

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX (6)-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT QUARTER 30.6.2018	PRECEDING QUARTER 30.6.2017	CURRENT PERIOD 30.6.2018	PRECEDING PERIOD 30.6.2017
	RM	RM	RM	RM
Revenue	13,803,484	20,394,064	26,258,387	37,881,425
Cost of Sales	<u>(10,396,893)</u>	<u>(19,133,630)</u>	<u>(21,278,857)</u>	<u>(35,977,997)</u>
Gross profit	3,406,591	1,260,434	4,979,530	1,903,428
Other Income	17,730	82,607	28,083	129,742
Operating Expenses	(3,651,063)	(3,486,747)	(7,066,481)	(6,839,031)
Finance Costs	<u>(4,171)</u>	<u>(79,743)</u>	<u>(12,765)</u>	<u>(91,708)</u>
Loss before Tax	(230,913)	(2,223,449)	(2,071,632)	(4,897,569)
Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(230,913)</u>	<u>(2,223,449)</u>	<u>(2,071,632)</u>	<u>(4,897,569)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	113,237	(301,436)	(448,570)	(730,893)
	<u>113,237</u>	<u>(301,436)</u>	<u>(448,570)</u>	<u>(730,893)</u>
Total comprehensive (loss)/income for the period	<u>(117,676)</u>	<u>(2,524,885)</u>	<u>(2,520,202)</u>	<u>(5,628,462)</u>
Profit/(loss) Attributable to :				
Owners of the Company	(190,328)	(2,166,148)	(1,849,707)	(4,756,555)
Non-Controlling Interest	<u>(40,585)</u>	<u>(57,301)</u>	<u>(221,925)</u>	<u>(141,014)</u>
Loss for the period	<u>(230,913)</u>	<u>(2,223,449)</u>	<u>(2,071,632)</u>	<u>(4,897,569)</u>
Total Comprehensive (loss)/income Attributable to :				
Owners of the Company	(79,461)	(2,456,714)	(2,284,768)	(5,665,547)
Non-Controlling Interest	<u>(38,215)</u>	<u>(68,171)</u>	<u>(235,434)</u>	<u>37,085</u>
	<u>(117,676)</u>	<u>(2,524,885)</u>	<u>(2,520,202)</u>	<u>(5,628,462)</u>
Earnings/(loss) per share				
- Basic (sen)	(0.19)	(2.11)	(1.80)	(4.63)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 2018**

	AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.6.2018 RM (Unaudited)	AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2017 RM (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	5,582,286	5,652,634
Investment Properties	388,028	393,912
Intangible Assets	8,665,667	9,788,200
Other Investments	87,480	87,480
Total Non-current assets	<u>14,723,460</u>	<u>15,922,226</u>
Current Assets		
Inventories	2,138,819	2,174,502
Due from Customers on Contract	-	60,000
Trade & Other Receivables	4,457,081	7,908,945
Cash and Bank Balances	2,628,718	2,526,492
Total Current Assets	<u>9,224,618</u>	<u>12,669,939</u>
TOTAL ASSETS	<u>23,948,078</u>	<u>28,592,165</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	52,634,456	52,634,454
Reserves	(38,610,814)	(36,326,044)
Shareholders' funds	<u>14,023,642</u>	<u>16,308,410</u>
Non-Controlling Interest	661,677	897,111
Total equity	<u>14,685,319</u>	<u>17,205,521</u>
Non-current liabilities		
Borrowings	-	2,332
Deferred Tax Liabilities	516,441	516,441
Total Non-current liabilities	<u>516,441</u>	<u>518,773</u>
Current Liabilities		
Provisions	45,953	45,953
Trade & Other Payables	8,543,448	10,230,993
Borrowings	156,892	590,720
Tax Payables	25	-
Due to Customers on Contract	-	205
Total Current Liabilities	<u>8,746,318</u>	<u>10,867,871</u>
TOTAL EQUITY AND LIABILITIES	<u>23,948,078</u>	<u>28,592,165</u>

Net Assets per share (RM)

