

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31.12.2017	PRECEDING YEAR QUARTER 31.12.2016	CURRENT YEAR 31.12.2017	PRECEDING YEAR 31.12.2016
	RM	RM	RM	RM
Revenue	14,380,706	15,202,210	75,322,933	30,873,265
Cost of Sales	<u>(11,871,289)</u>	<u>(14,249,556)</u>	<u>(68,230,039)</u>	<u>(27,701,666)</u>
Gross profit	2,509,417	952,654	7,092,894	3,171,599
Other Income	1,454,431	397,059	1,936,274	899,632
Operating Expenses	(4,867,617)	(6,463,271)	(15,187,007)	(17,567,872)
Finance Costs	(16,121)	(58,422)	(338,449)	(132,233)
Loss before Tax	(919,890)	(5,171,980)	(6,496,289)	(13,628,874)
Income Tax	-	-	-	-
Loss for the year	<u>(919,890)</u>	<u>(5,171,980)</u>	<u>(6,496,289)</u>	<u>(13,628,874)</u>
Other comprehensive income/(loss), net of tax:				
Revaluation of land and buildings	-	1,422,624	-	1,422,624
Foreign currency translation differences for foreign operations	(350,603)	1,832,019	(1,711,426)	2,400,429
Fair values gain/(loss) on financial assets	(31,104)	64,152	(31,104)	64,152
Capital repayment to non-controlling interest by a subsidiary	(1,960,000)	-	(1,960,000)	-
Reversal of income tax relating to components of other comprehensive income	-	(275,230)	-	(71,131)
	<u>(2,341,707)</u>	<u>3,043,565</u>	<u>(3,702,530)</u>	<u>3,816,074</u>
Total comprehensive (loss)/income for the year	<u><u>(3,261,597)</u></u>	<u><u>(2,128,415)</u></u>	<u><u>(10,198,819)</u></u>	<u><u>(9,812,800)</u></u>
Profit/(loss) Attributable to :				
Owners of the Company	(491,508)	(4,748,742)	(6,209,916)	(12,821,835)
Non-Controlling Interest	<u>(428,382)</u>	<u>(423,238)</u>	<u>(286,373)</u>	<u>(807,039)</u>
Loss for the year	<u><u>(919,890)</u></u>	<u><u>(5,171,980)</u></u>	<u><u>(6,496,289)</u></u>	<u><u>(13,628,874)</u></u>
Total Comprehensive (loss)/income Attributable to :				
Owners of the Company	(858,167)	(1,756,124)	(8,114,129)	(9,315,983)
Non-Controlling Interest	<u>(2,403,430)</u>	<u>(372,291)</u>	<u>(2,084,690)</u>	<u>(496,817)</u>
	<u><u>(3,261,597)</u></u>	<u><u>(2,128,415)</u></u>	<u><u>(10,198,819)</u></u>	<u><u>(9,812,800)</u></u>
Earnings/(loss) per share				
- Basic (sen)	(0.48)	(4.62)	(6.04)	(12.48)

(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 31 DECEMBER 2017**

	AS AT THE END OF THE CURRENT FINANCIAL YEAR 31.12.2017 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2016 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	5,652,635	11,294,657
Investment Properties	393,910	405,675
Intangible Assets	9,788,200	5,148,850
Other Investments	87,480	118,584
Total Non-current assets	<u>15,922,225</u>	<u>16,967,766</u>
Current Assets		
Inventories	2,174,502	5,199,704
Due from Customers on Contract	60,000	533,194
Trade & Other Receivables	7,449,422	9,557,685
Cash and Bank Balances	2,621,776	7,621,118
Total Current Assets	<u>12,305,700</u>	<u>22,911,701</u>
TOTAL ASSETS	<u>28,227,925</u>	<u>39,879,467</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	52,634,454	51,381,400
Reserves	(36,328,390)	(26,961,207)
Shareholders' funds	<u>16,306,064</u>	<u>24,420,193</u>
Non-Controlling Interest	952,305	3,036,995
Total equity	<u>17,258,369</u>	<u>27,457,188</u>
Non-current liabilities		
Borrowings	2,332	11,309
Deferred Tax Liabilities	516,442	1,020,016
Total Non-current liabilities	<u>518,774</u>	<u>1,031,325</u>
Current Liabilities		
Provisions	45,953	90,277
Trade & Other Payables	9,713,904	10,690,750
Borrowings	690,721	609,722
Due to Customers on Contract	205	205
Total Current Liabilities	<u>10,450,782</u>	<u>11,390,954</u>
TOTAL EQUITY AND LIABILITIES	<u>28,227,925</u>	<u>39,879,467</u>

Net Assets per share (RM)

