9. FINANCIAL INFORMATION

9.1 Historical Financial Information

The following is a summary of the proforma consolidated results of MGB for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and are provided for illustration purposes based on the audited financial statements of the subsidiaries of MGB, prepared on the assumption that the existing group structure of MGB had been in existence throughout the financial years under review:

	<--------------	--------------Years ended 31 December	------------>		
	1999 RM'000	**2000 RM'000**	**2001 RM'000**	**2002 RM'000**	**2003 RM'000**
Revenue	55,523	82,399	50,307	130,014	131,997
Consolidated EBITDA	7,654	9,581	7,189	9,084	7,975
Finance income	75	184	154	236	200
Finance cost	(51)	(20)	(194)	(141)	(188)
Depreciation	(153)	(198)	(597)	(674)	(707)
Consolidated PBT	7,525	9,547	6,552	8,505	7,280
Taxation	(103)	(2,677)	(1,619)	(1,173)	(3,806)
Consolidated PAT	7,422	6,870	4,933	7,332	3,474
No. of ordinary shares in issue *('000)	212,540	212,540	212,540	212,540	212,540
Gross EPS# (sen)	3.54	4.49	3.08	4.00	3.43
Net EPS# (sen)	3.49	3.23	2.32	3.45	1.63
Net dividend rate@ (%)	-	3.29	-	-	2.32

Commentary:

* *Based on the number of MGB Shares in issue after the Acquisition but before the Public Issue.*

\# *The gross and net EPS have been calculated by dividing PBT and PAT respectively for the financial years by the number of MGB shares in issue.*

@ *Calculated based on the number of MGB Shares in issue after the Acquisition but before the Public Issue.*

1. *There are no amortisation, exceptional or extraordinary items, share of profits from associated company and joint venture, and minority interest during the financial years under review.*
2. *Year 2002 figures have been restated in compliance with the adoption of MASB 25 – Income Taxes, which became effective from 1 January 2003.*
3. *Included in the tax charge for financial year ended 31 December 2003 is an under provision for prior years amounting to approximately RM1,499,000.*

Further details on the Group's historical performance are set out in Section 11 of this Prospectus.

9.2 Segmental Analysis of Financial Information

The substantial increase in revenue of the Group for the financial year ended 31 December 1999 was contributed by the completion of Ministry of Health Y2K compliance project worth RM26 million and the substantial completion of the Putrajaya Prime Minister Office / Residence / Department projects, of which RM15 million had been recognised during the year. Maintenance services income increased due to the Y2K compliance project worth RM2.3 million.

Revenue increased for the financial year ended 31 December 2000 due to recognition of revenue from three (3) major projects, namely Ministry of Health Y2K upgrade (RM16 million), Putrajaya Parcel C and D (RM13 million) and Pandan Hospital (RM35 million). Major projects executed during the year had a lower gross profit margin compared to the completed projects of the previous year, resulting in a decline in gross profit margin of the Group in 2000.

A slowdown in the progress of projects in 2001 caused a decrease in revenue. For example, the delay by the main contractor to approve the certificate for completed works for the Berjaya Star City project resulted in a decline in total revenue for the year.

In 2002, revenue of the Group increased substantially mainly due to recognition of revenue from supply of computer equipment awarded by the Ministry of Education, with contract value of RM78 million. However, due to a lower margin for this project, overall gross profit margin for the year decreased.

In 2003, revenue of the Group increased further mainly due to the recognition of revenue from the six (6) major projects, namely Pandan Hospital (RM13 million), Alor Setar Hospital (totalling RM27 million) ASRS TUDM Subang (RM20 million), Parcel E ISMS Putrajaya (totalling RM16 million), Putrajaya Convention Centre (totalling RM5 million), Palace of Justice at Putrajaya (totalling RM4 million). Major projects undertaken during the year had a relatively higher gross profit margin compared to the projects completed in the previous year, resulting in an improved gross profit margin of the Group in 2003.

9.3 Factors Affecting Financial Performance, Position and Operations of the Group

Save as disclosed in Sections 3 and 9.2 of this Prospectus, the financial performance, position and operations of the Group are not materially affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to have a material favourable or unfavourable impact on financial performance, position and operations of the Group;

(ii) Material commitments for capital expenditure;

(iii) Unusual or infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group; and

(iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical statements not indicative of future financial performance and position.

In 2002, revenue of the Group increased substantially mainly due to recognition of revenue from supply of computer equipment awarded by the Ministry of Education, with contract value of RM78 million.

9.4 Working Capital, Borrowings, Material Litigations, Contingent Liabilities and Material Capital Commitments

(i) Working Capital

The Directors of the Company are of the opinion that after taking into account the cashflow position including the proceeds from the Public Issue and the banking facilities available, the MGB Group will have adequate working capital for its present and foreseeable requirements, and in any case for a period of twelve (12) months after the date of issuance of this Prospectus.

(ii) Borrowings

As at 31 March 2004, the total bank borrowings of the Group comprising term loans and other trade facilities, all of which are domestic borrowings and are interest bearing, are as follows:

	Payable within 12 months RM'000	**Payable after 12 months RM'000**	**Total RM'000**
Overdraft, bankers' acceptances and trust receipts	10,099	-	10,099
Term loan	126	1,776	1,902
	10,225	1,776	12,001

The Board of MGB is of the opinion that, there are no unusual or onerous covenants in nature imposed under the borrowing facilities against the Group.

Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date.

There have been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 31 December 2003 or the subsequent financial period thereof, immediately preceding the date of this Prospectus.

(iii) Material Litigation

Save for a claim made by MESB against its customer in respect of non-settlement of third party payment for the provision of BAS control system, as at 31 March 2004, neither MGB nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries. Details of the material litigation are disclosed in Section 13.4 of this Prospectus.

(iv) ***Contingent Liabilities***

Save as disclosed below, as at 31 March 2004, the Directors of MGB are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM'000
Performance guarantee extended to third party (secured)	2,937

The Company is in the midst of withdrawing the above performance guarantee.

(v) ***Material Capital Commitments***

Save as disclosed below, as at 31 March 2004, the Group has not contracted any capital commitments, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM'000
Approved and contracted for:	
- Investment in unquoted shares*, outside Malaysia	798

* *MESB had, on 7 March 2003, entered into a Memorandum of Understanding with Infocon Holdings (S) Pte Ltd ("ISPL") whereby MESB agreed to purchase 51% of shares in Infocon (Beijing) Environment Control Technology Company Limited ("IBEC"), a subsidiary of ISPL. MESB and ISPL agreed to maintain their respective shareholding for a minimum period of three (3) years from the date of the agreement. The 51% shares are valued at USD300,000. The parties had on 5 July 2003 agreed to extend the validity period of the MOU to 30 April 2004. As at 31 March 2004, MESB has paid a deposit of RM342,000 and the Memorandum of Understanding is pending completion.*

Subsequent to 31 March 2004, MESB had entered into a Sale and Purchase Agreement on 12 April 2004 with MHP to acquire land and building for RM2,600,000. MESB had to date paid RM260,000 being deposit and part payment of the purchase consideration. Under the agreement, MESB has 90 days from the date where a copy of the developer's consent for the assignment of the vendor's rights, title, interest and benefits in the property to the purchaser (as the individual title has not yet been issued) is received by MESB's solicitors, to pay the balance purchase consideration of RM2,340,000.

9.5 Trade Debts

The management of the Group monitors the status of trade receivables on a monthly basis by following up with debts which have exceeded the credit periods granted by the Group. In the event that the management is concerned about the recoverability of any long outstanding debt balances, it may decide to cease work on the affected project(s) until a decisive solution is given by the customers. The management may also initiate litigation to recover overdue debts if necessary.

Generally, full provision for doubtful debts will be made for all trading, service and maintenance debts which have been outstanding for more than 90 days, contract debtors which have been outstanding for 365 days and those debts which are under litigation. Where the outstanding debts are related to agreed retention sum or final sum for completed projects which are under defect liability period and have exceeded the normal credit period, no provision is required as the management strongly believes that these debts will eventually be settled.

Although there is no assurance that the MGB Group will be able to collect all trade debts due from its customers on time, the Group seeks to limit this risk through implementation of internal policy involving the assessment of credit worthiness of potential customers before granting the credit terms.

Based on the audited financial statements of MGB Group as at 31 December 2003, the ageing analysis of the trade receivables is as follows:

	0 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	Over 90 days RM'000	Total RM'000
Trade receivables	50,639	5,504	4,226	14,585	74,954
Less: Allowance for doubtful debts	-	-	-	(3,159)	(3,159)
	50,639	5,504	4,226	11,426	71,795

Out of the trade receivables which have been outstanding for more than 90 days as at 31 December 2003:

(i) the Group has since collected approximately RM10,209,000 up to 12 April 2004;

(ii) legal action has been initiated to recover an outstanding trade debt of approximately RM939,000. However, no provision for doubtful debt in respect of this amount has been made as the legal adviser of the Group is of the opinion that the Group has a good chance of succeeding; and

(iii) the remaining trade debts of approximately RM278,000 are related to agreed final contract sums and/or retention sums. These amounts are usually recoverable after one (1) to two (2) years upon expiry of the defect liability period. The management is confident that these amounts are collectible.

9.6 Consolidated Profit Forecast and Assumptions

The Directors of MGB forecast that the consolidated PBT and PAT of MGB for the financial year ending 31 December 2004 will be as follows:

Year ending 31 December 2004	**RM'000**
Consolidated PBT	10,362
Taxation	(2,902)
Consolidated PAT	7,460
Pre-acquisition profits*	(1,590)
Consolidated PAT attributable to shareholders of MGB	5,870
Enlarged number of MGB Shares assumed in issue ('000)	283,540
Net EPS (sen)	2.6
Prospective PE multiple#	8.0

Notes:

* *The pre-acquisition profit relates to profits generated during the period from 1 January 2004 to 18 March 2004, being the date of completion of the Acquisition.*

\# *Based on the issue price of 21 sen per Share and consolidated PAT before pre-acquisition profit*

The principal bases and assumptions upon which the consolidated profit forecast have been made are as follows:

Specific Assumptions

Metronic Global Berhad ("MGB")

1. The principal activity of MGB is investment holding. The directors do not expect any change in the nature of this principal activity.

Metronic Engineering Sdn. Bhd. ("MESB")

1. Registration of MESB under the Pusat Khidmat Kontraktor ("PKK") Kelas A, Ministry of Finance and Construction Industry Development Board Malaysia ("CIDB") will continue to be renewed when these licences expire. There will be no changes or difficulties in the registration of MESB as a contractor for its customers that will hinder the completion of existing projects or the acceptance of planned projects.

