



METRONIC GLOBAL BERHAD

(Company No. : 632068-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 JUNE 2014

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM	RM	RM	RM
Revenue	7,358,266	7,750,154	15,376,894	18,705,060
Cost of sales	(4,370,475)	(4,784,475)	(9,411,876)	(10,519,978)
Gross profit	2,987,792	2,965,679	5,965,019	8,185,082
Other income	35,327	8,865,726	73,967	8,898,873
Administration expenses	(452,576)	(3,348,416)	(909,046)	(4,782,265)
Other operating expenses	(2,314,205)	(2,863,976)	(4,549,780)	(7,659,487)
Profit/(Loss) from operations	256,338	5,619,013	580,160	4,642,203
Finance costs	(60,755)	(61,320)	(144,011)	(147,823)
Profit/(Loss) before taxation	195,583	5,557,693	436,149	4,494,380
Income tax income/(expense)	-	(104,119)	-	(104,119)
Profit/(loss) for the period from				
- continued operations	195,583	5,453,574	436,149	4,390,261
- discontinued operations	-	-	-	-
Net profit/(loss) for the period	195,583	5,453,574	436,149	4,390,261
Net profit/(loss) attributable to:				
Owners of the parent	195,583	5,577,928	436,149	4,469,816
Non-controlling interests	-	(124,354)	-	(79,555)
	195,583	5,453,574	436,149	4,390,261
Weighted average number of ordinary shares in issue	691,524,853	634,906,903	691,524,853	634,906,903
Basic earning per share attributable to equity holders of the Company (sen):				
Basic	0.03	0.88	0.06	0.70
Diluted	0.03	0.88	0.06	0.70

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM	RM	RM	RM
Net profit/(loss) from:				
- continued operations	195,583	5,453,574	436,149	4,390,261
- discontinued operations	-	-	-	-
Net profit/(loss) for the period	195,583	5,453,574	436,149	4,390,261
Other comprehensive income				
Financial assets, available-for-sale assets				
- fair value changes	(861,332)	(375,660)	109,946	-
- transfer to profit and loss upon disposal	-	-	-	-
Foreign currency translation	(52,728)	377,668	(52,728)	308,374
Other comprehensive income/(loss) for the period, net of tax	(914,060)	2,008	57,218	308,374
Total comprehensive income/(loss) for the period, net of tax	(718,477)	5,455,582	493,367	4,698,635
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(718,477)	5,579,936	493,367	4,778,190
Non-controlling interests	-	(124,354)	-	(79,555)
	(718,477)	5,455,582	493,367	4,698,635

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

(The figures have not been audited)

	As at 30.06.2014 RM	(Audited) As at 31.12.2013 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	22,572,683	23,404,329
Investment properties	367,896	367,896
Available-for-sale financial assets	14,005,387	13,745,491
Other investments	94,000	94,000
Deferred tax assets	8,012,366	8,012,181
	<u>45,052,332</u>	<u>45,623,897</u>
CURRENT ASSETS		
Inventories	3,959,182	1,788,966
Trade receivables	16,070,082	12,590,145
Other receivables	6,969,218	8,911,655
Short term deposits	5,038,138	5,055,552
Cash and bank balances	3,144,510	4,309,108
	<u>35,181,130</u>	<u>32,655,426</u>
TOTAL ASSETS	<u>80,233,462</u>	<u>78,279,323</u>
EQUITY AND LIABILITIES		
Share capital	69,839,750	67,090,690
Revaluation reserve	13,113,034	13,113,034
Foreign currency translation reserve	823,405	876,133
Available-for-sale reserve	424,769	314,823
Accumulated losses	(36,842,157)	(37,278,306)
Equity attributable to owners of the parent	<u>47,358,801</u>	<u>44,116,374</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u>47,358,801</u>	<u>44,116,374</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	358,185	244,597
CURRENT LIABILITIES		
Trade payables	10,746,881	10,777,674
Other payables	17,340,598	17,260,543
Loans and borrowings	4,428,997	5,829,247
Provision for taxation	-	50,888
	<u>32,516,476</u>	<u>33,918,352</u>
TOTAL LIABILITIES	<u>32,874,661</u>	<u>34,162,949</u>
TOTAL EQUITY AND LIABILITIES	<u>80,233,462</u>	<u>78,279,323</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

(The figures have not been audited)

