



METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 JUNE 2018

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2018**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter (3 months)	Preceding Year Corresponding Quarter	Current Year To Date (18 months)	Preceding Year Corresponding
	30.06.2018		30.06.2018	
	RM	RM	RM	RM
Revenue	8,149,721	N/A	43,664,102	N/A
Cost of sales	(1,981,032)	N/A	(21,486,571)	N/A
Gross profit	6,168,689	N/A	22,177,531	N/A
Other income	(406,279)	N/A	3,130,525	N/A
Administration expenses	(1,166,885)	N/A	(5,697,970)	N/A
Other operating expenses	(5,004,452)	N/A	(22,292,774)	N/A
Profit from operations	(408,927)	N/A	(2,682,688)	N/A
Finance costs	(138,515)	N/A	(843,942)	N/A
Profit/(Loss) before taxation	(547,442)	N/A	(3,526,630)	N/A
Income tax expense	1,007,550	N/A	937,957	N/A
Profit / (Loss) for the period from continuing operations	460,108	N/A	(2,588,673)	N/A
Profit / (Loss) for the period from assets classified as held for sale	(1,712,074)	N/A	(1,829,101)	N/A
Net profit/(loss) for the period	(1,251,966)	N/A	(4,417,774)	N/A
Net profit/(loss) attributable to:				
Owners of the parent	(1,063,638)	N/A	(4,215,391)	N/A
Non controlling interest	(188,328)	N/A	(202,383)	N/A
	(1,251,966)	N/A	(4,417,774)	N/A
Basic earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	0.05	N/A	(0.29)	N/A
- discontinued operations	(0.18)	N/A	(0.20)	N/A

Following the change of financial year end from 31 December to 30 June, there are no comparative figures.

The interim consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 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 SIXTH QUARTER ENDED 30 JUNE 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter (3 months) 30.06.2018 RM	Preceding Year Corresponding Quarter RM	Current Year To Date (18 months) 30.06.2018 RM	Preceding Year Corresponding RM
Net profit / (loss) from:				
- continuing operations	460,108	N/A	(2,588,673)	N/A
- discontinued operations	(1,712,074)	N/A	(1,829,101)	N/A
Net profit / (loss) for the period	(1,251,966)	N/A	(4,417,774)	N/A
Other comprehensive income / (expense)				
Revaluation Reserve	(1,029,943)	N/A	(3,037,675)	N/A
Foreign currency translation	251,849	N/A	634,331	N/A
Other comprehensive income/(expense) for the period, net of tax	(778,094)	N/A	(2,403,344)	N/A
Total comprehensive income/(expense) for the period, net of tax	(2,030,060)	N/A	(6,821,118)	N/A
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(1,841,732)	N/A	(6,618,735)	N/A
Non-controlling interests	(188,328)	N/A	(202,383)	N/A
	(2,030,060)	N/A	(6,821,118)	N/A

Following the change of financial year end, there are no comparative figures.

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 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 2018**

	As at 30.06.2018 RM	(Audited) As at 31.12.2016 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	9,163,812	16,734,559
Investment properties	16,278,373	18,135,841
Land held for property development	5,850,000	161,403
Available-for-sale financial assets	7,534,438	6,727,677
Deferred tax assets	4,161,179	3,153,629
	<u>42,987,802</u>	<u>44,913,109</u>
CURRENT ASSETS		
Property development cost	16,673,595	13,988,926
Inventories	1,811,239	1,086,215
Trade receivables	19,705,969	15,168,984
Other receivables	6,954,429	11,643,872
Tax recoverable	17,821	44,384
Fixed deposits	11,717,682	2,944,130
Cash and bank balances	516,950	797,436
Asset of disposal company classified as held for sale	2,271,821	4,572,686
	<u>59,669,506</u>	<u>50,246,633</u>
TOTAL ASSETS	<u>102,657,308</u>	<u>95,159,742</u>
EQUITY AND LIABILITIES		
Share capital	90,098,366	75,839,750
Revaluation reserve	21,002,613	24,040,288
Shares grant reserve	685,698	-
Foreign currency translation reserve	65,367	(568,964)
Accumulated losses	(41,284,909)	(37,069,518)
Equity attributable to owners of the parent	<u>70,567,135</u>	<u>62,241,556</u>
Non-controlling interests	<u>(118,035)</u>	<u>84,345</u>
TOTAL EQUITY	<u>70,449,100</u>	<u>62,325,901</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	-	145,959
CURRENT LIABILITIES		
Trade payables	4,573,353	6,006,310
Other payables	20,222,995	13,415,207
Amount owing to former director	-	5,564,230
Loans and borrowings	5,352,798	5,324,703
	<u>30,149,146</u>	<u>30,310,450</u>
Liabilities of disposal company classified as held for sale	2,059,062	2,377,432
TOTAL LIABILITIES	<u>32,208,208</u>	<u>32,833,841</u>
TOTAL EQUITY AND LIABILITIES	<u>102,657,308</u>	<u>95,159,742</u>
NET ASSET PER SHARE	0.07	0.08