2. There will be no significant changes to the distributorship rights of MESB for the Nexwatch and Invensys line of products and such rights will continue to be maintained.

3. MESB forecasts that contract works will contribute more than 95% to its total revenue. The number of secured contracts, percentage of completion for jobs in progress, revenue and profits recognized and the gross profit margins are as detailed below:

	Year ending 31.12.2004		
	Due for completion	**In progress**	**Total**
Number of secured projects	24	13	37
Percentage of completion	100%	50% - 80%	-
Revenue to be recognized (RM'000)	80,718	67,873	148,591
Profits to be recognized (RM'000)	5,960	12,682	18,642
GP margin	6% - 37%	4% - 30%	-

Projects which will be completed in 2004 include:

Project Name	**Type of projects**
Tentera Udara Diraja Malaysia (MATRA II)	ASRS*
Pandan Hospital	M & E**
Parcel E, Putrajaya	ISMS***

* ASRS – Automatic Storage & Retrieval System
** M&E – Mechanical & Engineering Services
*** ISMS – Integrated Security Management System

4. For existing and secured contracts, MESB does not expect any delay in the completion of these projects which will affect the timing of their revenue and profit recognition.

5. Gross profit margins for significant contract projects will be approximately 10% to 30% based on the nature/size/specialty/competitiveness of each project and are not expected to vary significantly from that currently expected.

6. Projects under tenders are not forecasted to generate any revenue.

7. MESB expects to secure and retain maintenance agreements for its completed projects after the expiry of the warranty period for these projects. The warranty period for projects range from 1 to 2 years. MESB does not expect any delay in the completion and handing over of their projects to customers which will result in a delay in securing maintenance agreements. The maintenance fees will be approximately 5% of the projects' contract values. Gross profit margins of maintenance fees will be approximately 75%.

8. Depreciation is calculated based on the cost of property, plant and equipment as at year-end, adjusted for any significant purchases or disposal during the year.

9. Other operating expenses are expected to increase by approximately 5% each year.

10. MESB expects the major capital commitments to be as follows:

Nature	Amount RM'000
Investment in subsidiary company	600
Land and building	2,563
Furniture, fittings and equipment	750
Renovation	300
Motor vehicles	100

11. MESB assumes there will be no share of profit or loss arising from its investment in a subsidiary company, Infocon (Beijing) Environment Control Technology Company Limited.

12. Allowance for impairment of inventories will be approximately 10% of inventories' value at year-end.

13. General and specific allowance for doubtful debts for each year, in aggregate, will be approximately 5% of gross trade receivables as at year-end.

14. MESB does not expect any significant bad debts that would have to be written off.

15. The effective tax rate is expected to be 28% of MESB's profit before tax.

Metronic Integrated System Sdn. Bhd. ("MISSB")

1. The financial results of MISSB are immaterial to the Group's results. MESB does not expect any changes in the results of MISSB to affect significantly the overall results of the Group.

General Assumptions

1. There will be no significant changes in the prevailing local, regional and global economic, political and market conditions that will adversely affect the activities and performance of the Group.

2. There will be no significant changes in the present legislation or Government regulations, rates and duties, levies and taxes, which will adversely affect the operations of the Group or the market in which it operates.

3. There will be no significant changes in the present inflation rate and exchange rates of foreign currencies against Ringgit Malaysia.

4. There will be no significant changes in the principal activities and operations of the Group.

5. There will be no significant changes in the Group's existing organizational structure and management, accounting and operational policies.

6. Founders, senior management and key engineering personnel of the Group will continue to remain in full employment with the Group. The Group will be able to attract, train and retain qualified engineering, marketing and managerial personnel to expand operations, as planned.

7. Existing financing facilities will remain available to the Group and interest rates will not change significantly from those presently prevailing. The Group will be able to secure sufficient financing facilities for working capital purposes, if necessary. Any external borrowings of the Group will be repaid as and when they are due.

8. There will be no significant changes in the rates and bases of taxation. The statutory corporate tax rate is assumed to be at 28%.

9. There will not be any legal proceedings against the Company or its subsidiaries which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the position or operations of the Group.

10. There will be no significant new projects other than those planned throughout the forecasted period.

11. All secured projects identified in the forecast will commence and be completed as planned.

12. There will be no major breakdown of or disruption to the Group's operating activities, industrial disputes, disruption in the supplies of materials, labour or any other abnormal factors both domestic and overseas, which will adversely affect the Group's operations.

13. There will be no disruption in supplies by any major suppliers.

14. There will be no significant changes in the prices of major materials, labour and other major operating costs.

15. There will be no acquisition of subsidiary companies other than those planned and those subsidiary companies acquired as planned will remain in operation throughout the forecasted period.

16. Capital expenditure programmes will be implemented on schedule and there will be no material acquisitions or disposals of property, plant and equipment other than those planned. Depreciation rates of property, plant and equipment will not differ from those currently applied.

17. Staff costs and other operating expenses will not differ significantly from those forecasted. Annual increments for salaries of the Group's employees have also been accounted for as part of the annual 5% inflationary increase in staff costs.

18. All existing agreements and contracts from the existing customers will not be terminated at dates earlier than specified in the terms and conditions of those agreements and contracts.