		Attributable to owners of the parent		Distributable reserve		Non-distributable reserve		Attributable to owners of the parent	
		Non-distributable reserve		Distributable reserve		Non-distributable reserve		Attributable to owners of the parent	
		Share capital	Revaluation reserve	Foreign currency translation reserve	Available-for-sale reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
As at 1 January 2013		63,490,690	12,613,007	849,206	-	(42,438,292)	34,514,611	3,952,719	38,467,330
Total comprehensive income/(loss)		-	500,027	26,927	314,823	5,159,986	6,001,763	(32,461)	5,969,302
Allotment of shares during the year		3,600,000	-	-	-	-	3,600,000	-	3,600,000
Disposal of subsidiary		-	-	-	-	-	-	(3,920,258)	(3,920,258)
As at 31 December 2013		67,090,690	13,113,034	876,133	314,823	(37,278,306)	44,116,374	-	44,116,374
As at 1 January 2014		67,090,690	13,113,034	876,133	314,823	(37,278,306)	44,116,374	-	44,116,374
Total comprehensive income/(loss)		-	-	(52,728)	109,946	436,149	493,367	-	493,367
Allotment of shares during the year		2,749,060	-	-	-	-	2,749,060	-	2,749,060
As at 30 June 2014		69,839,750	13,113,034	823,405	424,769	(36,842,157)	47,358,801	-	47,358,801

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2014**

(The figures have not been audited)

	30.06.2014	31.12.2013
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from:		
Continuing operations	436,149	5,097,521
Profit from assets held for sale	-	199,989
Adjustments for:		
Loss/(Gain) on disposal of assets	(792,360)	1,031,079
Depreciation of property, plant and equipment	217,741	565,756
Finance costs	144,011	151,669
Interest income	(73,967)	(200,484)
Operating profit before working capital changes	<u>(68,426)</u>	<u>6,845,530</u>
Changes in working capital:		
Inventories	(2,170,216)	(502,657)
Receivables	(505,890)	40,674,939
Payables	230,488	(60,963,261)
Net cash used in operations	<u>(2,514,044)</u>	<u>(13,945,449)</u>
Taxes refunded	-	340,500
Taxes paid	(50,888)	(573,324)
Interests paid	(144,011)	(151,669)
Interests received	73,967	200,484
Net cash used in operating activities	<u>(2,634,976)</u>	<u>(14,129,458)</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2014**

(The figures have not been audited)

	30.06.2014	31.12.2013
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal / (Purchased) of AFS assets	(587,108)	(5,758,908)
Proceeds from disposal of property, plant and equipment		(583,029)
Proceeds from allotment of shares	2,749,060	3,600,000
Proceeds from disposal of investment properties	-	320,000
Net cash (used in)/generated from investing activities	<u>2,161,952</u>	<u>(2,421,937)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) / Drawdown of bankers' acceptances and trust receipts	(1,388,888)	1,180,287
Drawdown / (Repayment) of obligation under finance leases and hire purchase	<u>17,414</u>	<u>(33,653)</u>
Net cash generated from/(used in) financing activities	<u>(1,371,474)</u>	<u>1,146,634</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,844,498)	(15,404,761)
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	758,898	816,327
CASH AND CASH EQUIVALENTS AT 1 JAN 2014	<u>1,584,463</u>	<u>16,172,897</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE 2014	<u>498,863</u>	<u>1,584,463</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	3,144,510	4,309,108
Bank overdraft (Note 22)	<u>(2,645,647)</u>	<u>(2,724,645)</u>
	<u>498,863</u>	<u>1,584,463</u>

The condensed consolidated income statements should be read in conjunction with the annual financial December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 2014 PURSUANT TO MFRS 134**

1. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2014, have been prepared in accordance with MFRS 134 interim Financial Reporting and paragraph 9.22 of the listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group for the period ended 30 June 2014.

2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2013 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013 except as discussed below:

- (i) **Foreign currency translation reserve**
Under FRS, the Group recognized translation differences on foreign operation in a separate component of equity. This treatment of translation differences under FRS is consistent with the requirement of MFRS.
- (ii) **Estimates**
The estimates at 1 January 2014 and at 30 June 2014 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amount in accordance with MFRS reflect condition at 1 January 2014, the date of transition to MFRS and as of 30 June 2014.

The transition from FRS to MFRS has not had a material impact on the statements of financial position, statements of comprehensive income and statement of cash flows.

3. Audit Report

The auditors' report on the Group's financial statements for the year ended 31 December 2013 was not qualified.