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 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 SIXTH QUARTER ENDED 30 JUNE 2018**

	----- Attributable to owners of the parent ----->							
	<-----> Non-distributable reserve		<-----> Foreign currency translation reserve		<-----> Distributable reserve		<----->	
	Share capital RM	Revaluation reserve RM	Shares grant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
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/(expense)	-	10,927,254	-	(839,287)	(5,004,969)	5,082,998	(3,648)	5,079,350
Allotment of shares during the year	-	-	-	-	-	-	-	-
As at 31 December 2016	<u>75,839,750</u>	<u>24,040,288</u>	<u>-</u>	<u>(568,964)</u>	<u>(37,069,518)</u>	<u>62,241,556</u>	<u>84,345</u>	<u>62,325,901</u>
As at 1 January 2017	75,839,750	24,040,288	-	(568,964)	(37,069,518)	62,241,556	84,345	62,325,901
Total comprehensive income	-	(3,037,675)	-	634,331	(4,215,391)	(6,618,735)	(202,383)	(6,821,118)
Allotment of shares during the year	14,258,616	-	-	-	-	14,258,616	3	14,258,619
Share issuance reserves	-	-	685,698	-	-	685,698	-	685,698
As at 30 June 2018	<u>90,098,366</u>	<u>21,002,613</u>	<u>685,698</u>	<u>65,367</u>	<u>(41,284,909)</u>	<u>70,567,135</u>	<u>(118,035)</u>	<u>70,449,100</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 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 PERIOD ENDED 30 JUNE 2018**

(The figures have not been audited)

	18 Months Ended 30.06.2018	Preceding Year To Date
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	(3,526,630)	N/A
Profit / (Loss) from assets held for sale	(1,829,101)	N/A
Adjustments for:		
Bad debt written off	86,753	N/A
Depreciation of investment properties	8,445	N/A
Depreciation of property, plant and equipment	892,448	N/A
ESOS issuance cost	685,698	N/A
(Gain) / Loss on disposal of available-for-sale financial assets	(555,272)	N/A
Provision and Impairment	3,217,787	N/A
(Gain) / Loss on disposal of property, plant and equipment	189,703	N/A
Impairment loss Available-for-sale financial assets	905,750	N/A
Property, plant and equipment written off	210,536	N/A
Write-back provision impairment loss of receivables	(420,545)	N/A
Finance costs	843,942	N/A
Interest income	(138,551)	N/A
Operating profit before working capital changes	<u>570,965</u>	<u>N/A</u>
Changes in working capital:		
Inventories	914,022	N/A
Receivables	(6,513,817)	N/A
Property development costs	(2,948,095)	N/A
Payables	(1,210,804)	N/A
Net cash generated from/(used in) operations	<u>(9,187,730)</u>	<u>N/A</u>
Tax paid	(34,794)	N/A
Tax refund	-	N/A
Net cash generated from/(used in) operating activities	<u>(9,222,524)</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	138,551	N/A
Purchase of available-for-sale financial assets	(5,983,881)	N/A
Purchase of property, plant and equipment	247,911	N/A
Proceeds from disposal of available-for-sale financial assets	4,315,333	N/A
Proceeds from disposal of property, plant and equipment	6,060,000	N/A
Net cash (used in) / generated from investing activities	<u>4,777,914</u>	<u>N/A</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2018**

(The figures have not been audited)

	18 Months Ended 30.06.2018 RM	Preceding Year To Date RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(843,942)	N/A
Repayment of bank borrowings	(1,447,509)	N/A
Proceeds from allotment of shares	14,258,616	N/A
Repayment of obligation under finance leases and hire purchase	(232,961)	N/A
Drawdown Repayment of margin facilities	1,339,066	N/A
Net cash generated from financing activities	<u>13,073,270</u>	<u>N/A</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	8,628,660	N/A
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	634,331	N/A
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2017	<u>(2,153,059)</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2018	<u>7,109,932</u>	<u>N/A</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	516,950	N/A
Fixed Deposit balance (unpledged)	8,773,552	N/A
Bank overdraft	(2,180,570)	N/A
	<u>7,109,932</u>	<u>N/A</u>

Following the change of financial year end, there are no comparative figures.

