



METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2019

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE THIRD QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2019 RM	Preceding Year Corresponding Quarter 31 March 2018 RM	Current Year To Date 31 March 2019 RM	Preceding Year Corresponding Period 31 March 2018 RM
Continuing operations				
Revenue	4,816,514	4,270,882	15,824,120	N/A
Cost of sales	(2,518,218)	(2,157,134)	(9,201,623)	N/A
Gross profit	2,298,296	2,113,748	6,622,497	N/A
Other income	285,838	50	527,113	N/A
Administration expenses	(669,109)	(620,221)	(1,732,528)	N/A
Other operating expenses	(3,760,110)	(4,722,379)	(10,411,386)	N/A
Profit from operations	(1,845,085)	(3,228,802)	(4,994,304)	N/A
Finance costs	(109,902)	(164,622)	(370,024)	N/A
Profit/(Loss) before taxation	(1,954,986)	(3,393,423)	(5,364,328)	N/A
Income tax expense	-	-	-	N/A
Profit / (Loss) for the period from				
- continuing operations	(1,954,986)	(3,393,423)	(5,364,328)	N/A
- discontinued operations	(23,387)	(16,822)	(70,157)	N/A
Net profit/(loss) for the period	(1,978,373)	(3,410,245)	(5,434,485)	N/A
Net profit/(loss) attributable to:				
Owners of the parent	(1,975,801)	(3,408,395)	(5,401,045)	N/A
Non controlling interest	(2,572)	(1,850)	(33,440)	N/A
	(1,978,373)	(3,410,245)	(5,434,485)	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 30 June 2018 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 THIRD QUARTER ENDED 31 MARCH 2019**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2019	Preceding Year Corresponding Quarter 31 March 2018	Current Year To Date 31 March 2019	Preceding Year Corresponding Period 31 March 2018
	RM	RM	RM	RM
Net profit from:				
- continuing operations	(1,954,986)	(3,933,423)	(5,364,328)	N/A
- discontinued operations	(23,387)	(16,822)	(70,157)	N/A
Net profit for the period	(1,978,373)	(3,950,245)	(5,434,485)	N/A
Other comprehensive income / (expense) :				
Revaluation Reserve	-	(1,764,917)		
Foreign currency translation	29,347	995,174	83,722	N/A
Reversal shares grant reserve	685,698	-	685,698	N/A
Other comprehensive income/(expense) for the period, net of tax	715,045	(769,743)	769,420	N/A
Total comprehensive income/(expense) for the period, net of tax	(1,263,328)	(4,719,988)	(4,665,065)	N/A
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(1,260,756)	(4,178,138)	(4,631,625)	N/A
Non-controlling interests	(2,572)	(1,850.00)	(33,440)	N/A
	(1,263,328)	(4,719,988)	(4,665,065)	N/A
Basic diluted/earning per share attributable to equity holders of the Company (sen):				
- continuing operations	(0.36)	(0.39)	(0.85)	N/A
- discontinued operations	-	-	(0.01)	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 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	As at 31.03.2019 RM	(Audited) As at 30.06.2018 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,936,444	9,083,823
Investment properties	16,279,006	16,278,373
Land held for property development	5,850,000	5,850,000
Available-for-sale financial assets	4,358,381	7,534,438
Deferred tax assets	4,161,179	4,161,179
	<u>39,585,010</u>	<u>42,907,813</u>
CURRENT ASSETS		
Property development cost	16,675,478	16,673,595
Inventories	1,644,603	1,811,239
Trade receivables	8,112,123	9,884,115
Amount owing by contract customers	9,109,814	9,821,853
Other receivables and deposits	5,644,842	7,184,052
Short term deposits	12,475,542	11,717,682
Cash and bank balances	449,327	516,957
Asset of disposal company classified as held for sale	2,279,926	2,271,821
	<u>56,391,655</u>	<u>59,881,314</u>
TOTAL ASSETS	<u>95,976,665</u>	<u>102,789,127</u>
EQUITY AND LIABILITIES		
Share capital	89,877,524	89,877,524
Revaluation reserve	17,665,591	17,665,591
Shares grant reserve	-	685,698
Foreign currency translation reserve	(282,685)	(366,407)
Accumulated losses	(45,609,747)	(36,993,153)
Equity attributable to owners of the parent	<u>61,650,683</u>	<u>70,869,253</u>
Non-controlling interests	<u>69,375</u>	<u>102,815</u>
TOTAL EQUITY	<u>61,720,058</u>	<u>70,972,068</u>
CURRENT LIABILITIES		
Trade payables	5,351,097	4,573,353
Other payables	19,649,763	19,831,847
Finance lease liabilities	20,503	30,265
Loans and borrowings	7,120,263	5,322,532
	<u>32,141,626</u>	<u>29,757,997</u>
Liabilities of disposal company classified as held for sale	2,114,981	2,059,062
TOTAL LIABILITIES	<u>34,256,607</u>	<u>31,817,059</u>
TOTAL EQUITY AND LIABILITIES	<u>95,976,665</u>	<u>102,789,127</u>
NET ASSET PER SHARE	0.19	0.07