19. Licensed software from third parties will continue to be supported and maintained.

9.7 Reporting Accountants' Letter on the Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)

ERNST & YOUNG
AF: 0039

Chartered Accountants
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22 April 2004

The Board of Directors
Metronic Global Berhad
650, Block A, Kelana Centre Point
No. 3, Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

METRONIC GLOBAL BERHAD
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2004

We have reviewed the forecast of the consolidated profit after taxation of Metronic Global Berhad ("MGB" or "the Company") and its subsidiaries ("the Group") for the year ending 31 December 2004 as set out in Section 9.6 of the Prospectus to be dated 30 April 2004, in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecast has been prepared in connection with the proposed public issue of 71,000,000 new ordinary shares at an issue price of RM0.21 per ordinary share representing approximately 25% of the enlarged issued and paid-up share capital of the Company. The proposed public issue will be undertaken for the purpose of the proposed listing of the Company on the MESDAQ market of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Proposed Listing").

MGB was incorporated on 22 October 2003. On 17 March 2004, the Company entered into a Share Sale Agreement for the acquisition of 3,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of MESB from Metronic Corporation Sdn. Bhd. The transaction was completed on 18 March 2004 and effective from that date, the Company became the new holding company of MESB. On 22 March 2004, MESB transferred to the Company the entire equity interest in its wholly-owned subsidiary, Metronic Integrated System Sdn. Bhd. ("MISSB"), at book value for cash. MESB and MISSB, together with MGB, will be collectively known as MGB Group or the Group.

ERNST & YOUNG
AF: 0039

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22 April 2004

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the directors as set out in Section 9.6 of the Prospectus and is presented on a basis consistent with the accounting policies adopted and disclosed by MGB, MESB and MISSB in their audited financial statements for the period/year ended 31 December 2003. The directors of Metronic Global Berhad are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future-oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

The directors of MGB have prepared the consolidated profit forecast based on a set of assumptions made by the directors, which include significant assumptions about future events and outlook that may not necessarily occur.

In particular, the profit forecast is substantially dependent on the achievability of the Specific Assumptions together with the General Assumptions set out in the accompanying statement. The Specific Assumptions are based on the directors' plans for the Group, some of which have not crystallised or are still in their initial stage of implementation.

Future results will be materially affected should the actual events differ from these Specific Assumptions, or if the plans do not crystallise into actual events, or due to changes in economic climate and other circumstance, and for these reasons, the actual results may vary considerably from the profit forecast.

Subject to the matters stated in the preceding paragraphs:

(a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in Section 9.6 of the Prospectus, do not provide a reasonable basis for the preparation of the forecast of the consolidated profit after taxation; and

(b) in our opinion, the forecast of the consolidated profit after taxation, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in the audited financial statements of MGB, MESB and MISSB for the period/year ended 31 December 2003.

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The accompanying forecast and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposal. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

Ernst & Young

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/05(J)
Partner

Kuala Lumpur, Malaysia

9.8 Directors' Analysis of Profit Forecast

For the financial year ending 31 December 2004, the Group is forecasted to register an increase in revenue of 24.7% to RM154.5 million. The Directors forecast that revenue will continue to be derived mainly from the Group's core activities. The Group anticipates to commence on new projects during the year in respect of installation and commissioning of ISMS for the government buildings at Putrajaya, with a combined contract value of RM19.5 million. The Group will also undertake projects, supplying IBMS to hospitals, which are anticipated to commence and be fully completed during the year. At the same time, MESB is forecasted to continue with other existing major projects such as the e-Project management of mechanical and electrical services at the Alor Setar Hospital in Kedah, Pandan Hospital in Johor Bahru and installation and commissioning of Automatic Storage and Retrieval System at MATRA II in Subang TUDM, generating a combined revenue of approximately RM80 million during the year. The design and supply of ISMS for government buildings at Putrajaya, most of which are forecasted to be completed in 2004, will contribute approximately RM53.1 million to group revenue. Consequently, PBT of the Group is forecasted to increase from RM8.2 million achieved in the previous year to RM10.4 million for the financial year ending 31 December 2004 mainly as a result of higher revenue and improved margins.

The Directors have reviewed the consolidated profit forecast of MGB for the financial year ending 31 December 2004 based on the assumptions referred to in Section 9.6 of this Prospectus. The Directors are of the opinion, after due and careful enquiry, that the consolidated profit forecast of MGB is fair and reasonable in light of the prospects of the ICT industry in which it operates and the future plans, strategies and prospects of Group as set out in Section 4.8 of this Prospectus. Due to the inherent uncertainties of the consolidated profit forecast and as events and circumstances frequently do not occur as expected, there can be no assurance that the consolidated profit forecast contained herein will be realised and actual results may be materially different from the forecast.

9.9 Sensitivity Analysis

The following sensitivity analysis is prepared based on the forecast assumptions as set out in Section 9.6 of this Prospectus and attempts to show the impact on the forecast consolidated profits assuming all other things remain unchanged except for 5% and 10% upward and downward variations in the selling price and project cost. Notwithstanding the impact of the variations in revenue and project cost, there may exist other factors which have not been taken into account, which variations may have a significant impact, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows:

(a) Variation in selling price

	PBT RM'000	PAT RM'000
Financial year ending 31 December 2004		
As forecasted	10,362	7,460
Increase by 5%	18,085	13,021
Increase by 10%	25,809	18,582
Decrease by 5%	2,639	1,900
Decrease by 10%	(5,085)	(5,085)

(b) Variation in project cost

	PBT RM'000	PAT RM'000
Financial year ending 31 December 2004		
As forecasted	10,362	7,460
Increase by 5%	3,710	2,671
Increase by 10%	(2,943)	(2,943)
Decrease by 5%	17,014	12,250
Decrease by 10%	23,667	17,040

The Directors have assessed the sensitivity of the profit forecast of the MGB Group taking into consideration the fluctuation in major variables as mentioned above. The Directors are of the view that the sensitivity analysis on the Group's profit forecast is fair and reasonable.

