



METRONIC GLOBAL BERHAD

(Company No. : 632068-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 JUNE 2016

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM
Continuing operations				
Revenue	12,954,674	9,720,592	24,997,885	17,674,800
Cost of sales	(5,918,394)	(7,561,559)	(14,452,718)	(13,900,449)
Gross profit	7,036,280	2,159,033	10,545,167	3,774,351
Other income	127,906	4,205,261	3,805,306	7,917,699
Administration expenses	(671,006)	(806,214)	(1,405,317)	(1,589,632)
Other operating expenses	(4,742,663)	(5,010,997)	(8,462,925)	(8,819,572)
Profit from operations	1,750,517	547,082	4,482,231	1,282,847
Finance costs	(78,825)	(82,205)	(150,879)	(155,121)
Profit before taxation	1,671,692	464,877	4,331,352	1,127,726
Income tax expense	(28,855)	(53,530)	(83,000)	(617,800)
Profit / (Loss) for the period from				
- continuing operations	1,642,837	411,347	4,248,352	509,926
- discontinued operations	93,925	-	47,435	51,856
Net profit for the period	1,736,762	411,347	4,295,787	561,782
Net profit attributable to:				
Owners of the parent	1,726,430	411,347	4,290,569	561,782
Non-controlling interests	10,332	-	5,218	-
	1,736,762	411,347	4,295,787	561,782
Basic earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	0.22	0.06	0.56	0.07
- discontinued operations	0.01	-	0.01	0.01

The interim consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Individual quarter		Cumulative quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Net profit from:				
- continuing operations	1,642,837	411,347	4,248,352	509,926
- discontinued operations	93,925	-	47,435	51,856
Net profit for the period	<u>1,736,762</u>	<u>411,347</u>	<u>4,295,787</u>	<u>561,782</u>
Other comprehensive income / (expense)				
Financial assets, available-for-sale assets				
- fair value changes	-	1,375,503	-	1,614,072
Foreign currency translation	(374,445)	226,352	(694,442)	882,293
Other comprehensive income/(expense) for the period, net of tax	(374,445)	1,601,855	(694,442)	2,496,365
Total comprehensive income/(expense) for the period, net of tax	<u>1,362,317</u>	<u>2,013,202</u>	<u>3,601,345</u>	<u>3,058,147</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	1,351,985	2,013,202	3,596,127	3,058,147
Non-controlling interests	10,332	-	5,218	-
	<u>1,362,317</u>	<u>2,013,202</u>	<u>3,601,345</u>	<u>3,058,147</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	As at 30.06.2016 RM	(Audited) As at 31.12.2015 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	23,777,906	23,877,336
Investment properties	347,842	347,842
Land held for property development	-	161,403
Available-for-sale financial assets	7,187,746	9,058,421
Deferred tax assets	<u>7,257,642</u>	<u>7,257,642</u>
	<u>38,571,136</u>	<u>40,702,644</u>
CURRENT ASSETS		
Property development cost	12,582,582	10,788,243
Inventories	4,519,568	4,041,446
Trade receivables	14,096,820	19,422,669
Other receivables	7,989,869	7,330,236
Tax recoverable	-	133,068
Short term deposits	4,311,262	4,710,666
Cash and bank balances	542,002	509,199
Asset of disposal company classified as held for sale	<u>3,954,159</u>	<u>4,308,897</u>
	<u>47,996,262</u>	<u>51,244,424</u>
TOTAL ASSETS	<u>86,567,398</u>	<u>91,947,068</u>
EQUITY AND LIABILITIES		
Share capital	75,839,750	75,839,750
Revaluation reserve	13,113,034	13,113,034
Foreign currency translation reserve	(424,119)	270,323
Accumulated losses	<u>(27,773,980)</u>	<u>(32,064,549)</u>
Equity attributable to owners of the parent	60,754,685	57,158,558
Non-controlling interests	<u>93,211</u>	<u>87,993</u>
TOTAL EQUITY	<u>60,847,896</u>	<u>57,246,551</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	<u>145,959</u>	<u>263,226</u>
CURRENT LIABILITIES		
Trade payables	1,543,138	16,183,538
Other payables	11,991,566	14,426,965
Loans and borrowings	8,884,766	1,726,595
Provision of taxation	<u>33,677</u>	<u>-</u>
	<u>22,453,147</u>	<u>32,337,098</u>
Liabilities of disposal company classified as held for sale	<u>3,120,396</u>	<u>2,100,193</u>
TOTAL LIABILITIES	<u>25,719,502</u>	<u>34,700,517</u>
TOTAL EQUITY AND LIABILITIES	<u>86,567,398</u>	<u>91,947,068</u>
NET ASSET PER SHARE	0.08	0.08