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 30 June 2018 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 THIRD QUARTER ENDED 31 MARCH 2019**

	<----->		Attributable to owners of the parent				<----->	
	<----->		<----->		<----->		<----->	
	Non-distributable reserve		Distributable reserve		Total		Non-controlling interests	Total equity
	Share capital RM	Revaluation reserve RM	Shares grant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	RM	RM	RM
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/(expense)	-	(6,374,697)	-	202,557	76,365	(6,095,775)	18,470	(6,077,305)
Allotment of shares during the year	14,037,774	-	-	-	-	14,037,774	-	14,037,774
Shares grant reserve	-	-	685,698	-	-	685,698	-	685,698
As at 30 June 2018	<u>89,877,524</u>	<u>17,665,591</u>	<u>685,698</u>	<u>(366,407)</u>	<u>(36,993,153)</u>	<u>70,869,253</u>	<u>102,815</u>	<u>70,972,068</u>
As at 1 July 2018	89,877,524	17,665,591	685,698	(366,407)	(36,993,153)	70,869,253	102,815	70,972,068
Effect of adoption of MFRS 9 (Note 15)	-	-	-	-	(3,901,247)	(3,901,247)	-	(3,901,247)
Total comprehensive income	-	-	-	83,722	(5,401,045)	(5,317,323)	(33,440)	(5,350,763)
Shares grant reserve adjustment	-	-	(685,698)	-	685,698	-	-	-
As at 31 March 2019	<u>89,877,524</u>	<u>17,665,591</u>	<u>-</u>	<u>(282,685)</u>	<u>(45,609,747)</u>	<u>61,650,683</u>	<u>69,375</u>	<u>61,720,058</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 30 June 2018 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 THIRD QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

	9 Months Ended 31.03.2019 RM	Preceding Year To Date RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	(5,364,328)	N/A
Profit / (Loss) from assets held for sale	(70,157)	N/A
Adjustments for:		
Depreciation of investment properties	4,223	N/A
Depreciation of property, plant and equipment	264,369	N/A
(Gain) / Loss on unrealised foreign exchange	6,836	N/A
Impairment loss / (reversal) on available-for-sale financial assets		
- Quoted equity	2,898,481	N/A
Bad debt recovered	61,639	N/A
Finance costs	370,024	N/A
Interest income	(305,354)	N/A
Operating profit before working capital changes	<u>(2,037,843)</u>	<u>N/A</u>
Changes in working capital:		
Inventories	166,636	N/A
Trade and other receivables	1,403,227	N/A
Trade and other payables	1,106,477	N/A
Net cash generated from/(used in) operations	<u>638,497</u>	<u>N/A</u>
Tax paid	-	N/A
Tax refund	-	N/A
Net cash generated from operating activities	<u>638,497</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	305,354	N/A
Purchase of property, plant and equipment	(45,927)	N/A
Net cash generated from investing activities	<u>259,427</u>	<u>N/A</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