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTH QUARTER ENDED 30 JUNE 2018 PURSUANT TO MFRS 134

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements ("Condensed Report"), has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2016 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 2016.

2.1 Adoption of Amendments and Annual Improvements to Standards

On 1 January 2016, the Group adopted the following the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for annual periods beginning on or after 1 January 2016.

MFRS 14 - Regulatory Deferral Accounts
Amendments to MFRS 10 Consolidated Financial Statements
Amendments to MFRS 11 Joint Arrangements
Amendments to MFRS 12 Disclosure of Interests in Other Entities
Amendments to MFRS 101 Presentation of Financial Statements
Amendments to MFRS 116 Property, Plant and Equipment
Amendments to MFRS 127 Consolidated and Separate Financial Statements
Amendments to MFRS 128 Investments in Associates and Joint Ventures
Amendments to MFRS 138 Intangible Assets
Amendments to MFRS 141 Agriculture
Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above MFRS and Amendments to MFRSs did not have any material 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 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarification to MFRS 15
Amendments to MFRS 2	Share-based Payment
Amen 70567134.85	
IC Int 962737128	

Effective for financial periods beginning on or after 1 June 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

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model. MFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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:

	Individual Quarter Current Period Quarter 30.06.2018 RM	Cumulative Quarter Current Period To Date 30.06.2018 RM
Revenue	-	-
Cost of sale	-	-
Other Income	-	-
Expenses	1,712,074	1,829,101
Interest expenses	-	-
(Loss)/Profit before tax from assets held for sale	<u>(1,712,074)</u>	<u>(1,829,101)</u>
Income tax expense	-	-
(Loss)/Profit after tax from assets held for sale	<u>(1,712,074)</u>	<u>(1,829,101)</u>

Included in assets and liabilities classified as held for sale in the Group Statements of Financial Position as at 30 June 2018 are :

	Unaudited As At 30.06.2018 RM	Audited As at 31.12.2016 RM
Property, plant and equipment	800	7,234
Deferred tax assets	9,590	10,755
Inventories	648,962	1,455,479
Trade receivables	1,040,771	2,334,220
Other receivables	19,627	22,010
Cash & Bank Balances	552,071	742,988
Assets classified as held for sale	<u>2,271,821</u>	<u>4,572,686</u>

	Unaudited As At 30.06.2018 RM	Audited As at 31.12.2016 RM
Trade payables	252,674	283,346
Other payables	790,714	860,651
Loans and borrowings	1,015,674	1,138,966
Foreign currency translation reserve	-	94,469
Liabilities classified as held for sale	<u>2,059,062</u>	<u>2,377,432</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 except as disclosed in Note 21 and 22.

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

The Group's total borrowing as at 30 June 2018 stood at RM5.3million, representing a gearing ratio of 0.07 to shareholders equity. The amount was same as previous year end date of RM5.3 million.

There were no other 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 Current Period Quarter 30.06.2018 RM	Cumulative Quarter Current Period To Date 30.06.2018 RM
Segment revenue		
Total revenue	8,149,721	43,664,102
Discontinued operation	-	-
External customers	<u>8,149,721</u>	<u>43,664,102</u>
Results		
Operating results		
Malaysia	(408,927)	(2,682,688)
Overseas	-	-
	<u>(408,927)</u>	<u>(2,682,688)</u>
Finance costs	<u>(138,515)</u>	<u>(843,942)</u>
Profit/(loss) before tax		
- Continued operation	(547,442)	(3,526,630)
Profit/(loss) before tax		
- Discontinued operation	<u>(1,712,074)</u>	<u>(1,829,101)</u>
Profit/(Loss) before tax	<u>(2,259,516)</u>	<u>(5,355,731)</u>

By business segments:

	Individual Quarter Current Period Quarter 30.06.2018 RM	Cumulative Quarter Current Period To Date 30.06.2018 RM
Segment revenue		
Engineering	8,149,721	43,664,102
Total revenue	<u>8,149,721</u>	<u>43,664,102</u>
Inter-segment elimination	-	-
Continued operations	<u>8,149,721</u>	<u>43,664,102</u>
Discontinued operation	-	-
External customers	<u>8,149,721</u>	<u>43,664,102</u>