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	←----- Attributable to owners of the parent ----->							Total equity RM
	←----- Non-distributable reserve			-----> Distributable reserve				
	Share capital RM	Revaluation reserve RM	Foreign currency translation reserve RM	Available- for-sale reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	
As at 1 January 2015	69,839,750	13,113,034	207,132	-	(36,037,234)	47,122,682	-	47,122,682
Total comprehensive income/(expense)	-	-	63,191	-	3,972,685	4,035,876	87,993	4,123,869
Allotment of shares during the year	6,000,000	-	-	-	-	6,000,000	-	6,000,000
As at 31 December 2015	<u>75,839,750</u>	<u>13,113,034</u>	<u>270,323</u>	<u>-</u>	<u>(32,064,549)</u>	<u>57,158,558</u>	<u>87,993</u>	<u>57,246,551</u>
As at 1 January 2016	75,839,750	13,113,034	270,323	-	(32,064,549)	57,158,558	87,993	57,246,551
Total comprehensive income	-	-	(694,442)	-	4,290,569	3,596,127	5,218	3,601,345
Allotment of shares during the year	-	-	-	-	-	-	-	-
As at 30 June 2016	<u>75,839,750</u>	<u>13,113,034</u>	<u>(424,119)</u>	<u>-</u>	<u>(27,773,980)</u>	<u>60,754,685</u>	<u>93,211</u>	<u>60,847,896</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	30.06.2016	(Audited) 31.12.2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from:		
Continuing operations	4,331,352	3,503,162
Profit / (Loss) from assets held for sale (Note 3)	47,435	799,937
Adjustments for:		
Depreciation of investment properties	-	10,027
Depreciation of property, plant and equipment (Note 24)	253,684	619,824
(Gain) / Loss on disposal of available-for-sale financial assets (Note 24)	170,267	38,677
(Gain) / Loss on unrealised foreign exchange	16	58,639
Gain on disposal of plant and equipment	-	(1,050)
Impairment Loss on disposal of subsidiary	1,422,376	-
Impairment loss / (reversal) on available-for-sale financial assets (Note 24)		
Quoted equity	-	1,589,215
Unquoted equity	1,136,912	2,305,981
Other creditor written-off (Note 24)	3,092,138	-
Other investment written off	-	94,000
Reversal of Impairment of receivables	-	(4,641,021)
Provision for slow moving inventory	-	198,250
Finance costs	150,879	513,498
Interest income	(19,384)	(248,433)
Operating profit before working capital changes	<u>10,585,674</u>	<u>4,840,706</u>
Changes in working capital:		
Property development cost	(1,794,339)	-
Inventories	(478,122)	(380,151)
Receivables	4,666,216	(22,244,198)
Payables	<u>(17,075,799)</u>	<u>14,042,400</u>
Net cash generated from/(used in) operations	(4,096,370)	(3,741,243)
Taxes paid, net of refund	(83,745)	(160,047)
Interests paid	(150,879)	(513,498)
Interests received	19,384	248,433
Net cash generated from/(used in) operating activities	<u>(4,311,610)</u>	<u>(4,166,355)</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

	30.06.2016	(Audited) 31.12.2015
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(2,666,236)	(4,575,305)
Purchased of property, plant and equipment	(154,254)	(853,336)
Proceeds from disposal of available-for-sale financial assets	829,733	6,642,341
Proceeds from disposal of property, plant and equipment	-	20,000
Net cash (used in) / generated from investing activities	<u>(1,990,757)</u>	<u>1,233,700</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits under lien with licensed financial institutions	418,751	235,285
Drawdown of bankers' acceptances and margin financing - net	3,449,449	(2,255,740)
Proceeds from allotment of shares	-	6,000,000
Repayment of obligation under finance leases and hire purchase	(55,286)	(106,594)
Net cash generated from financing activities	<u>3,812,914</u>	<u>3,872,951</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(2,489,452)	940,296
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	275,450	(319,121)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2016	(169,288)	(790,463)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2016	<u>(2,383,290)</u>	<u>(169,288)</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	542,002	509,199
Bank overdraft (Note 21)	(2,925,292)	(678,487)
	<u>(2,383,290)</u>	<u>(169,288)</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016 PURSUANT TO MFRS 134

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements ("Condensed Report"), has been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2015.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2015.