	9 Months Ended 31.03.2019 RM	Preceding Year To Date RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(370,024)	N/A
Drawdown / (Repayment) of bank borrowings	1,797,731	N/A
Repayment of obligation under finance leases and hire purchase	(9,762)	N/A
(Placements) / Withdrawal of fixed deposits	(757,860)	
Net Drawdown/(Repayment) of margin facilities	<u>(778,613)</u>	<u>N/A</u>
Net cash used in financing activities	<u>(118,527)</u>	<u>N/A</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	779,397	N/A
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	83,722	N/A
CASH AND CASH EQUIVALENTS AS AT 1 JULY 2018	516,957	N/A
BANK OVERDRAFT	(2,180,570)	
FIXED DEPOSITS	<u>11,717,682</u>	
CASH AND CASH EQUIVALENTS AS AT 31 MARCH 2019	<u>10,917,188</u>	<u>N/A</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	449,327	N/A
Fixed deposits balances	12,475,542	
Bank overdraft	<u>(2,007,681)</u>	<u>N/A</u>
	<u>10,917,188</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 30 June 2018 and the accompanying explanatory notes.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019
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 30 June 2018 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

The unaudited condensed consolidated interim financial statements ("Condensed Report"), have been prepared in accordance with the requirements of Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

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 30 June 2018.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, which shall be effective for annual periods beginning on or after 1 January 2018.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 140	Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

MFRS 9 Financial Instruments

The adoption of this standard resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the classification, measurement and impairment of financial assets are amended to comply with this standard whereby 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. In accordance with the transition provisions in the standard, comparatives are not restated and the financial impact of the adoption of the standard is recognised in retained profits, fair value through other comprehensive income reserve or regulatory reserve as at the date of initial application.

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 principles in MFRS 15 provide a more structured approach (i.e five-step model) to measure and recognise revenue. The five-step model that applies to revenue recognition under MFRS 15 is as follows :

- i) Identify the contract(s) with a customer;
- ii) Identify the performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations in the contract; and
- v) Recognise revenue when (or as) the entity satisfies a performance obligation.

2.1 Adoption of Amendments and Annual Improvements to Standards (Continue)

The new standard supersedes the previous revenue recognition requirements under MFRS (including MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue). Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group have adopted the standard on 1 July 2018, using modified retrospective method of adoption.

The financial impact of the adoption of MFRS 9 and 15 on the financial statements of the Group are disclosed in Note 15.

2.2 Standard issued but not yet effective

Effective for financial period beginning on or after 1 June 2019

MFRS 16 Leases

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

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.

2.3 Significant Accounting Estimate and Judgements

The preparation of unaudited condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying Group's accounting policies and the keys sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 30 June 2018 except for the measurement of expected credit loss under MFRS 9 which involves increased complexity and judgements.

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 31.03.2019 RM	Cumulative Quarter Current Period To Date 31.03.2019 RM
Revenue	-	-
Cost of sale	-	-
Other Income	-	-
Expenses	(23,387)	(70,157)
Interest expenses	-	-
(Loss)/Profit before tax from assets held for sale	<u>(23,387)</u>	<u>(70,157)</u>
Income tax expense	-	-
(Loss)/Profit after tax from assets held for sale	<u>(23,387)</u>	<u>(70,157)</u>

Included in assets classified as held for sale in the Group Statements of Financial Position as at 31 March 2019 are :

	Unaudited As at 31.03.2019 RM	Audited As at 30.06.2018 RM
Property, plant and equipment	803	800
Deferred tax assets	9,625	9,590
Inventories	651,277	648,962
Trade receivables	1,044,484	1,040,771
Other receivables	19,697	19,627
Cash & Bank Balances	554,040	552,071
Assets classified as held for sale	<u>2,279,926</u>	<u>2,271,821</u>

	Unaudited As at 31.03.2019 RM	Audited As at 30.06.2018 RM
Trade payables	253,576	252,674
Other payables	842,107	790,714
Loans and borrowings	1,019,298	1,015,674
Liabilities classified as held for sale	<u>2,114,981</u>	<u>2,059,062</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

