 (RM20.39 million) compared to 2Q16 (RM6.08 million).

- b. Current financial period ended 30 June 2017 (6M17) compared with preceding financial period ended 30 June 2016 (6M16)

The Group recorded higher revenue of RM37.88 million for 6M17 compared to RM8.37 million for 6M16, mainly attributable to higher revenue generated in Other Operation segment in 6M17.

The Group recorded lower loss before tax of RM4.90 million in 6M17 compared to RM6.24 million in 6M16 mainly due to higher gross profit and lower operating expenses in 6M17.

B2. Material Changes in the Quarterly Results (2Q17) compared to the Results of the Preceding Quarter (1Q17)

The Group recorded higher revenue of RM20.39 million in 2Q17 compared with RM17.49 million in 1Q17. Loss before tax was RM2.22 million in the current quarter compared to RM2.67 million in 1Q17. The lower loss is mainly due to higher revenue generated in 2Q17.

B3. Current Year Prospects

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

External factors such as increased competition in the industry, changing business trends, slowdown of economic growth and other macro-economic factors are among those that will continuously affect the prospects of the Group future performance.

The Group will continue to explore new investment opportunities and improve the efficiency of its operations to enhance shareholders' values.

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Taxation

Taxation comprises the following:-

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

B6. Sale of Quoted and Unquoted Investments

There were no material sale of quoted and unquoted investments for the financial period ended 30 June 2017.

B7. Sale of Properties

There were no disposal of properties for the financial period ended 30 June 2017.

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

B8. Status of Corporate Proposals

As at 28 August 2017, 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:

- a. Proposed Shareholders Mandate for Disposal of up to 20,041,900 Ordinary Shares of RM0.10 Each in Solution Engineering Holdings Berhad ("SEHB") ("SEHB Shares") ("Proposed Shareholder's Mandate for Disposal of Shares").

On 3 December 2013, on behalf of the Board of Directors of Industronics Berhad ("IB" or the "Company") ("Board"), TA Securities had announced that the Company proposes to obtain a mandate from its shareholders to, if deemed fit in the future, dispose up to 20,041,900 ordinary shares of RM0.10 each in Solution Engineering Holdings Berhad ("SEHB") ("SEHB Shares").

Bursa Malaysia Securities Berhad had via its letter dated 13 December 2013 approve the Proposed Shareholder's Mandate for Disposal of Shares.

The shareholders of IB had on 21 January 2014 approved the Proposed Shareholder's Mandate for Disposal of SEHB Shares at an extraordinary general meeting held.

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 30 June 2017:-

	RM
a) Secured and unsecured :	
Total secured borrowings	868,175
Total unsecured borrowings	-
Total borrowings	<u>868,175</u>
b) Short Term and Long Term	
Total short-term borrowings	861,284
Total long term borrowings	6,890
Total borrowings	<u>868,175</u>

All borrowings are denominated in either Ringgit Malaysia or Hong Kong Dollar.

B10. Off Balance Sheet Financial Instruments

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

B11. Realised and Unrealised Losses Disclosure

	As at 30.6.2017 RM (unaudited)	As at 31.12.2016 RM (audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(87,965,624)	(84,369,089)
- Unrealised	15,089	(286,176)
Less: consolidation adjustments	44,443,446	45,904,731
Total group (accumulated losses)/retained profits as per consolidated accounts	<u>(43,507,089)</u>	<u>(38,750,534)</u>

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

B12. Material Litigations

As at the LPD prior to the issue of this quarterly report, the Group is not engaged in any material litigations except for:

Sukitronics Sdn Bhd ("SSB"), a subsidiary company has claimed loss & damage of approximately USD1,184,000 or RM3,706,000 against First Kuwaiti Trading and Contracting W.L.L ("FKTC") for the breach of the contract while FKTC has counter claimed SSB for an amount of USD8,626,000 or approximately RM26,999,000. The Arbitration was relating to the appointment of SSB by FKTC to construct, complete, test, commission and maintain the building, mechanical and electrical works relating to the construction of US New Consulate Compound in Surabaya, Indonesia.

The Continued Arbitration Hearing was held on 22nd till 25th April 2013, 1st till 2nd August 2013, 18th till 22nd November 2013, 20th till 23rd January 2014, 19th till 23rd May 2014, 8 August 2014, 12th till 14th November 2014, 30th till 31st March 2015, 20th May 2015, 24th till 26th June 2015 and 18th till 20th April 2016.

On 20 April 2016, the Arbitrator gave the following directions:

- The claimant to submit its final submission complete with authorities on or before 20 August 2016.
- The respondent to submit its final submission complete with authorities on or before 28 November 2016.
- The claimant to submit its final reply on or before 28 February 2017.

On 10 February 2017, the Arbitrator gave the following directions:

- The respondent to submit its final submission complete with authorities on or before 13 February 2017.
- The claimant to submit its final reply on or before 16 June 2017.

The respondent have delivered their written submission dated 13 February 2017 and the claimant have also delivered their reply submission dated 18 June 2017. The Arbitrator is in the process of deciding the final award.

B13. Dividend

No dividend has been declared in the current quarter.

B14. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.6.2017	Preceding Year Quarter 30.6.2016	Current Year 30.6.2017	Preceding Year 30.6.2016
Net loss attributable to the owners of the Company for the period	(2,166,148)	(2,818,105)	(4,756,555)	(5,988,461)
Weighted average no. of ordinary shares in issue	102,762,800	102,762,800	102,762,800	102,762,800
Basic loss per share (sen)	(2.11)	(2.74)	(4.63)	(5.83)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.6.2017	Preceding Year Quarter 30.6.2016	Current Year 30.6.2017	Preceding Year 30.6.2016
Net loss attributable to the owners of the Company for the period	(2,166,148)	(2,818,105)	(4,756,555)	(5,988,461)
Weighted average no. of ordinary shares in issue	102,762,800	109,382,800	102,762,800	109,382,800
Diluted loss per share (sen)	(2.11)	(2.58)	(4.63)	(5.47)

B15. Authorisation For Issue

The interim financial statements for the six (6)-months financial period ended 30 June 2017 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

28 August 2017