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
MFRS 107	Disclosure Initiative
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
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Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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2. Significant Accounting Policies (Continued)

2.2 Standards issued but not yet effective (Continued)

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments : Classification and Measurement

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Restrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9, will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 15 Revenue from Contracts with Customers

The objective of MFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. It provides 5-step guidance for entity to recognise its revenue that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

MFRS 16 Leases

In April 2016, the MASB issued MFRS 16 Leases to introduce a new model for lessee accounting and replace the existing Standard on Leases, MFRS 117. The effective date of MFRS 16 is annual periods beginning on or after 1 January 2019.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought on to balance sheet except for short-term leases of 12 months or less and leases of low-value assets. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement. This would result in greater transparency in financial reporting.

2. Significant Accounting Policies (Continued)

2.2 Standards issued but not yet effective (Continued)

MFRS 107 Disclosure Initiative

Amendments to MFRS 107 Disclosure Initiative (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities, both changes arising from cash flows and noncash changes.

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

One way to fulfil the disclosure requirement is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

If an entity provides the disclosure required in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively.

3. Assets classified as held for sale and disposal of subsidiary

On 29 August 2014, The Company has signed a Share Purchase Agreement to dispose of its 89%-owned subsidiary, Metronic Engineering Private Limited ("MEPL") for a consideration of INR9,840,000. The disposal is pending completion. As such, MEPL has been classified as Assets held for sales and discontinued operations. The results of assets held for sale and discontinued operations are as follows:

	Cumulative quarter	
	30.06.2016	30.06.2015
	RM	RM
Revenue	1,321,302	342,001
Cost of sale	(1,056,522)	(212,392)
Other Income	441	-
Expenses	(213,586)	(74,017)
Interest expenses	(4,200)	(3,736)
Profit/(Loss) before tax from assets held for sale	47,435	51,856
Income tax expense	-	-
Profit/(Loss) after tax from assets held for sale	47,435	51,856

3. Assets classified as held for sale and disposal of subsidiary (Continued)

Included in assets classified as held for sale in the Group Statements of Financial Position as at 30 June 2016 are :

	30.06.2016	Audited
	RM	31.12.2015
		RM
Property, plant and equipment	3,053	3,053
Deferred tax assets	11,236	11,236
Inventories	1,296,778	1,333,097
Trade receivables	2,950,607	1,629,305
Other receivables	602,722	602,722
Cash & Bank Balances	512,139	729,484
	<u>5,376,535</u>	<u>4,308,897</u>
Less : Impairment on disposal of subsidiary	(1,422,376)	-
Assets classified as held for sale	<u>3,954,159</u>	<u>4,308,897</u>

	30.06.2016	Audited
	RM	31.12.2015
		RM
Trade payables	2,330,514	1,310,311
Other payables	789,882	789,882
Liabilities classified as held for sale	<u>3,120,396</u>	<u>2,100,193</u>

4. Seasonality or cyclicity of interim operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

6. Material changes in estimates

There were no changes in estimates that have had any material effect on the result for the current financial quarter and financial period under review.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt securities during the financial quarter and financial period under review.

8. Dividends

No dividend was paid during the current financial quarter and previous corresponding quarter.

9. Segmental information

Analysis by segments is as follow:-

By geographical segments:

	Individual quarter		Cumulative quarter	
	30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM
Segment revenue				
Malaysia	12,954,674	9,720,592	24,997,885	17,674,800
Overseas	-	-	-	-
Continued operations	12,954,674	9,720,592	24,997,885	17,674,800
Discontinued operation	627,180	-	1,321,302	342,001
Inter-segment elimination	-	-	-	-
External customers	13,581,854	9,720,592	26,319,187	18,016,801
Results				
Operating results				
Malaysia	1,750,517	616,133	4,482,231	2,776,602
Overseas	-	(69,051)	-	(1,493,755)
Finance costs	(78,825)	(82,205)	(150,879)	(155,121)
Profit/(loss) before tax				
- Continued operation	1,671,692	464,877	4,331,352	1,127,726
Profit/(loss) before tax				
- Discontinued operation	93,925	-	47,435	51,856
Profit/(Loss) before tax	1,765,617	464,877	4,378,787	1,179,582