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 Current Period Quarter 31.03.2019 RM	Cumulative Quarter Current Period To Date 31.03.2019 RM
Segment revenue		
Total revenue	4,816,514	15,824,120
Inter-segment elimination	-	-
Continued operations	<u>4,816,514</u>	<u>15,824,120</u>
Results		
Operating results		
Malaysia	(1,821,697)	(4,924,147)
Overseas	-	-
	<u>(1,821,697)</u>	<u>(4,924,147)</u>
Finance costs	(109,902)	(370,024)
Profit/(loss) before tax		
- Continued operation	(1,931,599)	(5,294,171)
Profit/(loss) before tax		
- Discontinued operation	(23,387)	(70,157)
Profit/(loss) before tax	<u>(1,954,986)</u>	<u>(5,364,328)</u>

By business segments:

	Individual Quarter Current Period Quarter 31.03.2019 RM	Cumulative Quarter Current Period To Date 31.03.2019 RM
Segment revenue		
Engineering	4,816,514	15,824,120
Total revenue	<u>4,816,514</u>	<u>15,824,120</u>
Inter-segment elimination	-	-
Continued operations	4,816,514	15,824,120
Discontinued operation	-	-
External customers	<u>4,816,514</u>	<u>15,824,120</u>

9. Segmental information (continue)

Results	Individual Quarter Current Period Quarter 31.03.2019 RM	Cumulative Quarter Current Period To Date 31.03.2019 RM
Operating results		
Engineering	(1,806,609)	(4,994,209)
Investment holding	(15,088)	70,062
	<u>(1,821,697)</u>	<u>(4,924,147)</u>
Finance costs	<u>(109,902)</u>	<u>(370,024)</u>
Profit/(Loss) before tax		
- Continued operations	(1,931,599)	(5,294,171)
Profit/(loss) before tax		
- Discontinued operation	(23,387)	(70,157)
Profit/(Loss) before tax	<u>(1,954,986)</u>	<u>(5,364,328)</u>

10. Material subsequent events

Other than those disclosed in Note 21 and 22, there were no other material subsequent events after the period ended 31 March 2019.

11. Changes in the composition of the Group

The Group's wholly-owned subsidiary, Ideal Ultimate Sdn Bhd (Company No. 823540-V) which is presently dormant, had submitted application to the Companies Commission of Malaysia on 6 March 2019 for striking off pursuant to Section 550 of the Companies Act 2016.

12. Contingent liabilities

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

(a)	Secured	RM
	Performance and financial guarantees issued by the banks to third parties	<u>6,939,703</u>
(b)	Unsecured	RM
	Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>25,800,000</u>
	Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

13. Capital commitments

		RM
	The total approved and committed for acquisition of properties	<u>1,160,926</u>

14. Significant related party transactions

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

15. Financial Effects arising from adoption of MFRS 9 Financial Instrument

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group on its initial date application:

<u>Statement of Financial Position</u>	<u>30 June 2018</u>	<u>Expected credit losses</u>	<u>1 July 2018</u>
ASSETS			
Property, plant and equipment	9,083,823		9,083,823
Investment properties	16,278,373		16,278,373
Land held for property development	5,850,000		5,850,000
Available-for-sale financial assets	7,534,438		7,534,438
Deferred tax assets	4,161,179		4,161,179
Property development cost	16,673,595		16,673,595
Inventories	1,811,239		1,811,239
Trade receivables	9,884,115	(889,440)	8,994,675
Amount owing by contract customer	9,821,853	(1,327,457)	8,494,396
Other receivables	7,166,771	(1,684,350)	5,482,421
Tax recoverable	17,281		17,281
Short term deposits	11,717,682		11,717,682
Cash and bank balances	516,957		516,957
Asset of disposal company classified as held for sale	2,271,821		2,271,821
TOTAL ASSETS	102,789,127	(3,901,247)	98,887,880
EQUITY			
Share capital	89,877,524		89,877,524
Revaluation reserve	17,665,591		17,665,591
Shares grant reserve	685,698		685,698
Foreign currency translation reserve	(366,407)		(366,407)
Accumulated losses	(36,993,153)	(3,901,247)	(40,894,400)
	70,869,253	(3,901,247)	66,968,006
Non-controlling interests	102,815	-	102,815
TOTAL EQUITY	70,972,068	(3,901,247)	67,070,821
LIABILITIES			
Trade payables	4,573,353		4,573,353
Other payables	19,831,847		19,831,847
Finance lease liabilities	30,265		30,265
Loans and borrowings	5,322,532		5,322,532
TOTAL LIABILITIES	29,757,997	-	29,757,997
Liabilities of disposal company classified as held for sale	2,059,062		2,059,062
TOTAL LIABILITIES	31,817,059	-	31,817,059
TOTAL EQUITY AND LIABILITIES	102,789,127	-	98,887,880