9. Segmental information (continue)

	Individual Quarter Current Period Quarter 30.06.2018 RM	Cumulative Quarter Current Period To Date 30.06.2018 RM
Results		
Operating results		
Engineering	(408,927)	(2,682,688)
Investment holding		
	<u>(408,927)</u>	<u>(2,682,688)</u>
Finance costs	(138,515)	(843,942)
Profit/(Loss) before tax		
- Continued operations	(547,442)	(3,526,630)
Profit/(loss) before tax		
- Discontinued operation	(1,712,074)	(1,829,101)
Profit/(Loss) before tax	<u>(2,259,516)</u>	<u>(5,355,731)</u>

10. Material subsequent events

Other than those disclosed in Note 21 and 22, there were no material subsequent events during the period ended 30 June 2018.

11. Changes in the composition of the Group

There is no 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>4,576,702</u>
(b) Unsecured	RM
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>35,800,000</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.

15. Change of financial year end

The Company, in pursuant to the applications submitted to Company's Commission of Malaysia ("CCM"), had obtained approval from CCM on 26 June 2018 for the change of financial year end to 30 June 2018. Accordingly, the financial period end date of the Company and its subsidiaries presented in the Quarterly Report is for the eighteen-month ended 30 June 2018.

Following the change of financial year ended, the next audited financial period will be made up from 1 January 2017 to 30 June 2018, thereafter, the financial year end of the Company shall be made up from 1 July 2018 to 30 June 2019.

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

16. Performance review

Quarter and Period Ended 30 June 2018

The Group recorded revenue of RM8.1 million and RM43.7 million for the current quarter and cumulative period under review respectively.

The Group posted loss before taxation of RM2.2 million and RM5.3 million for the current quarter and cumulative period under review respectively.

Included in the current quarter period under review were provision and allowances for impairment of investment, development expenditures and receivables totalling RM2.5 million

In addition to that, the Group also provided in the current quarter an allowance for impairment of receivables of RM1.6 million for its subsidiary in India, Metronic Engineering Pvt Ltd, that is classified as held for sale.

There is no comparison made against the corresponding period previous year due to change of financial year end from 31 December to 30 June.

Below in the summary analysis of the financial results:

	Individual Period (6th quarter)		Changes (Amount%)	Cumulative Period		Changes (Amount%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- Date	Preceding Year Corresponding Period	
	RM			RM		
	30/06/18		30/06/18			
Revenue	8,149,721	N/A	43,664,102	N/A	N/A	N/A
Operating Profit / (Loss)	(408,927)	N/A	(2,682,688)	N/A	N/A	N/A
Profit/(Loss) Before Interest & Tax	(408,927)	N/A	(2,682,688)	N/A	N/A	N/A
Profit/(Loss) Before Tax	(2,259,516)	N/A	(5,355,731)	N/A	N/A	N/A
Profit/(Loss) After Tax	(1,251,966)	N/A	(4,417,774)	N/A	N/A	N/A
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,063,638)	N/A	(4,215,391)	N/A	N/A	N/A

17. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

In the current quarter under review, the Group recorded a loss before tax of RM2.2 million compared to preceding quarter loss of RM3.4 million.

The Group's favourable performance recorded in the current quarter mainly due to higher revenue from its engineering contracts.

Included in the current quarter period under review were provision and allowances for impairment of investment, development expenditures and receivables for its India subsidiary that is classified as held for sale totalling RM4.1 million.

Whilst, included in the preceding quarter was a provision for impairment loss of assets for sale and receivables totalling RM2 million.

The summary analysis is as follows:

	Current Quarter 30/06/18	Immediate Preceding Quarter 31/03/18	Changes (Amount%)
Revenue	8,149,721	4,270,882	91%
Operating Profit	(408,927)	2,113,748	-119%
Profit/(Loss) Before Interest & Tax	(408,927)	(3,228,802)	87%
Profit/(Loss) Before Tax	(2,259,516)	(3,393,423)	33%
Profit/(Loss) After Tax	(1,251,966)	(3,410,245)	63%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,063,638)	(3,408,395)	69%

18. Current year prospects

The Group is aware of the challenges ahead for the Engineering Division with the competition and current economic situation. In addition to the diversification into property segment, 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's balance order book is stood at RM88 million. The Group is presently tendering contracts totalling RM125 million.