9.10 Dividend Forecast

Based on the profit forecast for the financial year ending 31 December 2004, the Directors of MGB anticipate that the Company will be in a position to propose a dividend rate of 5% less tax for the financial year ending 31 December 2004, based on the enlarged share capital of the Company of 283,540,000 Shares.

The intended appropriation of the forecast consolidated PBT for the financial year ending 31 December 2004 will be as follows:

Year ending 31 December 2004	**RM'000**
Consolidated PBT	10,362
Less: Taxation	(2,902)
Consolidated PAT	7,460
Less: Pre-acquisition profits*	(1,590)
Profit attributable to shareholders	5,870
Less: Proposed dividend of 5% less taxation	(1,021)
Profit attributable to shareholders	4,849
Enlarged issued and paid-up share capital ('000)	283,540
Net EPS (sen)	2.6
Gross dividend per Share (%)	5.0
Net dividend per Share (%)	3.6
Net dividend yield based on the issue price of 21 sen per Share (%)	1.7
Net dividend cover (times)[#]	7.3

9. FINANCIAL INFORMATION *(Cont'd)*

Notes:

* *The pre-acquisition profit relates to profit generated during the period from 1 January 2004 to 18 March 2004 being the date of completion of the Acquisition.*

\# *Based on PAT but before pre-acquisition profit*

The declaration, amount and payment of dividend are subject to the approval of the Board of MGB. MGB will endeavour to pay reasonable dividends to allow shareholders to participate in the profits of the Group whilst ensuring that there are adequate reserves for the future growth of the Group. Any variation from the dividend forecast would depend on the Group's financial performance, financial condition and other factors deemed relevant by the Board of MGB.

Future dividends may be waived in the event of the following circumstances:

(a) insufficient retained profits to declare as dividends;
(b) insufficient tax credits to frank its dividends; or
(c) insufficient cashflow to pay dividends.

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9.11 Proforma Consolidated Balance Sheets

Set out below are the detailed proforma consolidated balance sheets of the MGB Group, for which the Directors of MGB are responsible, which have been prepared by consolidating the audited financial statements of MGB, MESB and MISSB as at 31 December 2003 as if these companies constitute a group as at that date. The proforma consolidated balance sheets of the MGB Group should be read in conjunction with the notes thereto.

	Audited as at 31 December 2003 RM'000	Proforma I After Acquisition of MESB and MISSB RM'000	Proforma II After Public Issue RM'000	Proforma III After Utilisation of Proceeds RM'000
Non Current Assets				
Property, plant and equipment	-	6,278	6,278	8,878
Other investments	-	139	139	139
Deferred tax assets	-	970	970	970
	-	7,387	7,387	9,987
Current Assets				
Inventories	-	2,827	2,827	2,827
Trade receivables	-	71,795	71,795	71,795
Other receivables, deposits and prepayments	369	1,240	1,240	1,240
Fixed deposits	-	8,824	8,824	8,824
Cash and bank balances	*-	2,085	16,995	8,195
	369	86,771	101,681	92,881
Current Liabilities				
Trade payables	-	41,728	41,728	41,728
Other payables	370	12,840	12,840	12,840
Bank borrowings	-	9,579	9,579	4,579
Provision for taxation	-	5,331	5,331	5,331
	370	69,478	69,478	64,478
Net Current (Liabilities) / Assets	(1)	17,293	32,203	28,403
	(1)	24,680	39,590	38,390
Financed by:				
Share capital	*-	21,254	28,354	28,354
Share premium	-	-	7,810	6,610
Accumulated losses	(1)	(1)	(1)	(1)
Shareholders' (deficit)/equity	(1)	21,253	36,163	34,963
Reserve on consolidation	-	1,571	1,571	1,571
Hire purchase creditors	-	50	50	50
Term Loan	-	1,806	1,806	1,806
	-	3,427	3,427	3,427
	(1)	24,680	39,590	38,390
NTA per Share (sen)	N/A	10	13	12

* *RM2.00 comprising 20 ordinary shares of RM0.10 each on 31 December 2003*

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. The detailed Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only and is based on the audited balance sheet of MGB, MESB and MISSB as at 31 December 2003.

   The Proforma Consolidated Balance Sheets have been prepared on the assumption that the Acquisition and Public Issue had been effective as at 31 December 2003 and should be read in conjunction with notes thereon.

2. Proforma column I reflects the the acquisition of the entire issued and paid-up share capital MESB for a total consideration of RM21,253,998 satisfied by the issuance of 212,539,980 new MGB shares of RM0.10 each at par ("the Acquisition").

   Thereafter MESB transferred to MGB the entire equity interest in its wholly-owned subsidiary, MISSB, at book value for cash.

   The purchase consideration of RM21,253,998 was arrived at based on the net tangible assets of MESB and MISSB as at 31 August 2003 of RM26,179,597, and after adjusting for the dividends amounting to RM4,925,599 to MCSB.

   Reserve on consolidation of RM1,570,785 arises as a result of the excess of net tangible assets of MESB and MISSB as 31 December 2003 over the cost of acquisition as indicated in the preceding paragraph.