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

16. Performance review

Continuing operations

Quarter and Period Ended 31 March 2019

The Group recorded revenue of RM4.8 million and RM15.8 million for the current quarter and cumulative period under review respectively.

The Group posted loss before taxation of RM1.9 million and RM5.4 million for the current quarter and cumulative period respectively mainly attributed by a provision for impairment of assets held for sales of RM1.1 million and RM2.9 million that were recognised in the reporting period respectively.

The Group recorded favourable performance for the current quarter compared with previous year corresponding quarter mainly due to lower provision for impairment receivables and investment.

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

Below is the summary analysis of the financial results:

RM	Individual Period (3rd quarter)		Changes (Amount%)	Cumulative Period		Changes (Amount%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To Date	Preceding Year Corresponding Period	
	31/03/19	31/03/18		31/03/19		
Revenue	4,816,514	4,270,882	11%	15,824,120	N/A	N/A
Operating Profit	(1,845,085)	(3,228,802)	75%	(4,994,304)	N/A	N/A
Profit/(Loss) Before Interest & Tax	(1,954,986)	(3,393,423)	74%	(5,364,328)	N/A	N/A
Profit/(Loss) Before Tax	(1,954,986)	(3,393,423)	74%	(5,364,328)	N/A	N/A
Profit/(Loss) After Tax	(1,978,373)	(3,410,245)	72%	(5,434,485)	N/A	N/A
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,975,801)	(3,408,395)	73%	(5,401,045)	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 RM1.9 million as opposed to a loss before tax of RM1.8 million in the preceding quarter.

The unfavourable performance reported for the current quarter was due to lower revenue of RM4.8 million compared to RM6.8 million recorded in the preceding quarter.

The summary analysis is as follows:

RM	Current Quarter 31/03/19	Immediate Preceding Quarter 31/12/18	Changes (Amount %)
Revenue	4,816,514	6,792,277	-29%
Operating Profit	(1,845,085)	(1,667,691)	-11%
Profit/(Loss) Before Interest & Tax	(1,954,986)	(1,794,962)	-9%
Profit/(Loss) Before Tax	(1,954,986)	(1,794,962)	-9%
Profit/(Loss) After Tax	(1,978,373)	(1,819,204)	-9%
Profit/(Loss) Attributable to Ordinary Equity Holders of the	(1,975,801)	(1,816,537)	-9%

18. Current year prospects

The Group is aware of the challenges ahead for the Engineering Division with the competition and current economic situation. The Group will continue to explore other new opportunities, strengthen the sales team and strategies in order to build up a strong order book. The Group will also 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 RM73 million and the Group is presently tendering contracts totalling RM107 million.

19. Profit forecast or profit guarantee

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

20. Taxation

	Individual Current Period Quarter 31.03.2019 RM	Cumulative Current Period To Date 31.03.2019 RM
Income tax expense:		
Malaysian income tax		
- Current	-	-
- Under provision in prior year	-	-
Deferred Tax		
- Relating to origination and reversal of temporary differences	-	-
- Under provision in prior year	-	-
	<u>-</u>	<u>-</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