The Group also undertakes 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

	Individual Current Period Quarter 30.06.2018 RM	Cumulative Current Period To Date 30.06.2018 RM
Income tax expense:		
Malaysian income tax		
- Current	-	69,593
- Under provision in prior year	-	-
Deferred Tax	-	-
- Relating to origination and reversal of temporary differences	1,007,550	868,364
- Under provision in prior year	-	-
	<u>1,007,550</u>	<u>937,957</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.

21. Status of Corporate Proposals

Proposed share consolidation and rights issue exercise

On 15 June 2017, the Group announced its proposal - the proposed share consolidation and rights issue exercise. The proposal among others involve the proposed consolidation of every three (3) ordinary share into one (1) and the proposed renounceable rights issue of up to 645,342,048 new Company's shares together with up to 484,006,536 free detachable warrants on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing shares held by the entitled shareholders on an entitlement date to be determined.

The application was approved by Bursa Securities on 18 July 2018. The Company is presently finalising the documents required for circulation to shareholders. The Extraordinary General Meeting is expected to be held in October 2018.

22. Material Litigations

A The Company, on 15.11.2017, together with its wholly owned subsidiaries (Metronic Integrated System Sdn Bhd ("MISB") and M One Country Development Sdn Bhd ("M One") had through their solicitors, Messrs Lim, Chong, Phang & Amy, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur (Suit No: WA-22NCC-459-11/2017) ("Suit") against Tan Ew Chew ("D1"), Tan Kian Hong ("D2"), Tan Hong Hong ("D3"), Tan Lian Hong ("D4"), Eric Boon Chuan Kit ("D5"), Northern Paradise Sdn Bhd ("D6") and CJH Distribution Sdn Bhd ("D7") ("Defendants") for, amongst others, the following relief : –

- (a) Special damages of RM1,680,300-00 arising from the transactions between MISSB and D7;
- (b) Special damages of RM3,169,151-51 arising from the transactions between M One and D6
- (c) General damages;
- (d) Declaration that D1, D2 and D5 had breached their duties owing to the Plaintiffs;
- (e) Declaration that D1, D2 and D5 had committed fraud and/or breach of trust;
- (f) Declaration that the defendants had caused wrongful loss to the Plaintiffs and had offended section 317A of the Capital Markets and Services Act 2007 ("CMSA"); and
- (g) Declaration for breach of Main Market Listing Requirements.

The Company on 23 July 2018 entered into a Consent Judgment with all the Defendants (except 5th Defendant) containing the following salient terms:-

- (a) 1st, 6th and 7th Defendants to secure an entity to purchase from M One Country Development Sdn Bhd's ("M One") lands held under title PT 37963 and PT 37964 for RM1.6 million within 9 months from the date of the Consent Judgment;
- (b) M One to transfer its land held under title PT 37962 to 1st, 6th or 7th Defendants;
- (c) 2nd Defendant has no claim of RM5,314,230.00 against the Company, which is allegedly his advance to the Company; and
- (d) No order as to costs.

B Metronic Engineering Sdn Bhd ("MESB"), the wholly owned subsidiary of the Company, has commenced an Adjudication proceeding under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Ahmad Zaki Resources Bhd ("AZRB") for a claim amounting to SAR4,757,608.53 ("CIPAA Payment Claim"). The CIPAA Payment Claim is in relation to disputes over non-payment for works done and costs incurred by MESB for Al Faisal University Campus Development Project, Riyadh, Kingdom of Saudi Arabia.

MESB had, through the appointed adjudication consultant, submitted the claim to the appointed Adjudicator on 15 February 2018.

On 7 June 2018, the Adjudicator has determined for AZRB to pay MESB the following within 30 days:-

- i. the sum of SAR4,733,587.59;
- ii. five percent (5%) per annum of interest on SAR4,155,881.67 (Balance Amount in Progress Claim 22) from 14 July 2011 until full settlement;
- iii. five percent (5%) of interest on SAR577,706.01 (Balance amount in Payment Certificate No. 19) from 30 November 2009 until full settlement;
- iv. all Kuala Lumpur Regional Center for Arbitration fees incurred by MESB pursuant to this adjudication including 6% GST charges and permissible disbursements; and
- v. party to party costs of RM60,000.

AZRB, on 28 June 2018, has served MESB an Originating Summons for a stay of application and a setting aside of the Adjudication Decision.