3. Proforma column II reflects the public issue of 71,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.21 per ordinary share ("the Public Issue"). This will give rise to a share premium of RM7,810,000.

4. Proforma column III reflects the utilisation of the gross proceeds from the Public Issue as follows:

   (i) The gross proceeds from the Public Issue will be utilised as follows:

	RM'000
Repayment of bank borrowings	5,000
Capital expenditure for office expansion	2,600
Listing expenses	1,200
Research and Development expenses	3,000
Working capital	3,110
	14,910

   (ii) Listing expenses estimated to be at RM1,200,000 will be settled and applied against the share premium account.

5. The proforma consolidated balance sheets of MGB and its subsidiary companies, MESB and MISSB, have been prepared under the acquisition method of accounting.

9.12 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

ERNST & YOUNG
AF: 0039

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50490 Kuala Lumpur, Malaysia

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22 April 2004

The Board of Directors
Metronic Global Berhad
650, Block A, Kelana Centre Point
No. 3, Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

METRONIC GLOBAL BERHAD – PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003

We report on the proforma consolidated balance sheets set out in section 9.11 of the Prospectus to be dated 30 April 2004, which has been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of Metronic Global Berhad ("MGB") and its subsidiaries ("MGB Group") as at 31 December 2003 that has been presented might have been affected by the following proposals had the proposals been completed on that date:

(i) The acquisition of 3,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Metronic Engineering Sdn. Bhd. ("MESB") from Metronic Corporation Sdn. Bhd. ("MCSB") for a purchase consideration of RM21,253,998 which was fully satisfied by the issuance of 212,539,980 new MGB shares of RM0.10 each at par ("the Acquisition").

Thereafter, MESB transferred to MGB the entire equity interest in its wholly-owned subsidiary, Metronic Integrated System Sdn. Bhd. ("MISSB"), at book value for cash.

The purchase consideration of RM21,253,998 for the Acquisition was arrived at based on the adjusted audited aggregate net tangible assets of MESB and MISSB as at 31 August 2003 of RM21,253,998 after adjusting for interim dividends paid and payable for the financial year ended 31 December 2003 amounting to RM4,925,599 to MCSB;

(ii) A public issue of 71,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.21 per ordinary share ("the Public Issue").

ERNST & YOUNG
AF: 0039

It is the sole responsibility of the directors of MGB to prepare the proforma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated balance sheets with responsible officers of MGB. Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements that included the audited balance sheets of MGB, MESB and MISSB as at 31 December 2003, on which we reported to the members of MGB as of the date of our report.

In our opinion:

(a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and

(b) within the context of the completion of the Acquisition and the assumed completion of the proposed Public Issue:

  (i) such bases are consistent with the accounting policies of MGB, MESB and MISSB; and

  (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.

The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/05(J)
Partner

10. SUMMARY OF FIVE (5)-YEAR BUSINESS PLAN

In preparing to transform itself from a leading pure building automation player, the MGB Group is seeking additional funding from the capital market to realise its potential as a unique, world-class e-Devices and System Integrator Service Provider of IBMS and ISMS solutions.

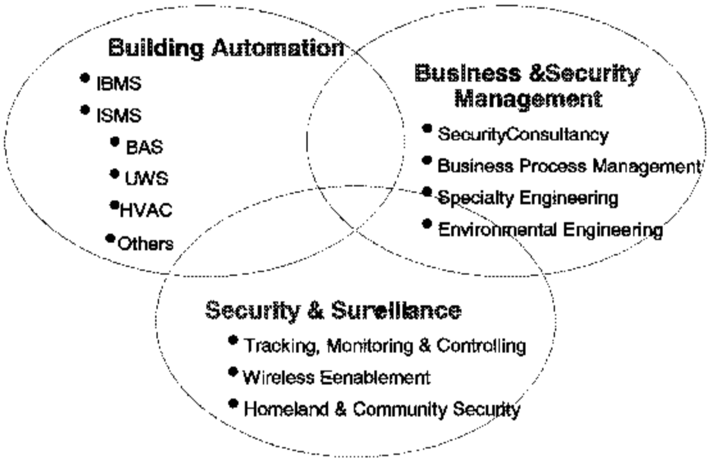
The MGB Group has adopted a 4-prong strategy to consolidate its product and service leadership in both the local and international markets:

a. dramatically improve its effectiveness and efficiencies to strengthen its leadership position by implementing *people-focused, process-centric and technology-driven* strategic initiatives to yield **world-class modus operandi** and **support infrastructure** (through its unique business process management tool, *Metronic Digital Nervous System* (**MDNS**) to support local and international businesses; and adherence to industry-assessed, stringent technology development discipline);

b. aggressively embark on a value-enhancing **productisation** exercise, leveraging on its **trademarked and patented** technologies and solutions to create world-class, high-margin products and solutions;