0.14

0.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 2018**

	<----- Attributable to Owners of the Parent ----->						Distributable			
	<-----Non Distributable----->						Retained earnings/ (accumulated losses)	Share- holders Fund	Non-Controlling Interest	Total Equity
	Share capital	Share premium	Foreign currency reserve	Share issuance scheme reserve	Revaluation reserves	Fair value adjustment reserve				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2017	52,634,454	-	3,791,043	-	2,932,394	37,356	(43,086,837)	16,308,410	897,111	17,205,521
Loss for the year	-	-	-	-	-	-	(1,849,707)	(1,849,707)	(221,925)	(2,071,632)
Foreign exchange translation	-	-	(435,061)	-	-	-	-	(435,061)	(13,509)	(448,570)
Total comprehensive loss for the year	-	-	(435,061)	-	-	-	(1,849,707)	(2,284,768)	(235,434)	(2,520,202)
At 30 June 2018	52,634,454	-	3,355,982	-	2,932,394	37,356	(44,936,544)	14,023,642	661,677	14,685,319
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	-	-	-	-	-	-	(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)/income for the year	-	-	(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

(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 2017 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 2018**

	Current Period 6 Months Ended 30.6.2018 (Unaudited)	Preceding Period 6 Months Ended 30.6.2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,071,632)	(4,897,569)
Adjustments for non-cash flow:-		
Non-cash items	813,483	(248,867)
Non-operating items	10,153	20,991
Operating loss before changes in working capital	(1,247,996)	(5,125,445)
Net change in current assets	3,345,445	1,086,682
Net change in current liabilities	(1,720,113)	(183,793)
Cash (used in)/generated from operations	377,336	(4,222,556)
Interest paid	(12,765)	(23,294)
Taxes refunded	255,677	15,529
Taxes paid	(24,968)	(4,096)
Net cash (used in)/generated from operating activities	595,281	(4,234,417)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(48,845)	(648)
Purchase of intangible assets	-	(385,070)
Proceeds from disposal of property, plant and equipment	14,000	21,500
Interest received	2,612	2,303
Net cash (used in)/generated from investing activities	(32,233)	(361,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(159,265)	-
Net repayment of hire purchase	(4,419)	(109,834)
Net cash (used in)/generated from financing activities	(163,684)	(109,834)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	399,363	(4,706,166)
Effect of exchange rate changes	(24,662)	(33,345)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,104,014	7,130,137
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,478,716	2,390,626
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	2,628,718	3,238,584
Bank overdraft	(150,002)	(847,958)
	2,478,716	2,390,626

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 2018 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 2017. 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 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2017 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 2018:-

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarification to MFRS 15
Amendments to MFRS 2	Share-based Payment - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	Investment Property - Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	
- Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128	Investment in Associates and Joint Ventures

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 2017 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 2018.

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 2018.

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 2018.

A7. Dividend paid

There were no dividends paid during the current financial period.

NOTES TO THE INTERIM FINANCIAL REPORT

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 provision of mobile entertainment services, trading of precision instruments, development of IT applications and general trading

Geographical Segments

- Malaysia - All main businesses disclosed in primary reporting format-business segments, except for other operations business segment
- Hong Kong - Provision of mobile entertainment services, trading of precision instruments, development of IT applications and general trading
- Singapore - Trading, maintenance and supply of industrial electrical equipment