On 18 July 2018, MESB had filed and served the Originating Summons for leave to register and enforce the Adjudication Decision as a High Court Judgement.

Hearing for the above applications fixed on 24 September 2018.

C The Company and its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("the Defendants" or collectively referred as "the Companies") has been served a writ of summon bt Hew Chai Seng (the Plaintiff) on 25th February 2014 for infringement of trademark.

On 16 December 2015, the Kuala Lumpur High Court Judge after full trial granted Judgement in favour of the Plaintiff and allowed the Plaintiff's claim with costs of RM 50,000 and for general damages to be assessed.

On 11 January 2016, the Company filed the appeal to Court of Appeal however the Appeal was dismissed.

On 23 May 2017 th Companies filed Notice of Motion to seek leave to Appeal to Federal Court. The Notice of Motion was also dismissed.

On 10 April 2018, the Deputy Registrar of Kuala Lumpur Hogh Court awarded general damages of RM1,677,040 to the Plaintiff together with the interest of 5% per annum on RM1,677,040 calculated from 25 February 2014 till full settlement and cost of proceeding of RM20,000 to the Plaintiff.

The Company subsequently on 15 April 2018 filed an appeal against the award and applied for stay of execution. On 5 July 2018, the Court had approved the Company's application for stay of execution until the appeal is being heard and concluded by the High Court.

23. Borrowings

The Group's total borrowing as at 30 June 2018 stood at RM5.3million, representing a gearing ratio of 0.07 to shareholders equity. The amount was same as previous year end date of RM5.3 million.

Breakdown by type of facilities is shown below:

	As at 6th quarter ended 30 June 2018					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
Secured borrowings						
Bank overdraft	-	-	-	2,180,570	-	2,180,570
Bankers' acceptances	-	-	-	1,194,166	-	1,194,166
Hire purchase	-	-	-	30,265	-	30,265
Margin Financing	-	-	-	1,947,797	-	1,947,797
Sub-Total	-	-	-	5,352,798	-	5,352,798
Un-Secured borrowings						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	-	-	5,352,798	-	5,352,798

	As at 4th quarter ended 31 December 2016					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
Secured borrowings						
Bank overdraft	-	-	-	2,950,495	-	2,950,495
Bankers' acceptances	-	-	-	1,502,252	-	1,502,252
Hire purchase	-	145,959	-	263,226	-	263,226
Margin Financing	-	-	-	608,730	-	608,730
Sub-Total	-	145,959	-	5,324,703	-	5,324,703
Un-Secured borrowings						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	145,959	-	5,324,703	-	5,324,703

24. Proposed Dividend

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

25. Earnings per share

	Individual Quarter Current Period Quarter 30.06.2018 RM	Cumulative Quarter Current Period To 30.06.2018 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	460,108	(2,588,673)
- Discontinued operations	(1,712,074)	(1,829,101)
	<u>(1,251,966)</u>	<u>(4,417,774)</u>
Weighted average number of ordinary shares in issue	962,737,128	904,962,209
Basic earnings per share (sen)		
- Continuing operations	0.05	(0.29)
- Discontinued operations	(0.18)	(0.20)
	<u>(0.13)</u>	<u>(0.49)</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.

26. Profit/(Loss) for the period

	Individual Current Period Quarter 30.06.2018 RM	Cumulative Current Period To 30.06.2018 RM
After charging/(crediting):		
Auditors' remuneration	44,112	201,985
Allowance & provision for impairment of trade and other receivables	1,568,872	2,912,914
Allowance for impairment of development expenditure	525,723	525,723
Written back of bad debts	-	(420,545)
Depreciation of investment properties	1,408	8,445
Depreciation of property, plant and equipment	81,931	884,003
(Gain) / Loss on foreign exchange	-	14,614
Net (Gain) / Loss on disposal of		
- available-for-sale financial assets	-	(198,599)
- property, plant and equipment	-	189,703
Provision for impairment loss on available for sale financial asset		
- Quoted shares	-	905,750
Interest expenses	138,514	843,942
Interest income	(245,068)	(245,303)
Written off property, plant and equipments	-	210,536
Rental expenses	12,060	108,270
Reversal / (write back) provision for impairment & accruals	850,000	(538,533)
Staff cost	2,222,654	14,335,541

27. Audit Report

The auditors' report on Group's financial statements for the year ended 31 December 2016 was not qualified.

28. 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 30 August 2018.