- a) On 20 March 2019, the Group announced that its subsidiary, Metronic Engineering Sdn Bhd had signed Memorandum of Understanding (MOU) with Zhuhai Singyes New Materials Technology Co. Ltd., a subsidiary of China Singyes New Materials Holdings Limited (a public listed company in Hong Kong). Singyes is specialized in green building technology, renewable energy application, new materials and solar PV integrated ecological agricultural products. The purposes of the MOU are mainly to promote collaboration of Smart city in both countries and to cooperate in terms of infrastructure, new green materials technology, development, technical knowledge exchange, planning, implementation, upgrading support and maintenance. It is in line with Metronic current business direction and strategy to increase the Company's revenue.
- b) On 23 April 2019, the Group announced that the Rights Issue with Warrants exercise undertaken by the Group has been completed following the listing and quotation of 641,821,340 Right Shares and 481,365,866 Warrants on the Main Market of Bursa Securities.

Each warrant entitled to subscribe 1 new Metronic share at the exercise price RM0.08 per share any time during the exercise period until its maturity date 16 April 2022.

Following is the status utilisation of rights issue proceeds as at 27 May 2019:

Purposes	Approved Allocation (RM '000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Intended Timeframe for Utilisation	Deviation Amount		Explanations (if the Deviation is 5% or more)
					Amount (RM'000)	%	
1) Kuala Krai project	22,400	-	22,400	Within 24 months	-		-
2) Existing & Future Engineering Project	18,488	3,435	15,053	Within 36 months	-		-
3) Rights Issue Expenses	830	731	99	Immediate	-		-
	41,718	4,166	37,552		-		-

22. Material Litigations

- a) The Company and its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("the Defendants") or collectively referred as "the Companies" have been served a writ of summon by 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 the 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 High 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 until 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 approved the Company's application for stay of execution until the appeal is being heard by the High Court . The Court, based on hearing 4 April and 18 April 2019 had ordered as follows:

- i. The Judge has allowed partly the appeal whereby the Judge reduced the sum of damages granted by the Registrar to RM 1,158,750.00.
- ii. RM 10,000.00 costs to be paid subject to allocator.
- iii. Interest calculated at 5%.

The Company subsequently filed appeal to the Court of Appeal on 24 April 2019 and the case management for the application and appeal will be held on 19 June 2019 and 20 June 2019 respectively.

- b) The Company announced on 9 May 2019 that it had filed a suit in the High Court in Kuala Lumpur against Tan Ew Chew, Tan Kian Hong, Tan Hong Hong, Tan Lian Hong, Ooi Chieng Sim, Lagenda Perdana Sdn Bhd (No. Syarikat: 278059-X), Progerex Sdn Bhd (No. Syarikat: 257136-V), Skylitech Resources Sdn Bhd (No. Syarikat: 230298-T), Hock Lok Siew Realty Sdn Bhd (No. Syarikat: 159911-M), A1 Capital Sdn Bhd (No.Syarikat: 744921-V) and Ng Wai Yuan ("Defendants") premised on the Company's belief or contention that:

- i. The Defendants have control around 39% of the shares of the Company;
- ii. The Defendants are 'Person Acting In Concert' ("PAC") who gained 'Control' over the Company, as defined by Securities Laws. Yet, the Defendants had failed to comply with Sections 137 and 138 of the Companies Act 2016;
- iii. Also, the Defendants had failed to undertake a Mandatory General Offer as prescribed by the Securities Laws and the Code;
- iv. The Defendants had conspired to injure the Company, and had blackmailed the Company for RM20,000,000 and to withdraw the police report against Tan Ew Chew. For avoidance of doubt, the Company had made a police report earlier which as a result, Tan Ew Chew was charged for Criminal Breach of Trust in the Criminal Court; and
- v. The Notice issued by Lagenda Perdana Sdn Bhd, Tan Lian Hong and Ng Wai Yuan pursuant to section 311(3)(a) of the Companies Act 2016 dated 25 April 2019 ("Requisition") is invalid.