0.16

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 TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Attributable to Owners of the Parent					Fair value adjustment reserve	Distributable Retained earnings/ (accumulated losses)	Share-holders Fund	Non-Controlling Interest	Total Equity
	Non Distributable									
	Share capital	Share premium	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves					
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 year	-	-	-	-	-	-	(6,209,916)	(6,209,916)	(286,373)	(6,496,289)
Available-for-sale financial assets										
- Fair value loss	-	-	-	-	-	(31,104)	-	(31,104)	-	(31,104)
Foreign exchange translation	-	-	(1,873,109)	-	-	-	-	(1,873,109)	161,683	(1,711,426)
Disposal of land and building	-	-	-	-	(1,867,141)	-	1,867,141	-	-	-
Capital repayment from a subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	(1,960,000)	(1,960,000)
Total comprehensive loss for the year	-	-	(1,873,109)	-	(1,867,141)	-	(4,342,775)	(8,114,129)	(2,084,690)	(10,198,819)
Transfer pursuant to Companies Act 2016	1,253,054	(1,253,054)	-	-	-	-	-	-	-	-
At 31 December 2017	52,634,454	-	3,795,170	-	2,932,393	37,356	(43,093,309)	16,306,064	952,305	17,258,369
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
Disposal of subsidiary companies	-	-	-	-	-	-	-	-	(104,433)	(104,433)
Loss for the year	-	-	-	-	-	-	(12,821,835)	(12,821,835)	(807,039)	(13,628,874)
Revaluation on land and building	-	-	-	-	1,279,642	-	-	1,279,642	142,982	1,422,624
Tax relating to revaluation of land and building	-	-	-	-	(63,982)	-	-	(63,982)	(7,149)	(71,131)
Available-for-sale financial assets										
- Fair value gain	-	-	-	-	-	64,152	-	64,152	-	64,152
Foreign exchange translation	-	-	2,226,040	-	-	-	-	2,226,040	174,389	2,400,429
Disposal of land and building	-	-	-	-	(814,402)	-	814,402	-	-	-
Expiry of share issuance scheme	-	-	-	(458,620)	-	-	458,620	-	-	-
Total comprehensive (loss)/income for the year	-	-	2,226,040	(458,620)	401,258	64,152	(11,548,813)	(9,315,983)	(496,817)	(9,812,800)
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

(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 TWELVE (12)-MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Current Year 12 Months Ended 31.12.2017 (Unaudited)	Preceding Year 12 Months Ended 31.12.2016 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,496,289)	(13,628,874)
Adjustments for non-cash flow:-		
Non-cash items	(638,172)	3,341,749
Non-operating items	330,091	(486,238)
Operating loss before changes in working capital	(6,804,369)	(10,773,363)
Net change in current assets	10,482,461	6,331,066
Net change in current liabilities	(4,979,512)	2,658,852
Cash (used in)/generated from operations	(1,301,420)	(1,783,445)
Interest paid	(338,450)	(132,223)
Taxes refunded	15,529	49,646
Taxes paid	(12,070)	(7,165)
Net cash (used in)/generated from operating activities	(1,636,411)	(1,873,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,300)	(3,950)
Purchase of intangible assets	(3,795,412)	(975,482)
Proceeds from disposal of property, plant and equipment	385,500	2,377,508
Net cash (outflow)/inflow from disposal of subsidiaries	-	1,121,383
Interest received	4,470	539,492
Dividend income	3,888	3,888
Net cash (used in)/generated from investing activities	(3,405,853)	3,062,839
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	159,265	-
Net repayment of hire purchase	(118,740)	(221,084)
Net cash (used in)/generated from financing activities	40,525	(221,084)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,001,739)	968,568
Effect of exchange rate changes	(29,100)	2,144,964
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,130,137	4,016,605
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,099,298	7,130,137
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	2,621,776	7,621,118
Bank overdraft	(522,478)	(490,981)
	2,099,298	7,130,137

(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

A7. Dividend paid

There were no dividends paid during the current financial year.

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:												
Individual quarter ended	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	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	2,214	1,108	277	375	-	-	11,890	13,719	-	-	14,381	15,202
Inter-segment	9,424	12,050	27	-	-	-	-	-	(9,451)	(12,050)	-	-
Total revenue	11,638	13,158	304	375	-	-	11,890	13,719	(9,451)	(12,050)	14,381	15,202
Results												
Interest income	-	-	1	-	-	-	-	-	-	-	1	-
Finance costs	16	60	-	-	-	-	-	2	-	-	16	62
Depreciation and amortisation	35	39	10	(7)	-	22	854	134	-	-	899	188
Segment profit/(loss)	991	(7,944)	(721)	(1,508)	-	76	1,057	(3,655)	(2,247)	7,858	(920)	(5,173)
Segment assets	21,300	20,078	6,213	7,102	-	-	12,592	14,260	(11,877)	(1,561)	28,228	39,879
Segment liabilities	(7,184)	(7,812)	(2,983)	(1,734)	-	-	(45,280)	(48,952)	44,477	46,076	(10,970)	(12,422)
Capital expenditure	3	-	-	-	-	-	2,725	350	-	-	2,728	350
Geographical segments:												
	Malaysia				Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	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		2,417	1,308	11,890	13,719	74	175	-	-	-	14,381	15,202
Segment assets		23,612	25,023	12,590	14,248	3,903	2,169	(11,877)	(1,561)	-	28,228	39,879
Capital expenditure		3	-	2,725	350	-	-	-	-	-	2,728	350