A8. a. Individual quarter

Business segments:											
		Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
Individual quarter ended		30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue											
External customers		1,552	1,632	340	352	11,911	18,410	-	-	13,803	20,394
Inter-segment		9,758	18,593	3	1	-	-	(9,761)	(18,594)	-	-
Total revenue		11,310	20,225	666	353	11,911	18,410	(9,761)	(18,594)	13,803	20,394
Results											
Interest income		-	-	-	2	-	-	-	-	-	2
Finance costs		4	79	-	1	-	-	-	-	4	80
Depreciation and amortisation		36	35	4	13	537	64	-	-	577	112
Segment profit/(loss)		(1,519)	(1,246)	9	(84)	946	(894)	333	-	(231)	(2,224)
Segment assets		17,728	24,311	1,360	6,933	11,401	15,122	(6,541)	(12,080)	23,948	34,286
Segment liabilities		(5,986)	(12,755)	(978)	(1,707)	(43,496)	(50,265)	41,197	52,269	(9,263)	(12,458)
Capital expenditure		43	1	-	-	-	(279)	-	-	43	(278)
Geographical segments:											
		Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements	
		30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017
		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		1,275	2,057	11,911	18,410	617	(73)	-	-	13,803	20,394
Segment assets		15,701	25,952	11,401	15,117	3,387	5,297	(6,541)	(12,080)	23,948	34,286
Capital expenditure		43	1	-	(279)	-	-	-	-	43	(278)

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

A8. Segmental Reporting (continued)

b. Cumulative quarters

Business segments:											
		Electronics & System Integration		Security Systems & M&E		Other Operations		Adjustments and Eliminations		Per consolidated Financial Statements	
Cumulative quarters ended		30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue											
External customers		2,726	2,191	663	668	22,869	35,022	-	-	26,258	37,881
Inter-segment		20,061	37,789	3	2	-	-	(20,064)	(37,791)	-	-
Total revenue		22,787	39,980	666	670	22,869	35,022	(20,064)	(37,791)	26,258	37,881
Results											
Interest income		-	-	1	2	-	-	-	-	1	2
Finance costs		12	90	-	1	-	1	-	-	12	92
Depreciation and amortisation		70	70	4	26	1,084	130	-	-	1,158	226
Segment profit/(loss)		(2,312)	(2,639)	(378)	(230)	246	(2,029)	372	-	(2,072)	(4,898)
Segment assets		17,728	24,311	1,360	6,933	11,401	15,122	(6,541)	(12,080)	23,948	34,286
Segment liabilities		(5,986)	(12,755)	(978)	(1,707)	(43,496)	(50,265)	41,197	52,269	(9,263)	(12,458)
Capital expenditure		49	1	-	-	-	385	-	-	49	386
Geographical segments:											
		Malaysia		Hong Kong		Singapore		Adjustments and eliminations		Per consolidated financial statements	
		30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017
		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		2,253	2,847	22,869	35,022	1,136	12	-	-	26,258	37,881
Segment assets		15,701	25,952	11,401	15,117	3,387	5,297	(6,541)	(12,080)	23,948	34,286
Capital expenditure		49	1	-	385	-	-	-	-	49	386

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 27 August 2018, being the latest practicable date ("LPD") prior to the issue of this quarterly report, material events subsequent to the end of the financial period at 30 June 2018 are as follows:

- The Board of Directors of Industronics Berhad announced that the Company had, on 10 August 2018 entered into a Share Sale Agreement with LOW KWAI SOON (IC No. 570712-08-6135, a Malaysian citizen of full age and residing at Pangsapuri Seri Jati, Block J06-07-13, Jalan Setia Gemilang U13/45C, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan ("the Purchaser") for the disposal of its entire shareholding of 510,000 ordinary shares representing 51% of the total number of shares issued in Sukitronics Sdn. Bhd. to the Purchaser for a total consideration of RM5,100.00
- The Board of Directors of Industronics Berhad announced that the Company had on 14 August 2018 entered into a Share Sale Agreement with Mr Pang Jiye (China Passport No.: E24832554), a Chinese citizen of full age ("The Purchaser") for the disposal of its entire shareholdings of 70,000 ordinary shares representing 70% of the total number of shares issued in Industrial Electronics Pte Ltd to the Purchaser for a total consideration of SGD370,760.00.

NOTES TO THE INTERIM FINANCIAL REPORT

A11. Effect of Changes in the Composition of the Group

Other than as disclosed below, 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:

- a. On 14 March 2018, the Company has incorporated a wholly-owned subsidiary in Malaysia known as Great Voyage Berhad ("GVB") with share capital of RM2 comprising of 2 ordinary shares. The intended activities of GVB are provision of trading, services and management of automobile and related services.