Through the suit, the Company is seeking the following relief (amongst other):

- a) A declaration that Defendants are PAC;
 - b) A declaration that the Defendants had obtained control over the Plaintiff as defined by the Securities Laws;
 - c) A declaration that the Requisition is null and void;
 - d) Damages
- c) On 19 May 2016, Metronic Microsystem (Beijing) Co. Ltd ("**MMBCL**"), a wholly-owned subsidiary of the Company, has filed a legal claim against 英泰格瑞房地产投资顾问有限公司, which has occupied MMBCL's property in Beijing at No. 18, Level 8, Top Fine International Centre, Dong San Huan Middle Road, Chao Yang District, Beijing, People's Republic of China ("**Beijing Property**"), for outstanding rental and late payment charges amounting to RMB7.25 million (approximately RM4.41 million) ("**Claim**"). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.5 million) and late payment charges of RMB1.44 million (approximately RM0.9 million).

The case was heard before the Beijing Chaoyang Municipal Council Court on 8 December 2016 and 2 June 2017, respectively. The Beijing Chaoyang Municipal Council Court had appointed a professional valuer to conduct a valuation on the Beijing Property. Based on the valuation report provided, MMBCL had on 11 May 2018 submitted the justification of Claim to the Beijing Chaoyang Municipal Court.

On 19 October 2018, the Beijing Chaoyang Municipal Council Court had awarded the outstanding rental amounting to RMB3.97 million (approximately RM2.4 million) payable to MMBCL. The outstanding rental however has yet to be paid.

Note:-

- (1) Based on BNM's exchange rate of RMB1:RM0.6085 as at the LPD.

23. Borrowings

The Group's total borrowing as at 31 March 2019 stood at RM7.1 million, representing a gearing ratio of 0.11 to shareholders' equity. The amount was higher than the previous year end date of RM5.3 million.

Breakdown by type of facilities is shown below:

	As at 3rd quarter ended 31 March 2019					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<u>Secured borrowings</u>						
Bank overdraft	-	-	-	2,007,681	-	2,007,681
Bankers' acceptances	-	-	-	3,943,399	-	3,943,399
Margin Financing	-	-	-	1,169,184	-	1,169,184
Sub-Total	-	-	-	7,120,263	-	7,120,263
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	-	-	7,120,263	-	7,120,263

	As at 30 June 2018 (audited)					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<u>Secured borrowings</u>						
Bank overdraft	-	-	-	2,180,570	-	2,180,570
Bankers' acceptances	-	-	-	1,194,165	-	1,194,165
Margin Financing	-	-	-	1,947,797	-	1,947,797
Sub-Total	-	-	-	5,322,532	-	5,322,532
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	-	-	5,322,532	-	5,322,532

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 31.03.2019 RM	Cumulative Quarter Current Period To Date 31.03.2019 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	(1,954,986)	(5,364,328)
- Discontinued operations	(23,387)	(70,157)
	<u>(1,978,373)</u>	<u>(5,434,485)</u>
Weighted average number of ordinary shares in issue	548,628,281	628,636,572
Basic diluted / earnings per share (sen)		
- Continuing operations	(0.36)	(0.85)
- Discontinued operations	-	(0.01)
	<u>(0.36)</u>	<u>(0.86)</u>

The basic earnings per share of the Group is calculated by dividing the Group's loss after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

The weighted average number of ordinary shares in issue was calculated by taking into account the share consolidation exercise completed on 26 December 2018 whereby 3 ordinary shares consolidated into 1 share.

The diluted earnings per share of the Group is calculated by dividing the Group's loss after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period adjusted for the effects of the dilutive potential ordinary shares.

26. Profit/(Loss) for the period

	Cumulative Current Period To 31.03.2019 RM	Cumulative Current Period To Date 31.03.2019 RM
After charging/(crediting):		
Auditors' remuneration	25,776	86,028
Bad debts recovered	37,050	61,639
Depreciation of investment properties	1,408	4,223
Depreciation of property, plant and equipment	82,377	264,369
Directors' fee	42,000	120,583
(Gain) / Loss on foreign exchange - realised	404	6,836
Provision for impairment loss on available for sale financial asset - Quoted shares	1,144,390	2,898,481
Interest expenses	109,901	370,024
Interest income	248,088	305,354
Staff cost	2,199,618	6,518,760

27. Audit Report

The auditors' report on Group's financial statements for the year ended 30 June 2018 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 31 May 2019.