By business segments:

	Individual quarter		Cumulative quarter	
	30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM
Segment revenue				
Engineering	12,954,674	9,720,592	24,997,885	17,674,800
ICT support services	-	-	-	-
Investment holding	-	-	-	-
Total revenue	12,954,674	9,720,592	24,997,885	17,674,800
Inter-segment elimination	-	-	-	-
Continued operations	12,954,674	9,720,592	24,997,885	17,674,800
Discontinued operation	627,180	-	1,321,302	342,001
External customers	13,581,854	9,720,592	26,319,187	18,016,801
Results				
Operating results				
Engineering	3,386,330	3,111,219	5,770,063	3,658,880
ICT support services				
Investment holding	(1,635,813)	(2,564,137)	(1,287,832)	(2,376,033)
Share of profit of associate	-	-	-	-
Finance costs	(78,825)	(82,205)	(150,879)	(155,121)
Profit/(Loss) before tax				
- Continued operations	1,671,692	464,877	4,331,352	1,127,726
Profit/(loss) before tax				
- Discontinued operation	93,925	-	47,435	51,856
Profit/(Loss) before tax	1,765,617	464,877	4,378,787	1,179,582

10. Material subsequent events

Other than those disclosed in Note 3 and Note 20, there were no material subsequent events during the period ended 30 June 2016.

11. Changes in the composition of the Group

On 22 July 2016, the Company had acquired the remaining 25% equity interest in M Two Country Development Sdn. Bhd. (formerly known as IPanel Malaysia Sdn. Bhd.) ("M Two") by way of acquisition of 250,000 ordinary shares of RM1.00 each for a total nominal cash consideration of RM1.00 from Ipanel Pte Ltd. Following the acquisition, M Two has become a wholly-owned subsidiary of the Group.

The above acquisitions do not have any material impact on the net assets and earning of the Group.

Other than the above, there were no other material changes in the composition of the Group during the current financial quarter.

12. Contingent liabilities

Contingent liabilities of the Group as at the latest practicable date are as follows:

	RM
(a) Secured :	
Performance and financial guarantees issued by the banks to third parties	<u>5,313,846</u>
(b) Unsecured	RM
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>31,500,000</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

13. Capital commitments

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

14. Significant related party transactions

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

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**15. Performance review****Continuing operations****Quarter Ended 30 June 2016**

The Group recorded revenue of RM12.9 million for the current quarter under review, which is RM3.2 million or 33.3% higher than the corresponding quarter of RM9.7 million in the previous financial year mainly due to increase in revenue from Engineering Division.

The Group posted profit before taxation of RM1.67 million, representing an increase of RM1.2 million compared to the profit before tax of RM0.46 million for the corresponding quarter in the previous year.

Period Ended 30 June 2016

The Group recorded revenue of RM25 million for the current period ended, which is RM7.3 million or 41.4% higher than the corresponding period of RM17.7 million in the previous financial year due to increase in revenue from Engineering Division.

The Group posted profit before taxation of RM4.3 million, representing an increase of RM3.2 million compared to the profit before tax of RM1.1 million for the corresponding quarter in the previous year.

16. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter**Continuing operations**

	Individual quarter	
	30.06.2016 RM	31.03.2016 RM
Revenue	12,954,674	12,043,211
Profit / (Loss) before taxation	1,671,692	2,659,660

The profit before taxation for the current quarter is lower by RM1 million.

17. Current year prospects

The Group is aware of the challenges ahead for the Engineering Division in view of the intense competition and current economic situation. In addition to the recent diversification to property segment, which is now at the infant stage, the Group will continue to explore other new opportunities 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.

18. Profit forecast or profit guarantee

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

19. Taxation

	Individual quarter		Cumulative quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Income tax expense:				
Malaysian income tax	28,855	42,800	83,000	42,800
Deferred Tax	-	-	-	-
- Relating to origination and reversal of temporary differences	-	10,730	-	575,000
	<u>28,855</u>	<u>53,530</u>	<u>83,000</u>	<u>617,800</u>

Income tax expense is recognized in each interim period based on the best estimate of the income tax payable for the full financial year.