4. Net profit/(loss) for the period

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
After charging/(crediting):	RM	RM	RM	RM
Depreciation of property, plant and equipment	112,613	117,487	217,741	283,838
Amortisation of intangible assets	10,027	-	10,027	21,368
(Gain)/loss on foreign exchange - realised	6,960	(1,136)	69,413	4,626
Loss/(gain) on foreign exchange - unrealised	(32)	138,664	(685)	352,962
Impairment loss on investment	-	-	-	-
Impairment loss/(reversal) on trade receivables	-	(2,057)	-	(2,057)
Provision for obsolete inventories	-	-	-	-
Bad debts writte off	-	-	-	-
Dividend income	-	-	-	-
Interest income	(35,327)	(43,021)	(73,967)	(74,942)

5. Seasonality or cyclicity of interim operations

The Group's interim operation are not materially affected by seasonal or cyclical factors during the quarter under review.

6. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no changes in estimates that have had a material effect for the current quarter's results.

7. Material changes in estimates

There were no changes in estimates that have had a material effect for the current quarter's results.

8. Debt and equity securities

There were no issuances, repurchases, and repayment of debt and equity securities for the quarter under review except note no:11

9. Dividends

There were no dividends paid during the quarter under review.

10. Segmental information

Analysis by segments is as follow:-

By geographical segments:

	3 months ended		6 months ended	
	30.06.2014 RM	30.06.2013 RM	30.06.2014 RM	30.06.2013 RM
Segment revenue				
Malaysia	7,356,640	7,525,358	15,183,151	17,056,159
Overseas	1,626	224,796	193,743	1,931,030
Total revenue	<u>7,358,266</u>	<u>7,750,154</u>	<u>15,376,894</u>	<u>18,987,189</u>
Inter-segment elimination	-	-	-	(282,129)
Continued operations	<u>7,358,266</u>	<u>7,750,154</u>	<u>15,376,894</u>	<u>18,705,060</u>
Discontinued operation	-	-	-	-
Inter-segment elimination	-	-	-	-
External customers	<u>7,358,266</u>	<u>7,750,154</u>	<u>15,376,894</u>	<u>18,705,060</u>
Results				
Operating results				
Malaysia	258,241	5,843,757	797,346	5,841,095
Overseas	(1,906)	(224,746)	(217,188)	(1,198,892)
	<u>256,335</u>	<u>5,619,011</u>	<u>580,158</u>	<u>4,642,203</u>
Finance costs	<u>(60,755)</u>	<u>(61,318)</u>	<u>(144,011)</u>	<u>(147,823)</u>
Profit/(loss) before tax	<u>195,581</u>	<u>5,557,693</u>	<u>436,148</u>	<u>4,494,380</u>
- Continued operation				
(Loss)/profit before tax				
- Discontinued operation	-	-	-	-
Profit/(Loss) before tax	<u>195,581</u>	<u>5,557,693</u>	<u>436,148</u>	<u>4,494,380</u>

By business segments:

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM	RM	RM	RM
Segment revenue				
Engineering	7,358,266	7,750,154	15,376,894	15,966,943
Investment holding	-	-	-	-
Total revenue	<u>7,358,266</u>	<u>7,750,154</u>	<u>15,376,894</u>	<u>15,966,943</u>
Inter-segment elimination	-	-	-	-
Continued operations	<u>7,358,266</u>	<u>7,750,154</u>	<u>15,376,894</u>	<u>15,966,943</u>
Discontinued operation	-	-	-	2,749,719
Inter-segment elimination	-	-	-	(11,602)
External customers	<u>7,358,266</u>	<u>7,750,154</u>	<u>15,376,894</u>	<u>18,705,060</u>
Results				
Operating results				
Engineering	256,166	(144,336)	403,309	(789,351)
Investment holding	169	5,763,347	176,849	5,228,031
Share of profit of associate	-	-	-	-
	<u>256,335</u>	<u>5,619,011</u>	<u>580,158</u>	<u>4,438,680</u>
Finance costs	(60,755)	(61,318)	(144,011)	(133,690)
Profit/(Loss) before tax				
- Continued operations	195,581	5,557,693	436,148	4,304,990
(Loss)/profit before tax				
- Discontinued operation	-	-	-	189,390
Profit/(Loss) before tax	<u>195,581</u>	<u>5,557,693</u>	<u>436,148</u>	<u>4,494,380</u>

11. Material subsequent events

On 16 April 2014, the company increased its paid up capital from RM 69,090,690 to RM 69,839,750 by an allotment of 7,490,600 ordinary shares of RM 0.10 each at par for cash via a private placement and for the purpose of increasing the working capital. These new shares rank pari passu with the existing shares of the company.