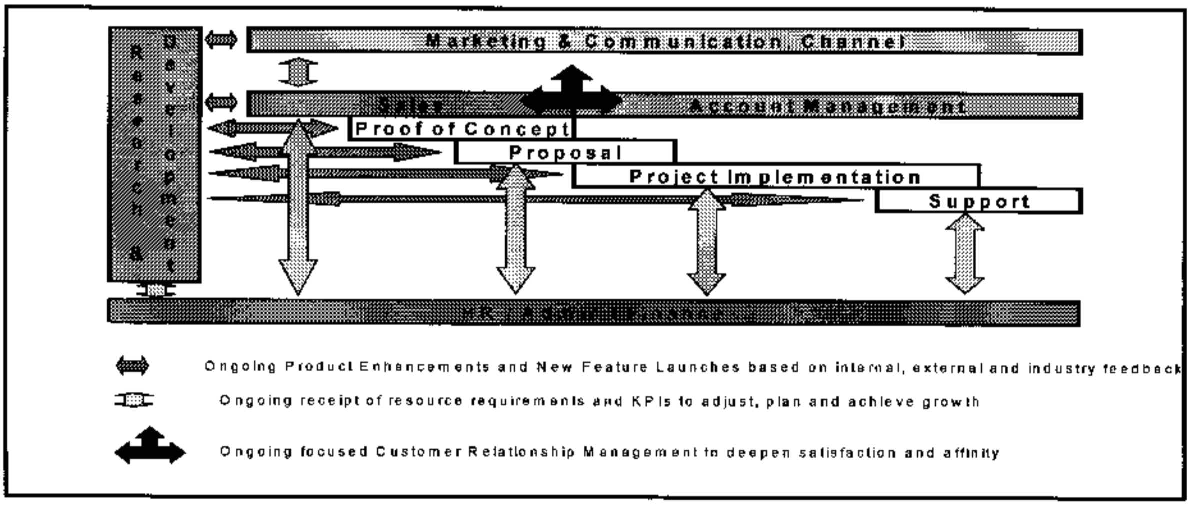
c. strategically build-up the *well-nurtured and close business and technology alliance* with international partners to spearhead the conversion of tremendous **overseas business opportunities** in the high-growth area of IBMS and ISMS on the proven successful implementations (technology partnership with high MESB product contents, channels and geography business partners); and

d. quickly capture emerging niche market of **security and surveillance** through the **value-added extension of its IBMS and ISMS core competencies** (from security and control of devices to security and tracking of devices and both living and non-living objects within the region of interest). This addresses the **lucrative** market of environmental, community and homeland security value proposition.



Infrastructure Platform for Vision 2007 World Class Modus Operandi

MDNS – process infrastructure to support the seamlessly integrated local and regional business growth in a controlled, scalable and sustainable manner



People-focused Activities

The MGB Group's balanced scorecard management approach will focus on **Key Performance Indicator-driven** (KPI-driven) **performance management**. Each strategic business unit (SBU) within the organisation will have top-driven customer, financial, business process and organisational learning KPIs for quarterly monitoring, reporting and appraisal.

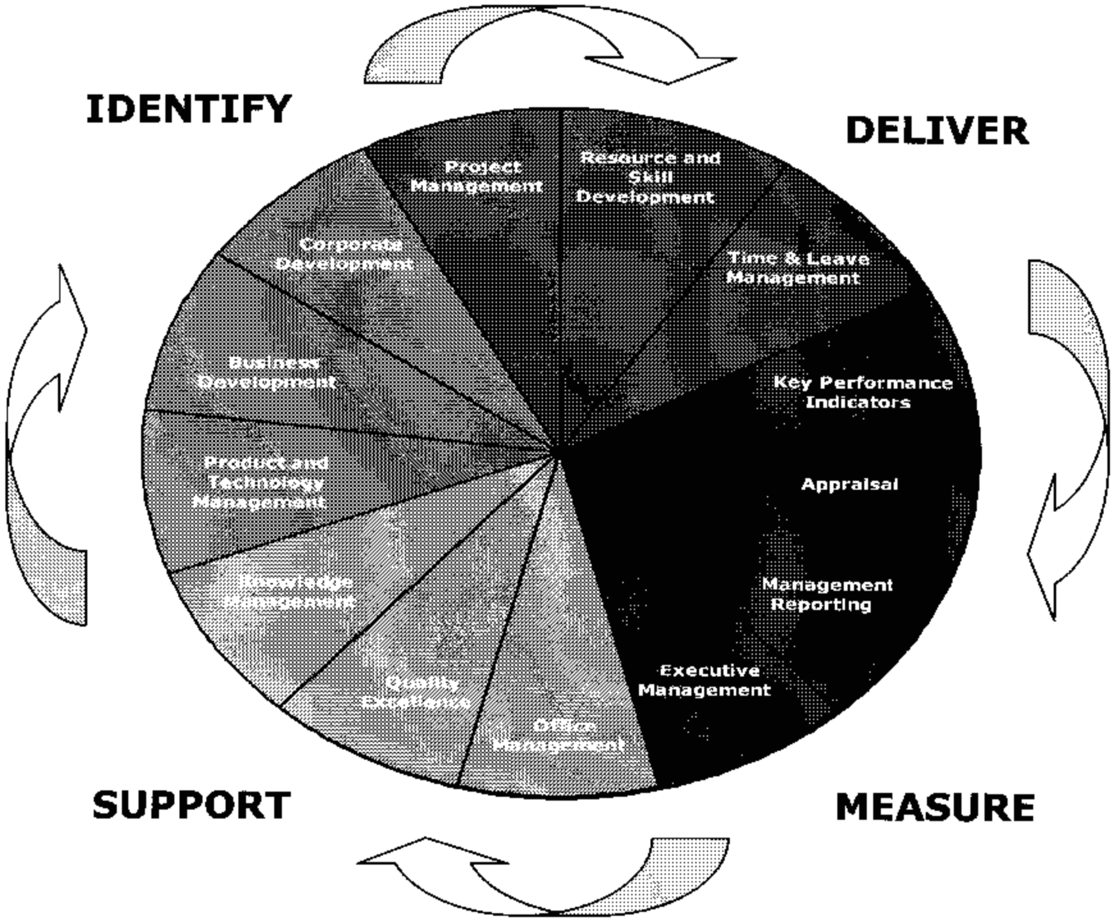
SBU target setting will be aligned to strategic initiatives which have critical and strategic skills set (industry, core competence). Resource allocation will be milestone-driven and result-oriented. KPIs will focus on Quality, Continuous Improvement, Production Efficiency, Flexibility, Innovation and Profitability.