NOTES TO THE INTERIM FINANCIAL REPORT

A8. Segmental Reporting (continued)

b. Cumulative quarters

Business segments:												
Cumulative quarters ended	Electronics & System Integration		Security Systems & M&E		Sheet Metal Fabrication		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	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	5,452	5,095	1,785	1,372	-	-	68,086	24,406	-	-	75,323	30,873
Inter-segment	62,110	22,687	30	52	-	-	-	-	(62,140)	(22,739)	-	-
Total revenue	67,562	27,782	1,815	1,424	-	-	68,086	24,406	(62,140)	(22,739)	75,323	30,873
Results												
Interest income	-	539	4	-	-	-	-	-	-	-	4	539
Finance costs	336	89	1	35	-	-	1	12	-	-	338	136
Depreciation and amortisation	139	156	48	72	-	89	984	482	-	-	1,171	799
Segment profit/(loss)	7	(10,708)	(298)	(1,953)	-	(292)	(1,228)	(7,069)	(4,977)	6,393	(6,496)	(13,629)
Segment assets	21,300	20,078	6,213	7,102	-	-	12,592	14,260	(11,877)	(1,561)	28,228	39,879
Segment liabilities	(7,184)	(7,812)	(2,983)	(1,734)	-	-	(45,280)	(48,952)	44,477	46,076	(10,970)	(12,422)
Capital expenditure	4	4	-	-	-	-	5,848	975	-	-	5,852	979
Geographical segments:												
	Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements			
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016		
	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		6,865	5,936	68,086	24,406	372	531	-	-	75,323	30,873	
Segment assets		23,612	25,023	12,590	14,248	3,903	2,169	(11,877)	(1,561)	28,228	39,879	
Capital expenditure		4	4	5,848	975	-	-	-	-	5,852	979	

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

As at 28 February 2018, being the latest practicable date ("LPD") prior to the issue of this quarterly report, there were no material events subsequent to the end of the financial year except for the updates of material litigations as disclosed in note B12.

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.

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 RM9,699,200 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

The Group has no material capital commitments as at 31.12.2017.

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 year 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 31 December 2017 and 31 December 2016 are as follows:

	As at 31.12.2017 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	<u>-</u>	<u>-</u>

- 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):

	Q417 RM	Q416 RM	YTD 17 RM	YTD 16 RM
Interest Income	(1,084)	(254,880)	(4,470)	(539,492)
Other Income	(3,639)	301,843	(80,569)	175,446
Interest expense	16,120	58,422	338,449	132,233
Depreciation and amortisation	834,600	176,557	1,170,671	787,104
Reversal of inventories written down	(56,732)	(69,587)	(56,732)	(69,587)
Reversal of provision for doubtful debts	(1,077,502)	(30,160)	(1,253,285)	(30,160)
Gain on disposal of subsidiaries and equipment	-	(79,607)	-	(79,607)
Reversal of impairment loss:				
- Investment properties	-	(52,880)	-	(52,880)
Realised foreign exchange (gain)/loss	29,924	23,116	(3,359)	(16,697)
Unrealised foreign exchange (gain)/loss	(17,342)	153,799	(189,795)	316,131

- a. Gain or loss on derivatives is not applicable as the Company does not have any derivative financial instrument.

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

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

B1. Review of Performance

- a. Quarter ended 31 December 2017 (4Q17) compared with quarter ended 31 December 2016 (4Q16)

The Group's revenue was lower in 4Q17 (RM14.38 million) compared to 4Q16 (RM15.20 million). This is mainly due to lower revenue in Other Operation segment in 4Q17 (RM11.89 million) compared to 4Q16 (RM13.72 million).

The Group recorded loss before tax of approximately RM0.92 million in 4Q17 compared to RM5.17 million in 4Q16. The lower loss was mainly due to higher gross profit generated in 4Q17 (RM2.51 million) compared to 4Q16 (RM0.95 million) and lower operating expenses in 4Q17 (RM4.87 million) compared to 4Q16 (RM6.46 million).

- b. Current financial year ended 31 December 2017 (12M17) compared with preceding financial year ended 31 December 2016 (12M16)

The Group recorded higher revenue of RM75.32 million for 12M17 compared to RM30.87 million for 12M16, mainly attributable to higher revenue generated in Other Operation segment in 12M17.