On 11 April 2014, a wholly owned subsidiary, Metronic Engineering Sdn Bhd had entered into a Memorandum of Understanding ("MOU") with CNYD Aluminium Industry Engineering Malaysia Sdn Bhd for future business in respective of construction market segment. The validity period of this MOU is one year which commences on 11 April 2014 and shall expire on 10 April 2015. This MOU shall subject to review for extension or termination before expiry through mutual agreement in written form.

12. Changes in the composition of the Group

No changes in current quarter.

13. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Group as at 21 August 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:

- (a) Performance and financial guarantees totalling RM7,074,324 provided by the Group to various parties in the ordinary course of business. The changes in contingent liabilities since the last balance sheet as at 31 December 2013 are as follows:-

	RM
Decreased of performance and financial guarantees issued by bank to third parties	<u>484,288</u>

14. Capital commitments

There were no capital commitments during the current quarter under review.

15. Significant related party transactions

There were no significant related party transactions for the current quarter under review.

**ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD**

16. Performance review

Current Quarter

The Group recorded revenue of RM7.3 million for the current quarter under review, which is RM 0.4 million or 5.0% lower than the corresponding quarter of RM7.7 million in the previous financial year.

The Group posted profit before taxation of RM0.2 million, representing a decrease of RM5.3 million compared to the profit before tax of RM5.5 million for the corresponding quarter in the previous year. This was mainly due to gain of disposal of 51% share in its subsidiary - Metronic iCare Sdn Bhd

17. Changes in the results for the current quarter as compared with the preceding quarter

The Group recorded a revenue of RM7.3 million for the current quarter ended 30 June 2014 compared to RM8.0 million in the preceding quarter ended 31 March 2014, representing a decrease of RM0.7 million or 8.8% mainly due to decrease in revenue from its engineering segment.

18. Current year prospects

Looking forward, the Group's revenue will continue to be mainly contributed by its core business of providing engineering solutions in relation to Intelligent Building Management System ("IBMS") and Integrated Security Management

The Board is mindful that the forthcoming year remains to be a challenging one for the Group's Engineering Division in view of the intense competition that lies ahead. The Group is exploring other opportunities besides continue to focus on the IBMS and ISMS projects in order to build up a strong order book. Nevertheless, the Group will continue taking various measures to enhance its operational efficiency and effective cost management in order to improve the performance of the Group

The Group also undertake to rationalize its available asset and investments towards optimising returns.

19. Profit forecast or profit guarantee

Not applicable as no profit forecast was published by the Group.

20. Taxation

	3 months ended 30.06.2014 RM	6 months ended 30.06.2014 RM
Income tax expense:		
Malaysian income tax		-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-

21. Status of corporate proposals

Save as disclosed in Note 11, there was no other corporate proposal announced but not completed as at the date of this announcement.

22. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 30 June 2014 were as follows:-

	30.06.2014 RM
Current	
Bank overdraft	
Denominated in RM	2,645,647
Denominated in INR	-
	<hr/> 2,645,647
Bankers' acceptances (Denominated in RM)	1,662,258
Hire purchase payables (Denominated in RM)	121,092
Obligations under finance leases (Denominated in RM)	-
Total	<hr/> <u>4,428,997</u>
Non-Current	
Hire purchase payables (Denominated in RM)	358,185
Total	<hr/> <u>358,185</u>

23 Off Balance Sheet financial instruments

The Group had not entered into any contracts involving off balance sheet financial instruments as at the date of this announcement.

24 Dividends

No dividends have been declared or recommended in respect of the quarter under review.

25 Earnings per share

	6 months ended 30.06.2014	6 months ended 30.06.2013
Profit/(loss) attributable to owners of the parent (RM)	436,149	4,469,816
Weighted average number of ordinary shares in issue	691,524,853	634,906,903
Profit per share (sen)		
- Basic	0.06	0.70
- Diluted	0.06	0.70

26 Disclosure of Realised and Unrealised losses

The breakdown of the accumulated loss of the Group as at reporting date, into realised and unrealised loss, is as follows:

	As at 30.06.2014 RM	As at 30.06.2013 RM
Total accumulated losses		
- Realised	(31,728,366)	(36,170,069)
- Unrealised	992,580	(412,988)
	<hr/> (30,735,786)	<hr/> (36,583,057)
Less: Consolidation adjustments	(6,106,371)	(5,855,234)
Accumulated loss as per consolidated accounts	<hr/> <u>(36,842,157)</u>	<hr/> <u>(42,438,291)</u>

27 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 August 2014.