20. Status of Corporate Proposals

- a) On 29 August 2014, The Company has signed a Share Purchase Agreement ("SPA") to dispose of its 70%-owned subsidiary, Metronic Engineering Private Limited ("MEPL") for a consideration of INR9,840,000. On 4 July 2016, the SPA has been mutually terminated in view of non-fulfilment of terms and conditions as stipulated in the SPA.
- b) On 3 June 2016, The Company proposed the establishment and implementation of an employees' share option scheme ("ESOS") for the eligible employees and directors of the Company, to subscribe for new ordinary shares of RM0.10 each in the Company at a pre-determined price, in accordance with the bylaws governing the Proposed ESOS. The listing application for the Proposed ESOS and the draft circular in relation to the Proposal has been submitted to Bursa Malaysia Securities Berhad on 3 August 2016.
- c) On 3 June 2016, M One Country Development Sdn Bhd ("MOne"), a wholly-owned subsidiary of the Company entered into a second supplemental agreement ("Second Supplemental SPA") for the proposed variation of terms of the sale and purchase agreement between Chai Fook Yoon and Tan Bee Leng (collectively, the "Vendors") and M One on 30 December 2014 (as supplemented on 30 April 2015), for the proposed acquisition of 2 parcels of land in Kuala Krai, Kelantan to facilitate the completion of the acquisition and to preserve the freehold tenure of the land.
- d) On 3 August 2016, the Company's wholly owned subsidiary, IPanel Malaysia Sdn. Bhd. (Company No: 590326-A) has changed its name to M Two Country Development Sdn. Bhd.

21. Borrowings

	30.06.2016
	RM
Current	
Secured borrowings	
Bank overdraft	2,925,292
Bankers' acceptances	3,785,582
Hire purchase	173,892
Margin Financing	<u>2,000,000</u>
	8,884,766
Non - Current	
Secured borrowings	
Hire purchase	145,959
Total	<u><u>9,030,725</u></u>

All loans and borrowings are denominated in Ringgit Malaysia ("RM").

22. Proposed Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

23. Earnings per share

	Individual quarter		Cumulative quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Profit / (Loss) attributable to ordinary equity owners of the parent				
- Continuing operations	1,642,837	411,347	4,248,352	509,926
- Discontinued operations	93,925	-	47,435	51,856
	<u>1,736,762</u>	<u>411,347</u>	<u>4,295,787</u>	<u>561,782</u>
Weighted average number of ordinary shares in issue	758,397,503	699,219,421	758,397,503	699,219,421
Basic earnings per share (sen)				
- Continuing operations	0.22	0.06	0.56	0.07
- Discontinued operations	0.01	-	0.01	0.01
	<u>0.23</u>	<u>0.06</u>	<u>0.57</u>	<u>0.08</u>

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and which may dilute its basic earnings per share

24. Profit/(Loss) for the period

	Individual quarter		Cumulative quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
After charging/(crediting):				
Auditors' remuneration	44,497	-	69,497	-
Depreciation of property, plant and equipment	131,764	143,942	253,684	281,435
Directors' fee	28,500	-	57,000	-
(Gain) / Loss on foreign exchange				
- realised	-	2,420	-	22,797
- unrealised	16	(97,399)	16	(96,866)
(Gain) / Loss on disposal of available-for-sale financial assets	170,267	(238,569)	170,267	(238,569)
Impairment Loss on disposal of subsidiary	1,422,376	-	1,422,376	-
Impairment loss / (reversal) on investment in				
- Unquoted shares	46,266	2,352,990	1,136,912	2,352,990
Impairment loss on trade receivables	-	-	-	1,273,529
Interest expenses	78,825	82,205	150,879	155,121
Interest income	(19,365)	(37,555)	(19,384)	(74,251)
Other income				
- Other creditors written-off	-	-	3,092,138	-
Rental expenses	29,880	-	65,437	-

25. Audit Report

The auditors' report on Group's financial statements for the year ended 31 December 2015 was not qualified.

26. 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 26 August 2016.

27. 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:

	30.06.2016	30.06.2015
	RM	RM
Total accumulated losses		
- Realised	(27,615,403)	(27,941,201)
- Unrealised	7,268,878	1,573,121
	<u>(20,346,525)</u>	<u>(26,368,081)</u>
Less: Consolidation adjustments	(7,427,455)	(9,107,372)
Accumulated loss as per consolidated accounts	<u>(27,773,980)</u>	<u>(35,475,453)</u>