The local and international businesses are undergoing tremendous change due to the natural internal business demands and the challenge dynamics to gain competitive edge. In the industry parlance, it calls for the confluences of **extreme adaptability** in the face of sustained volatility. In deciding on issues of utmost importance such as an organisation's extreme adaptability, areas such as reutilisation, reduction of Total Cost of Ownership (TCO) and loose coupling are critical in achieving an **agile organisation** satisfying the ultimate **business on demand**. The MGB Group's structure and infrastructure allows the organisation to be continually agile and be extremely focused.

Process-Centric Activities

MDNS allows the MGB Group's management to be focused on execution and be KPI-driven, achieving the following:

1. Prevent unpleasant surprises the early way
2. Track KPIs real-time
3. Focus on issues early and effectively
4. Re-enforce ownership with clear and standardised definition of targets and responsibilities
5. Lend emphasis to Business Focus and Financial Performance (ROI)
6. Minimise over-runs due to improved monitoring and control.

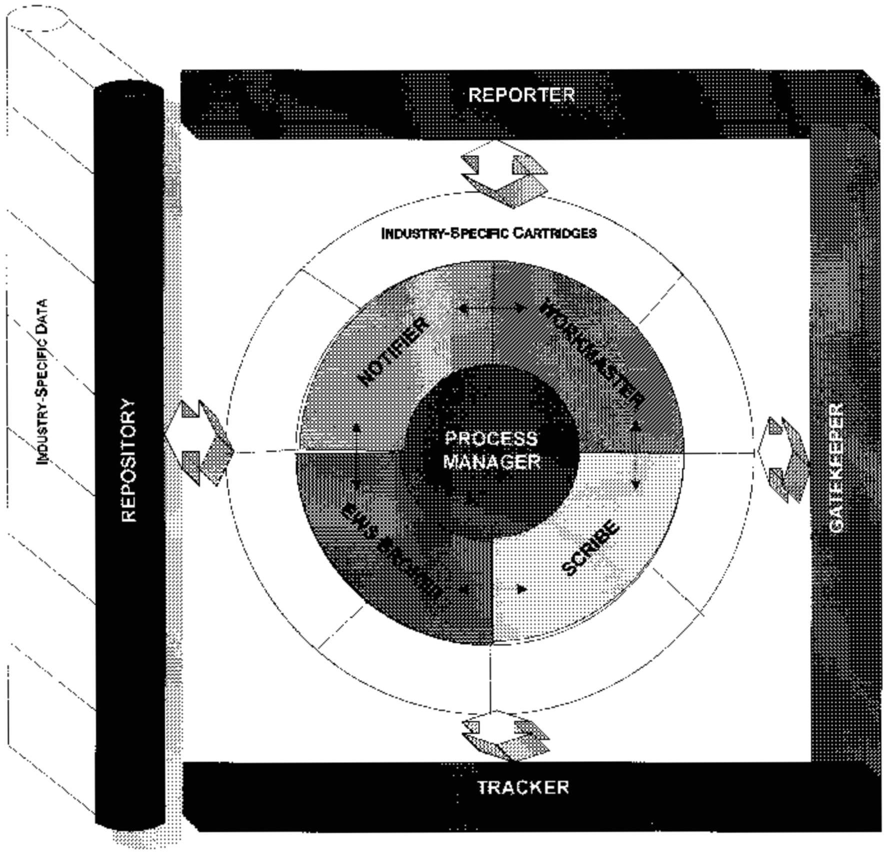


In identifying, delivering, measuring and supporting each client-based initiative, MDNS facilitates the following:

- Real-Time Project Status Tracking
- Risk/Dependency/Issue/Change Management
- Resource Management
- Contractual and Deliverables Management
- Third Party Management
- Key Performance Indicator Tracking
- Drill down capability to individual project plans

10. SUMMARY OF FIVE (5)-YEAR BUSINESS PLAN *(Cont'd)*

The organisation learning process is also greatly facilitated by an open platform and architecture that supports knowledge-based execution:



The MGB Group's Future Products & Technologies

The MGB Group is in the process of consolidating its other technologies and productising them into **Building Automation**, **Business & Security Management**, and **Security & Surveillance** products based on the following guidelines:

- Trend Setting, including: ICT, BCS and Emerging and Convergence technologies
- Proven Technology – JAVA Distributed Server Architecture (DSA)
- Best of Breed for each technology building blocks
- Web based, Distributed Server Architecture
- J2EE and high security architecture
- Unique Object Oriented Methodology for seamless interfacing
- End-to-end, multi-discipline solution involving engineering (hardware), technology (software and intellect) and business and security management (strategic vision enabler).

By implementing the above measures, the Company desires to be one of the fastest growing companies specialising in the development of leading edge **Building Automation**, **Business & Security Management**, and **Security & Surveillance.**