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 2017.

A13. Intangible Assets

Intangible assets includes an amount of RM8,576,667 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 30 June 2018.

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. Profit/(loss) Before Taxation

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

	Q218 RM	Q217 RM	YTD 18 RM	YTD 17 RM
Interest Income	(1,530)	(1,109)	(2,612)	(2,303)
Other Income	(2,775)	(60,375)	(12,047)	(78,009)
Interest expense	4,171	79,742	12,765	91,708
Depreciation and amortisation	574,199	111,476	1,157,867	225,749
(Gain)/Loss on disposal of property, plant and equipment	(13,424)	(6,440)	(13,424)	(20,008)
Realised foreign exchange (gain)/loss	2,936	(14,683)	7,839	(29,422)
Unrealised foreign exchange (gain)/loss	(7,510)	5,232	28,442	14,866

- 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 2018 (2Q18) compared with quarter ended 30 June 2017 (2Q17)

The Group's revenue was lower in 2Q18 (RM13.80 million) compared to 2Q17 (RM20.39 million). This is mainly due to lower revenue in Other Operation segment in 2Q18 (RM11.91 million) compared to 2Q17 (RM18.41 million).

The Group recorded loss before tax of approximately RM0.23 million in 2Q18 compared to RM2.22 million in 2Q17. The lower loss was mainly due to higher gross profit generated in 2Q18 (RM3.41 million) compared to 2Q17 (RM1.26 million).

- b. Current financial period ended 30 June 2018 (6M18) compared with preceding financial period ended 30 June 2017 (6M17)

The Group recorded lower revenue of RM26.26 million for 6M18 compared to RM37.88 million for 6M17, mainly attributable to lower revenue generated in Other Operation segment in 6M18.

The Group recorded lower loss before tax of RM2.07 million in 6M18 compared to RM4.90 million in 6M17 mainly due to higher gross profit generated in 6M18.

B2. Material Changes in the Quarterly Results (2Q18) compared to the Results of the Preceding Quarter (1Q18)

The Group recorded higher revenue of RM13.80 million in 2Q18 compared with RM12.45 million in 1Q18. Loss before tax was RM0.23 million in the current quarter compared to RM1.84 million in 1Q18.

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 2018.

B7. Sale of Properties

There was no disposal of property for the financial period ended 30 June 2018.

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

B8. Status of Corporate Proposals

As at 27 August 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 30 June 2018:-

	RM
a) Secured and unsecured :	
Total secured borrowings	156,892
Total unsecured borrowings	-
Total borrowings	<u>156,892</u>
b) Short Term and Long Term	
Total short-term borrowings	156,892
Total long term borrowings	-
Total borrowings	<u>156,892</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.

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

B11. 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:

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

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

- a. The respondent to submit its final submission complete with authorities on or before 13 February 2017.
- b. 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:

- a. The claimant shall pay to the respondent the sum of USD 202,277 in full and final settlement.
- b. 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.
- c. The claimant shall bear and pay the respondent's costs in this Arbitration upon a party and party basis.
- d. 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.
- e. That all other requests and claims of the claimant and respondent are rejected.

B12. Dividend

No dividend has been declared in the current quarter.

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

B13. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current	Preceding	Current	Preceding
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Net loss attributable to the owners of the Company for the period	(190,328)	(2,166,148)	(1,849,707)	(4,756,555)
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)	(0.19)	(2.11)	(1.80)	(4.63)

b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current	Preceding	Current	Preceding
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Net loss attributable to the owners of the Company for the period	(190,328)	(2,166,148)	(1,849,707)	(4,756,555)
Weighted average no. of ordinary shares in issue	102,762,800	102,762,800	102,762,800	102,762,800
Diluted loss per share (sen)	(0.19)	(2.11)	(1.80)	(4.63)

B15. Authorisation For Issue

The interim financial statements for the six (6)-months financial period ended 30 June 2018 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD
INDUSTRONICS BERHAD

27 August 2018