The Group recorded lower loss before tax of RM6.50 million in 12M17 compared to RM13.63 million in 12M16 mainly due to higher gross profit and lower operating expenses in 12M17.

B2. Material Changes in the Quarterly Results (4Q17) compared to the Results of the Preceding Quarter (3Q17)

The Group recorded lower revenue of RM14.38 million in 4Q17 compared with RM23.06 million in 3Q17. Loss before tax was RM0.92 million in the current quarter compared to RM0.68 million in 3Q17.

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 year ended 31 December 2017.

B7. Sale of Properties

Other than as disclosed below, there were no other disposal of properties for the financial year ended 31 December 2017:

- a. The Board of Directors of the Company announced that Sukitronics Sdn Bhd ("the Vendor"), a 51% owned subsidiary of the Company has on 20 November 2017 entered into a Sale and Purchase Agreement ("SPA") with GNG Distributors Sdn. Bhd. (679213-U) ("the Purchaser") to dispose a 1½ storey light industrial terrace factory held under Lot No. 62066, GRN 215441 in the District of Petaling, State of Selangor, bearing Unit No. 22, Jalan Pendidik U1/31, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor ("the Property") to the Purchaser for a total consideration of Ringgit Malaysia Five Million and Two Hundred Thousand (RM5,200,000.00).

The Proposed Disposal is expected to result in a loss on disposal of approximately RM0.158 million after taking into consideration the audited net carrying amount of the Property, real estate commission, real property gain tax and professional fees.

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

B8. Status of Corporate Proposals

As at 28 February 2018, 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.

- b. on 29 September 2017, the Board of Directors of Industronics announced that Sukitronics Sdn Bhd ("Sukitronics"), a 51% owned subsidiary of the Company proposes to carry out a capital reduction exercise to reduce its paid-up share capital from RM5,000,000.00 to RM1,000,000.00 by way of returning RM4,000,000.00 which is in excess of the needs of Sukitronics to its shareholders pursuant to Section 117 of the Companies Act, 2016 ("Proposed Capital Reduction Exercise").

Pursuant to the Proposed Capital Reduction Exercise, the Company is expected to receive RM2,040,000.00 from Sukitronics in respect of 2,040,000 ordinary shares held by the Company in Sukitronics upon the completion of the exercise and the same will be utilised as working capital of the Company.

On 20 February 2018, the Company has received RM2,040,000 from Sukitronics in relation to the Capital Reduction Exercise.

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 31 December 2017:-

	RM
a) Secured and unsecured :	
Total secured borrowings	693,052
Total unsecured borrowings	-
Total borrowings	<u>693,052</u>
b) Short Term and Long Term	
Total short-term borrowings	690,721
Total long term borrowings	2,332
Total borrowings	<u>693,052</u>

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. Realised and Unrealised Losses Disclosure

	As at 31.12.2017 RM (unaudited)	As at 31.12.2016 RM (audited)
Total accumulated losses of Industronics Berhad and its subsidiaries:		
- Realised	(81,130,817)	(84,369,089)
- Unrealised	219,750	(286,176)
Less: consolidation adjustments	37,817,758	45,904,731
Total group (accumulated losses)/retained profits as per consolidated accounts	<u>(43,093,309)</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.

On 27 February 2018, SSB has received the outcome on Final Award from the Arbitrator after both parties has settled their fees due to Arbitrator.

The Final Arbitration Award are summarised as follows:

- The claimant shall pay to the respondent the sum of USD 202,277 in full and final settlement.
- The claimant shall pay interest at 5% simple interest per annum on the sum of USD 202,277 from 4 October 2017 until the actual realisation of the said payments.
- The claimant shall bear and pay the respondent's costs in this Arbitration upon a party and party basis.
- The claimant shall pay and bear the costs of the award and if the respondent has already paid the whole or any part of such costs the claimant shall reimburse the respondent accordingly.
- That all other requests and claims of the claimant and respondent are rejected.

B13. Dividend

No dividend has been declared in the current quarter.

B14. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2017	Preceding Year Quarter 31.12.2016	Current Year 31.12.2017	Preceding Year 31.12.2016
Net loss attributable to the owners of the Company for the period	(491,508)	(4,748,742)	(6,209,916)	(12,821,835)
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)	(0.48)	(4.62)	(6.04)	(12.48)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2017	Preceding Year Quarter 31.12.2016	Current Year 31.12.2017	Preceding Year 31.12.2016
Net loss attributable to the owners of the Company for the period	(491,508)	(4,748,742)	(6,209,916)	(12,821,835)
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)	(0.48)	(4.34)	(6.04)	(11.72)

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

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

B15. Authorisation For Issue

The interim financial statements for the twelve (12)-months financial year ended 31 December 2017 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

28 February 2018